



Altech Chemicals
Limited

ASX ANNOUNCEMENT AND MEDIA RELEASE

10 August 2015

ALTECH RAISES \$1.13M FOR DETAILED DESIGN PHASE OF HPA PROJECT

Highlights

- **\$1.13 million raised for detailed design phase**
- **\$1.0 million placed with strategic Malaysian cornerstone investor (Melewar)**
- **Melewar is a diversified Malaysian industrial firm with steel, energy and engineering interests**
- **Proceeds used to commence detailed design, corporate costs and working capital**

Altech Chemicals Limited (Altech/the Company) (ASX: ATC) is pleased to advise that it will raise a total of \$1.130 million via share placement, for the commencement of detailed design work for the Company's high purity alumina (HPA) project and for corporate and general working capital purposes. The Company will issue a total of 19,144,068 fully paid ordinary shares at \$0.059 per share, representing a ~10% discount to the 5 day VWAP of the Company's shares as traded on the ASX on the date on which the placement price was set.

The majority of the placement (\$1.0 million) will be to Malaysian cornerstone investor Melewar IIC Limited (**Melewar**). Melewar is a diversified Malaysia industrial firm with steel, energy and engineering businesses, and as a result of the placement Melewar will become the second largest shareholder of the Company, holding approximately 12.9% of shares on issue. The Company has invited Melewar to nominate a Malaysian based non-executive director to join the Altech Board, this will provide the Company with invaluable insight into the Malaysian business and operating environments as it progresses the development of its HPA plant.

The \$1.130 million share placement closely follows the Company's 29 June 2015 announcement of the results from its bankable feasibility study (BFS) for the construction and operation of a 4,000tpa HPA plant at Tanjung Langsat, Malaysia. The placement is a strong endorsement of the BFS and the project overall.

Company non-executive Mr Dan Tenardi has also nominated to participate in the placement (\$100,000), his participation will be subject to shareholder approval. The balance of the placement (\$29,500) is to a professional investor.

The placement will be made in two tranches. An initial tranche of 8,974,576 shares (\$0.530 million) will be issued in accordance with the Company's placement capacity under ASX Listing Rules 7.1 and 7.1A¹; 8,474,576 shares to Melewar and 500,000 shares to the professional investor. A second tranche of 10,169,492 shares (\$0.600 million) will be issued subject to shareholder approval, which will be sought at the Company's Annual General

¹ In accordance with ASX Listing Rule 7.1, the Company may issue, or agree to issue, new shares of up to 15% of its total shares on issue 12 months prior to the proposed new share issue date, and in addition, on 5 November 2014 shareholders passed a resolution in accordance with ASX Listing Rule 7.1A, allowing the Company to issue a further 10% of the Company's shares for a period of up to 12 months after the Meeting, without subsequent shareholder approval.

Meeting planned for Friday 30 October 2015; 8,474,577 shares to Melewar (\$0.500 million) and 1,694,915 shares (\$0.100 million) to Mr Tenardi.

Commenting on the share placement, executive chairman of Melewar IIC Limited, Royal Highness Prince Ya'acob Bin Tunku Tan Sri Abdullah, said that Altech's HPA project is a very exciting, and that he looked forward to assisting the Company with its development plans: *"The potential for Altech to be one of the worlds leading producers of high purity alumina at a low cost, with its plant in Malaysia is what attracted our attention and has culminated in this investment. The rapid growth in demand for sapphire based products from LED lighting manufacturers, and the electronics and smart phone sectors is compelling. Altech management team, led by Mr Iggy Tan with his proven track record of developing these type of projects, was another key consideration."*

Altech managing director, Iggy Tan welcomed Melewar as an Altech shareholder. Mr Tan said that Melewar was a high calibre Malaysian company: *"Royal Highness Prince Ya'acob Bin Tunku Tan Sri Abdullah is executive chairman and part owner of the Melewar Industrial Group, a diversified Malaysian industrial firm operating successful iron and steel, energy and engineering businesses in Malaysia. The Prince is a very successful businessman in his own right and is the grandson of the first King of Malaysia. We are pleased to have such a great partner to help develop our project in Malaysia."*

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About Altech Chemicals (ASX: ATC)

Altech Chemicals Limited (Altech/the Company) is aiming to become one of the **world's leading suppliers of 99.99% (4N) high purity alumina (HPA) (Al_2O_3)**.

HPA is a high-value, high margin and highly demanded product because it is the critical ingredient required for the production of sapphire substrates which are used in the manufacture of LED lights, for the manufacture of alumina semiconductor wafers that are widely used in the electronics industry and for the manufacture of scratch resistant artificial sapphire glass used for watch faces, camera lenses and by various smartphone manufacturers. There is no substitute for HPA in the manufacture of sapphire substrates, sapphire semiconductor wafers or scratchproof sapphire glass.

Global HPA demand is approximately 19,040tpa (2014) and demand is growing at an annual rate of 28%, primarily driven by the growth in LED's as this energy efficient, longer lasting and lower operating cost lighting replaces traditional incandescent bulbs. HPA demand is expected to at least double over the coming decade.

Current HPA producers use an expensive and highly processed feedstock material such as aluminium metal to produce HPA. Altech has completed a Bankable Feasibility Study (BFS) for the construction and operation of a 4,000tpa HPA plant at Tanjung Langsat, Malaysia. The plant will produce HPA directly from kaolin clay which will be sourced from the Company's 100% owned kaolin deposit at Meckering, Western Australia. Altech's production process will employ conventional "off-the-shelf" plant and equipment to extract HPA using a hydrogen chloride (HCl) leaching process. Production costs are anticipated to be considerably lower than established HPA producers.

The Company is currently in the process of securing project financing with the aim of commencing project development in Q1-2016.





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Forward-looking Statements

This announcement contains forward-looking statements which are identified by words such as 'anticipates', 'forecasts', 'may', 'will', 'could', 'believes', 'estimates', 'targets', 'expects', 'plan' or 'intends' and other similar words that involve risks and uncertainties. Indications of, and guidelines or outlook on, future earnings, distributions or financial position or performance and targets, estimates and assumptions in respect of production, prices, operating costs, results, capital expenditures, reserves and resources are also forward looking statements. These statements are based on an assessment of present economic and operating conditions, and on a number of assumptions and estimates regarding future events and actions that, while considered reasonable as at the date of this announcement and are expected to take place, are inherently subject to significant technical, business, economic, competitive, political and social uncertainties and contingencies. Such forward-looking statements are not guarantees of future performance and involve known and unknown risks, uncertainties, assumptions and other important factors, many of which are beyond the control of our Company, the Directors and management. We cannot and do not give any assurance that the results, performance or achievements expressed or implied by the forward-looking statements contained in this announcement will actually occur and readers are cautioned not to place undue reliance on these forward-looking statements. These forward looking statements are subject to various risk factors that could cause actual events or results to differ materially from the events or results estimated, expressed or anticipated in these statements.