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ALTECH EXECUTES STAGE 1 CONSTRUCTION AGREEMENT FOR JOHOR HPA PLANT

Highlights

- Stage 1 works construction agreement executed with SMS
- Works to occur in parallel with project finance close
- Bulk earthworks, retaining walls, storm water tanks and foundation piling
- Also includes site electrical sub-station structure and maintenance workshop
- Majority of the ~A\$10 million site works credited against US\$280 million EPC contract

Altech Chemicals Limited (Altech/the Company) (ASX: ATC) (FRA: A3Y) is pleased to announce that it has executed a stage 1 construction works agreement with its appointed engineering, procurement and construction (EPC) contractor SMS group GmbH (SMS) of Germany, for the commencement of construction at its Malaysian high purity alumina (HPA) plant site in Johor, Malaysia.

Construction works covered under the stage 1 construction agreement includes bulk earthworks; extensive foundation piling; the construction of retaining walls; underground storm water/process discharge tanks (OSD tanks); construction of the site electrical sub-station structure; and construction of a maintenance workshop. The maintenance workshop will be used as the construction site offices during stage 2 of the HPA plant construction. Engineering works incorporated in the stage 1 construction program include the finalisation of layout drawings and the construction permitting process (Development Order) from local authorities.

The stage 1 agreement covers the first 6-7 months of the proposed two year construction period. The value of the works is approximately A\$10 million, the majority of which will be credited against the US\$280 million lump-sum fixed-price HPA plant EPC contract awarded to SMS which will commence following finance close.

Altech has decided to equity fund stage 1 construction in Malaysia to maintain project momentum and the works will be conducted in parallel with project finance close.

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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)** (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 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.



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.