ASX ANNOUNCEMENT AND MEDIA RELEASE

17 October 2017

ALTECH - OPTION TO PURCHASE MECKERING MINING LEASE LAND EXERCISED

Highlights

- Option to purchase Meckering freehold land over mining lease M70/1334 exercised
- Construction of Meckering kaolin mine and kaolin screening and loading facility fully permitted

Altech Chemicals Limited (Altech/the Company) (ASX: ATC) (FRA: A3Y) is pleased to announce that it has exercised its option to purchase the ~94 hectares of land at Meckering, Western Australia within which its granted and fully permitted kaolin mining lease M70/1334 lies.

M70/1334 was granted on 19 May 2016 and contains an estimated kaolin mineral resource of 12.7 million tonnes at 29.5% Al_2O_3, including an estimated kaolin ore reserve of 1.224 million tonnes at 30% Al_2O_3. (refer Table 1)

Kaolin ore from M70/1334 will provide feedstock for the Company's proposed Malaysian high purity alumina (HPA) plant. At Meckering, the Company is planning to mine approximately 140,000 tonnes of kaolin in two-month mining campaigns, once every three years. The alumina rich mined kaolin will be initially stockpiled, then loaded into standard 20ft shipping containers at the rate of approximately 43,500tpa for transport by road to the port of Fremantle, Western Australia then shipped weekly to Malaysia.

Altech's mining proposal and mine closure plan for M70/1334 was approved in March 2017. A works approval for construction of the kaolin screening and loading facility was granted in August 2017. Altech's Meckering mine is now fully permitted, with construction of the kaolin screening and loading facility able to proceed, subject to finance.

Managing director Mr Iggy Tan said, *"the exercise of Altech's option to purchase the land over mining lease M70/1334 is another important milestone in advancing our HPA project; Meckering is now fully permitted for construction. Development of the kaolin screening and loading facility then initial mining can proceed upon finalising of project finance."*

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Table 1. Kaolin Ore Reserve & Mineral Resources Summary M70/1334 (Meckering)

	Category	Quantity (Mt)	Yield % of minus 300µm	Minus 300µm Al_2O_3 (%)
Ore Reserve	**Proved**	0.45	69	30.1
	Probable	0.77	71	30.0
	TOTAL	**1.22**	**70**	**30.0**
Mineral Resources (including Ore Reserve)	**Measured**	1.5		30.0
	Indicated	3.3		30.0
	Inferred	7.9		29.1
	TOTAL	**12.7**		**29.5**

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Competent Persons Statements – Meckering Kaolin Deposit

The information in this announcement that relates to Mineral Resources and Ore Reserves is extracted from the report entitled "Maiden Ore Reserve at Altech's Meckering Kaolin Deposit" released on 11 October 2016; the report is available to view of the Company's website www.altechchemicals.com. The Company confirms that it is not aware of any new information or data that materially affects the information included in the original market announcement and, in the case of estimates of Mineral Resources and Ore Reserves, that all material assumptions and technical parameters underpinning the estimates in the relevant market announcement continue to apply and have not materially changed. The Company confirms that the form and context in which the Competent Person's findings are presented have not been materially modified from the original market announcement.

About Altech Chemicals (ASX:ATC) (FRA:A3Y)

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 synthetic sapphire. Synthetic sapphire is used in the manufacture of substrates for LED lights, semiconductor wafers used in the electronics industry, and scratch-resistant sapphire glass used for wristwatch faces, optical windows and smartphone components. There is no substitute for HPA in the manufacture of synthetic sapphire.

Global HPA demand is approximately 25,315tpa (2016) and demand is growing at a compound annual growth rate (CAGR) of 16.7% (2016-2024), 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.

Current HPA producers use expensive and highly processed feedstock materials such as aluminium metal to produce HPA. Altech has completed a Final Investment Decision Study (BFS) for the construction and operation of a 4,500tpa HPA plant at the Tanjung Langsat Industrial Complex, Johor, 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 the aim of commencing project development in 2018.