

**Form 603**  
Corporations Act 2001  
Section 671B

**Notice of initial substantial holder**

To Company Name/Scheme ATC Alloys Ltd

ACN/ARSN 118 738 999

**1. Details of substantial holder (1)**

Name Almonty Industries Inc. (Almonty) and its subsidiaries listed in Annexure A (Almonty Parties)

ACN/ARSN (if applicable) See Annexure A

The holder became a substantial holder on 30/05/2016

**2. Details of voting power**

The total number of votes attached to all the voting shares in the company or voting interests in the scheme that the substantial holder or an associate (2) had a relevant interest (3) in on the date the substantial holder became a substantial holder are as follows:

Class of securities (4)	Number of securities	Person's votes (5)	Voting power (6)
Ordinary shares	21,182,992	21,182,992	19.9% (based on their being 106,568,444 ordinary shares on issue)

**3. Details of relevant interests**

The nature of the relevant interest the substantial holder or an associate had in the following voting securities on the date the substantial holder became a substantial holder are as follows:

Holder of relevant interest	Nature of relevant interest (7)	Class and number of securities
Almonty	Taken to hold a relevant interest pursuant to section 608(1)(c) of the Corporations Act by reason of the agreements attached in Annexure B.	21,182,992 ordinary shares

**4. Details of present registered holders**

The persons registered as holders of the securities referred to in paragraph 3 above are as follows:

Holder of relevant interest	Registered holder of securities	Person entitled to be registered as holder (8)	Class and number of securities
Almonty	GMP Securities Australia Pty Ltd	GMP Securities Australia Pty Ltd	7,370,357 ordinary shares
	HSBC Custody Nominees (Australia) Limited	HSBC Custody Nominees (Australia) Limited	4,692,364 ordinary shares
	Chifley Portfolios Pty Limited	Chifley Portfolios Pty Limited	3,126,759 ordinary shares
	Correze Pty Ltd	Correze Pty Ltd	2,423,836 ordinary shares
	Bayonet Investments Pty Ltd <The Southpoint A/C>	Bayonet Investments Pty Ltd <The Southpoint A/C>	1,000,000 ordinary shares
	IBIZ Global Pty Ltd <Varenne A/C>	IBIZ Global Pty Ltd <Varenne A/C>	656,257 ordinary shares
	Little Nell Investments Pty Ltd	Little Nell Investments Pty Ltd	500,000 ordinary shares
	Mr Scott Marshall Simpson and Mrs Jemma May Simpson <Aquazzuri Super Fund A/C>	Mr Scott Marshall Simpson and Mrs Jemma May Simpson <Aquazzuri Super Fund A/C>	625,645 ordinary shares
	Rowan Hall Pty Ltd <Rowan Hall Investment A/C>	Rowan Hall Pty Ltd <Rowan Hall Investment A/C>	428,129 ordinary shares
Mr Mark Steven Hepburn and Mrs Amanda Jane Hepburn <The Hepburn S/F A/C>	Mr Mark Steven Hepburn and Mrs Amanda Jane Hepburn <The Hepburn S/F A/C>	359,645 ordinary shares	

**5. Consideration**

The consideration paid for each relevant interest referred to in paragraph 3 above, and acquired in the four months prior to the day that the substantial holder became a substantial holder is as follows:

Holder of relevant interest	Date of acquisition	Consideration (9)		Class and number of securities
		Cash	Non-cash	

Almonty	30 May 2016	\$10	21,182,992
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**6. Associates**

The reasons the persons named in paragraph 3 above are associates of the substantial holder are as follows:

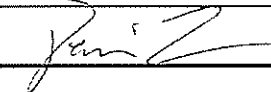
Name and ACN/ARSN (if applicable)	Nature of association
N/A	

**7. Addresses**

The addresses of persons named in this form are as follows:

Name	Address
Almonty	100 King Street West, Suite 5700, Toronto, Ontario, Canada, M5X 1C7
Almonty Parties	Refer to Annexure A

