



Altech Chemicals
Limited

ASX ANNOUNCEMENT AND MEDIA RELEASE

1 October 2015

UPDATE – BULK KAOLIN STUDY

Highlights

- **Exercise date for option to mine 10Mt of bulk kaolin extended to 15 October 2015**
- **Bulk kaolin scoping study completed**

Altech Chemicals Limited (Altech/the Company) (ASX: ATC) advises shareholders that it has reached agreement with Dana Shipping and Trading S.A. (Dana), to extend the date by which Dana can elect to exercise its exclusive option to mine up to 10Mt of bulk kaolin from the Company's Meckering kaolin deposit (Meckering Deposit) from 30 September 2015 to 15 October 2015.

Background

On 4 March 2015, the Company announced that it had reached agreement with Dana to fund a scoping study to assess the commercial viability of mining and processing bulk kaolin from the Meckering Deposit. Bulk kaolin is predominantly used in the ceramics, paper, rubber and paint industries. The cost of the study was estimated at \$100,000 and Dana has advised the Company that the Scoping Study has now been completed.

In return for conducting the study, Altech originally granted Dana until 30 September 2015 for it to exercise an exclusive right to mine up to 10Mt of Kaolin from the Meckering Deposit (First Option), this date is now extended to 15 October 2015. On exercise of the option, Dana will be required to subscribe to \$1,000,000 of Altech fully paid ordinary shares, to be priced at a 10% premium to the volume weighted average price of the shares as traded on the ASX in the 120 calendar days prior to the option exercise date, and pay the Company a 2% gross sales royalty on all future bulk kaolin sales.

In the event Dana exercises the First Option, Altech will grant Dana a second option (Second Option) to mine an additional 10MT of kaolin from the Meckering Deposit. The Second Option is exercisable within 3 months from the date of the first commercial sale of bulk kaolin from the Meckering Deposit, and if the Second Option is exercised Dana must subscribe to an additional \$1,000,000 of Altech fully paid ordinary shares, to be priced at a 10% premium to the volume weighted average price of the shares as traded on the ASX in the 120 calendar days prior to the option exercise date, and continue to pay a 2% gross sales royalty on all bulk kaolin sales.

Dana is an Athens-based global shipping company with a focus on dry cargo operations, working with a diversified suite of dry bulk commodities such as coal, iron ore, grains and minor bulks across all dry bulk vessel sizes.

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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.

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