

26 APRIL 2016

## ATC Alloys to Acquire Wolfram Camp Mine

- *Proposed acquisition of tungsten mining operation in Queensland*
- *Global leader in tungsten mining, Almonty Industries, to become largest shareholder of ATC Alloys*

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ATC Alloys Limited (**ATA** or the **Company**) (ASX: ATA) is pleased to announce it has signed a binding heads of agreement to acquire the Wolfram Camp Mine in Queensland from Almonty Industries Inc. (**Almonty**).

The Wolfram Camp Mine is located approximately 130km west of Cairns and has the following key highlights:

- fully-permitted open-pit tungsten mining operation
- high quality mine infrastructure
- commercial production achieved in November 2013
- production of approximately 40,000mtu of tungsten oxide in 2015
- 4-year mine- life with substantial exploration potential

Production at the Wolfram Camp Mine is currently on hold pending the completion of the optimization of the milling circuit that is in its final phase of completion. On completion, which is anticipated to be before the end of June 2016, mine production is expected to resume and ramp up to full capacity in a matter of weeks.

The proposed acquisition will diversify the Company's operating base and ability to capture synergies across the supply chain.

The consideration for the acquisition is 120 million fully paid ordinary shares in ATA at a deemed issue price of \$0.05 per share, which values the Wolfram Camp Mine at A\$6.0 million.

Almonty (TSX-V: AII, market capitalisation ~C\$35 million) is a global leader in tungsten mining with operations in Spain, Portugal, Korea and Australia. Following the acquisition, Almonty will become the largest shareholder of ATA with an ownership interest of approximately 53% (pre equity raising, based on the issue of the consideration shares) and will be entitled to appoint two members to the Board of

ATA. The management of Almonty possess substantial experience in the tungsten industry and will add significant value to ATA's strategic goal of developing a diversified specialty metals company.

Completion of the acquisition is conditional on:

- completion of due diligence by ATA and Almonty
- finalisation of legal documentation
- ATA shareholder approval
- ATA completing an equity raising of at least \$6M
- third party lender approvals
- other statutory, regulatory and other approvals that may be required by the parties.

**Commenting on the proposed acquisition, Mr Patrick Burke, Chairman of ATA said:**

*"The proposed acquisition of Wolfram Camp is clearly aligned with our strategic goal of establishing a diversified specialty metals company. Wolfram Camp is a high-quality asset with near-term production potential and exposure to improving tungsten prices. The combination of the Company's ferrotungsten plant in Vietnam with the Wolfram Camp would create a significant tungsten mining and down-stream processing business. I look forward to working with Almonty as a strategic partner and drawing on their depth of experience in tungsten operations, marketing and off-take."*

**Mr Lewis Black, President and CEO of Almonty said:**

*"Almonty's majority ownership in ATA gives both our shareholders exposure to an expanded tungsten value chain that should enable ATA to attract the enhanced multiples awarded to specialty metal producers. This transaction is a continuation of Almonty's strategy of consolidation and combines the largest Western Tungsten reserve base of Almonty and the largest Western Ferro Tungsten plant of ATA to maximise value for both our shareholders."*

For further information, please contact:

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## Appendix

### **Additional Information in relation to Board and Management Changes announced on 1 April 2016**

On 1 April 2016, the Company announced that Michael Bourne had been appointed an Executive Director on the Company. A long term member of management, Mr Bourne has recently assumed the Company's senior management role at the production facility in Vinh Bao, Vietnam and is carrying out a series of major reforms to greatly improve the operation and profitability of the facility. The material terms of the Mr Bourne's services agreement with the Company are as follows:

- Remuneration of \$500 per day.
- Termination on one month's written notice.
- Responsibility for all aspects of the Company's operations in Vietnam.