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ALTECH SIGNS OFF TAKE SALES AGREEMENT WITH MITSUBISHI FOR ALL HPA PRODUCTION

Highlights

- Altech signs off take sales arrangement with Mitsubishi for first ten years of HPA operations
- Secures sales for 100% of Altech's proposed 4,000tpa HPA production
- Exclusive global distributor with well established global customer base
- Mitsubishi Corporation is Japan's largest global trading company

Altech Chemicals Limited (Altech/the Company) (ASX: ATC) is pleased to announce that it has executed a 10 year off take sales arrangement (Agreement) with Mitsubishi Corporation's Australian subsidiary, Mitsubishi Australia Ltd (Mitsubishi) for 100% of the high purity alumina (HPA) production from the Company's proposed Malaysian HPA plant.

The Agreement appoints Mitsubishi as the exclusive buyer of the full 4,000tpa production capacity and will commence on the date of first shipment of final HPA product. The contracted sale quantities will mirror Altech's proposed HPA plants' production ramp up and account for 100% of planned production. Under the Agreement both parties have set specific off take sales target quantities (see table below), which will be at prevailing market prices.

Altech managing director, Mr Iggy Tan said that securing the off take arrangement with Mitsubishi for all of the production from the Company's proposed HPA plant is an integral step towards securing project financing. *"The 10 year off take arrangement for the sale of 100% of Altech's HPA production is a significant milestone and a strong vote of confidence in the Company, the HPA project and the team working to bring it to fruition."*

"Altech's 4,000tpa HPA plant will position the Company not only as one of the world's largest producers of HPA, but also as one of the world's lowest cost producers", Mr Tan concluded.

The off take sales quantities are as follows:

Contract Year	Forecast Production	Contracted Sales
Year 1	2,700t	2,700t
Year 2	3,000t	3,000t
Year 3	3,400t	3,400t
Year 4	3,800t	3,800t
Year 5	4,000t	4,000t

Contract Year	Forecast Production	Contracted Sales
Year 6	4,000t	4,000t
Year 7	4,000t	4,000t
Year 8	4,000t	4,000t
Year 9	4,000t	4,000t
Year 10	4,000t	4,000t

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Background

On 24 September 2015, the Company announced a sales and distribution agreement with Mitsubishi for the Japanese HPA market only; however following further discussions, Mitsubishi expressed interest in being appointed as the exclusive buyer and global distributor for 100% of the Company's proposed HPA production. Mitsubishi is Japan's leading general trading company with more than 200 bases of operation in approximately 90 countries worldwide. Mitsubishi employs a multinational workforce of approximately 70,000 people across some 600 companies. Mitsubishi has been engaged in long-term business with customers from around the world in virtually every industry, including energy, metals, machinery, chemicals, food and general merchandise.

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Corporate

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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 artificial sapphire. Artificial sapphire is used in the manufacture of substrates for LED lights, semiconductor wafers used in the electronics industry, and scratch-resistant artificial sapphire glass used for wristwatch faces, optical windows and smartphone components. There is no substitute for HPA in the manufacture of artificial sapphire.

Global HPA demand is approximately 19,040tpa (2014) and demand is growing at an annual rate of 28%, 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. 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 (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 German KfW-IPEX Bank.



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.