

20 May 2016

ALTECH'S MECKERING MINING LEASE GRANTED

Highlights

- Meckering mining lease M70/1334 granted
- 250+ years kaolin feedstock for 4,000tpa Malaysian HPA plant
- \$1.75 million cash injection for Altech

Altech Chemicals Limited (Altech/the Company) (ASX: ATC) is pleased to announce that its kaolin mining lease (ML) application M70/1334 at Meckering, Western Australia has been granted by the Department of Mines and Petroleum (DMP). The ML is estimated to contain ~11 million tonnes of kaolin mineral resources, representing over 250 years of feedstock supply for the Company's proposed 4,000tpa high purity alumina (HPA) plant at Johor, Malaysia.

The grant of M70/1334 will allow the Company to progress to the next stage of mine development, which is the submission of a mining proposal and a mine closure plan. At Meckering Altech is planning to mine approximately 120,000 tonnes of kaolin once every three years in a short two-month mining campaign. The resultant raw kaolin ore will be stockpiled, then containerised into standard shipping containers at the rate of around 40,000tpa (770t per week) and transported to Johor, Malaysia via the port of Fremantle, Western Australia for processing into HPA at the Company's proposed plant.

The grant of the ML also triggers an imminent cash injection of \$1.75 million for the Company, which will result upon settlement of the sale of its exploration licence E70/3923 to Dana Shipping and Trading S.A. (Dana). Settlement will take place within 5 business days of the Company's ML grant and is the final step in resolving the dispute with Dana (refer ASX Announcement dated 9 May 2016 for full details).

Altech managing director Mr Iggy Tan said, *"The Company is delighted with the grant of the Meckering mining lease. Altech can now progress to the next stage in preparation for mine development, the submission of what will be a relatively straightforward mining proposal and mine closure plan."*

"Upon approval of these items, the site at Meckering will be ready for the development of the campaign mining and container loading operation to supply feedstock for Altech's proposed Malaysian HPA plant."

"This marks another significant milestone in the advancement of the Company's HPA project", Mr Tan concluded.

- Ends -

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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 as it is the critical ingredient required for the production of artificial sapphire. Artificial sapphire is used in the manufacture of substrates for LED lights, semiconductor wafers used in the electronics industry, and scratch-resistant artificial sapphire glass used for wristwatch faces, optical windows and smartphone components. There is no substitute for HPA in the manufacture of artificial sapphire.

Global HPA demand is approximately 19,040tpa (2014) and demand is growing at an annual rate of 28%, primarily driven by the growth in worldwide adoption of LEDs. As an energy efficient, longer lasting and lower operating cost form of lighting, LED lighting is replacing the 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 hydrochloric (HCl) acid-based 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 German KfW IPEX-Bank.



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.