



Altech Chemicals
Limited

ASX ANNOUNCEMENT AND MEDIA RELEASE

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MANUFACTURING LICENCE APPROVED FOR HPA PLANT

Highlights

- Manufacturing licence for 4,500tpa HPA plant approved
- Another HPA development milestone achieved
- Target “Pioneer Status” investment incentive (5-year company income tax exemption)
- 1.2 billion ringgit investment in Malaysia

Altech Chemicals Limited (Altech/the Company) (ASX: ATC) (FRA: A3Y) is pleased to announce that it has been advised by the Malaysian Investment Development Authority (MIDA) that the manufacturing licence for operation of its 4,500tpa high purity alumina (HPA) plant at Johor, Malaysia has been approved. This represents another important development milestone that has been achieved by the Altech management team.

Under the terms of notification of the manufacturing licence approval, Altech Malaysia has been requested to submit copies of various corporate documents, a largely administrative process, after which the formal manufacturing licence will be issued. It is currently anticipated that the formal manufacturing licence will be issued during Q-2, 2018.

Upon issue of the manufacturing licence, Altech Malaysia’s application for “Pioneer Status” (High Technology) investment incentive classification will progress. A project approved as Pioneer Status (High Technology) will benefit from income tax exemption of 100% of its statutory income for a period of five years from the commencement of commercial production. Also, any accumulated losses and unabsorbed capital allowances (depreciation) during the Pioneer Status period can be carried forward and deducted from post Pioneer Status period income.

The issue of the formal manufacturing licence will also allow the Company to proceed to the next stage of state and local government approvals.

Commenting on the manufacturing licence approval, Altech managing director Mr Iggy Tan said, *“The Company is delighted with the support that it is receiving for its HPA project from MIDA and the Johor and Malaysian governments. The prompt assessment of our manufacturing licence application is testament to the support for our proposed HPA plant, which will represent a total investment of approximately 1.2 billion ringgit in Malaysia.”*

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About Altech Chemicals Ltd (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)** (Al₂O₃).

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 substitution 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 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 (FIDS) 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 mid-2018.

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 the 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.