



24 January 2019

ALTECH – DEVELOPMENT ORDER APPROVED FOR MALAYSIAN HPA PLANT, SITE ESTABLISHMENT COMMENCED

Highlights

- Development Order for Malaysian HPA plant approved
- Site establishment and mobilisation has commenced in Johor
- Stage 1 construction works to follow site establishment

Altech Chemicals Limited (Altech/the Company) (ASX: ATC) (FRA: A3Y) is pleased to announce that the Development Order for the Company's high purity alumina (HPA) plant in Johor, Malaysia has been approved and that site establishment works have commenced.

Establishment activities that are underway, or will commence shortly, include: hoarding of the entire site; the establishment of a site office, guard house and security; construction of access ways into and within the site; mobilisation of construction plant and equipment; and project signage. Safety inductions have been completed for all sub-contractors involved in site establishment activities. The commencement of works follows the initial approval of a site establishment works permit from local authorities in Johor that was valid from 1 January 2019.

The stage 1 construction work activities will follow the completion of site establishment work. The proposed works include bulk earthworks; maintenance workshop foundation piling; the construction of retaining walls; on-site water detention tanks (OSD tanks); construction of the site sub-station structure and a maintenance workshop. The maintenance workshop will be used as covered storage during stage 2 of the HPA plant construction. The majority of stage 1 works have been funded and pre-paid to the EPC contractor which will be credited against the US\$280 million lump-sum fixed-price HPA plant EPC contract.





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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) (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 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 (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 and has announced the execution of an agreement with its appointed EPC contractor SMS group for commencement of Stage 1 construction of the HPA plant at Johor, Malaysia.



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.