



30 October 2015

# ALTECH FINALISES KAOLIN MINING RIGHTS AGREEMENT WITH DANA FOR UP TO \$3M CASH PLUS ROYALTY

## Highlights

- Altech grants Dana the exclusive right to mine up to 10Mt of kaolin for a \$1m cash payment
- Dana may increase its kaolin mining right to 30Mt by paying an additional \$2m
- Altech will also receive a 2% gross sales royalty on all bulk kaolin sales
- Current kaolin resources at Meckering are estimated at 65Mt
- Altech's HPA project requires only 4Mt of kaolin for a 100 year project life

Altech Chemicals Limited (Altech/the Company) (ASX: ATC) advises that it has reached agreement with Dana Shipping and Trading S.A. (Dana) to grant Dana the exclusive right to mine up to 10Mt of kaolin from the Company's Meckering kaolin deposit (Meckering Deposit). The Meckering Deposit covers approximately 184km<sup>2</sup> in area and contains indicated and inferred kaolin mineral resources estimated at 64Mt @ 83.4% brightness JORC (2004).

Under the terms of the kaolin mineral rights agreement, Dana will pay Altech \$1 million cash for the right to mine 10Mt of kaolin (First Transaction) upon either the grant of mining lease ML70/1334 or the grant of any alternate mining lease that provides Dana with mining access to kaolin within an area of the exploration lease containing the Meckering Deposit (EL70/3923). If the conditions of the First Transaction are not satisfied by the end date (within 9 months of the date of the agreement), the parties have agreed to discuss the grant of the same kaolin mining rights to Dana on the other kaolin tenements held by the Company, such as its Kerrigan kaolin project (E70/4737 and E70/4718).

Subject to the completion of the First Transaction, Altech has granted Dana an option whereby Dana has the right to increase its kaolin mining right to 30 million tonnes, by paying a further \$2 million cash to Altech.

Based on its recently completed bankable feasibility study for the development of a 4,000tpa high purity alumina (HPA) plant (HPA Project), Altech will only require approximately 4Mt of kaolin to support a 100 year project life. The grant of the mining rights to Dana will not constrain the Company's HPA Project and under the agreement with Dana, Altech's right to mine kaolin for its project takes priority over the kaolin mining rights granted to Dana and reciprocal non-compete obligations apply to both Dana and Altech. The bulk kaolin that Dana intends to produce from its mining operations is predominantly used in the ceramics, paper, rubber and paint industries.

Also, under the agreement Altech will receive a 2% gross sales royalty on all bulk kaolin sales.

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## About Dana

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.

Commenting on the kaolin mining rights agreement with Altech, Dana CEO Mr Patrick Hodgins said *“the recently completed scoping study for the mining and processing of bulk kaolin from the Meckering Deposit and associated test-work has delivered promising results and confirms the potential for the project to provide bulk kaolin for export markets, as a bulk commodity this kaolin project it is a good fit with our established shipping business”*.

Altech managing director Iggy Tan said *“Altech remains focused on finalising the detailed design and securing funding for the construction of its HPA Project. As our HPA Project requires only 4Mt of kaolin for a 100 year life, securing additional value for our shareholders from the kaolin resources at Meckering via this mining rights agreement with Dana is a great outcome”*.

*“If Dana exercises the option to increase its mining rights to 30 Mt, Altech will benefit from a total cash injection of \$3 million, without dilution to current shareholders.”*

-Ends-



**Altech Chemicals**  
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## ASX ANNOUNCEMENT AND MEDIA RELEASE

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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.

### **Competent Persons Statement – Meckering Kaolin Deposit**

The information in this report that relates to Mineral Resources for the Company's Meckering Kaolin (Aluminous Clay) Deposit is based on information compiled by Ms Sue Border, who is a Fellow the AusIMM and of AIG and is a consultant to the Company. Ms Border has sufficient experience that is relevant to the style of mineralisation and type of deposit under consideration and to the activity that she is undertaking to qualify as a Competent Person as defined in the 2004 edition of the "Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves". The information contained in this report is extracted from the ASX announcement entitled "new exploration licence granted with JORC Kaolin Resource of 65Mt at AMMG's Meckering project" dated 13 January 2011 and is available to view on the Company web site [www.altechchemicals.com](http://www.altechchemicals.com). Ms Border has reviewed this statement and can confirm the resource figures are current, and approves the inclusion in this announcement in the form and context in which they

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