



16 October 2015

## UPDATE – OPTION TO MINE BULK KAOLIN

Altech Chemicals Limited (Altech/the Company) (ASX: ATC) advises that the extension of the Dana Shipping and Trading S.A. (Dana) bulk kaolin option exercise period announced on 1 October 2015 has now lapsed.

Altech and Dana are however continuing negotiations for the mining of bulk kaolin by Dana from the Meckering Deposit.

An update on the negotiations will be provided, once finalised.

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For more information, please contact:

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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 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 form of 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 hydrochloric acid (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.



### 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.