**Signature**

print name	Dennis Logan	Capacity	Director & CFO
sign here		date	02/06/2016

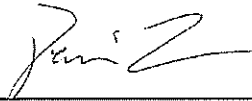
**DIRECTIONS**

- (1) If there are a number of substantial holders with similar or related relevant interests (eg. a corporation and its related corporations, or the manager and trustee of an equity trust), the names could be included in an annexure to the form. If the relevant interests of a group of persons are essentially similar, they may be referred to throughout the form as a specifically named group if the membership of each group, with the names and addresses of members is clearly set out in paragraph 7 of the form.
- (2) See the definition of "associate" in section 9 of the Corporations Act 2001.
- (3) See the definition of "relevant interest" in sections 608 and 671B(7) of the Corporations Act 2001.
- (4) The voting shares of a company constitute one class unless divided into separate classes.
- (5) The total number of votes attached to all the voting shares in the company or voting interests in the scheme (if any) that the person or an associate has a relevant interest in.
- (6) The person's votes divided by the total votes in the body corporate or scheme multiplied by 100.
- (7) Include details of:
  - (a) any relevant agreement or other circumstances by which the relevant interest was acquired. If subsection 671B(4) applies, a copy of any document setting out the terms of any relevant agreement, and a statement by the person giving full and accurate details of any contract, scheme or arrangement, must accompany this form, together with a written statement certifying this contract, scheme or arrangement; and
  - (b) any qualification of the power of a person to exercise, control the exercise of, or influence the exercise of, the voting powers or disposal of the securities to which the relevant interest relates (indicating clearly the particular securities to which the qualification applies).

See the definition of "relevant agreement" in section 9 of the Corporations Act 2001.
- (8) If the substantial holder is unable to determine the identity of the person (eg. if the relevant interest arises because of an option) write "unknown."
- (9) Details of the consideration must include any and all benefits, moneys and other, that any person from whom a relevant interest was acquired has, or may, become entitled to receive in relation to that acquisition. Details must be included even if the benefit is conditional on the happening or not of a contingency. Details must be included of any benefit paid on behalf of the substantial holder or its associate in relation to the acquisitions, even if they are not paid directly to the person from whom the relevant interest was acquired.

**Annexure A to Form 603 – Notice of initial substantial holder  
ATC Alloys Ltd ACN 118 738 999**

This is Annexure A of 1 page referred to the Form 603 signed by me on the date noted below.



Signature

Print name: Dennis Logan

Capacity: Director & CFO

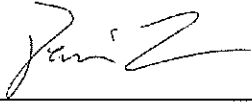
Date: 2 June 2016

<b>Name of substantial holder</b>	<b>ACN</b>	<b>Address</b>
Beralt Ventures Inc.		Suite 408-837 West Hastings Street, Vancouver, British Columbia, Canada V6C 3N6
Woulfe Mining Corp		Suite 408-837 West Hastings Street, Vancouver, British Columbia, Canada V6C 3N6
7887523 Canada Inc.		100 King Street West, Suite 5700, Toronto, Ontario, Canada M5X 1C7
9046739 Canada Inc.		100 King Street West, Suite 5700, Toronto, Ontario, Canada M5X 1C7
9588647 Canada Inc.		100 King Street West, Suite 5700, Toronto, Ontario, Canada M5X 1C7
Wolfram Camp Mining Pty Limited	108 254 315	Lot 11 Wolfram Road, Dimbulah, Queensland 4872
Tropical Metals Pty Ltd	061 766 265	40 Balmerino Drive, Carina, Queensland 4152
Beralt Tin and Wolfram Portugal SA		Aldeia de S Francisco de Assis, Barroca Grande Village, Castelo Branco District, Covilhã, Centro Region, Portugal 6225-051
Empresas Mineira da Argimela, LDA		Barroca Grande, 6225-051
Almonty Korea Tungsten Corporation (formerly Sangdong Mining Corporation)		79-50, Jungsuk-gil, Sangdong-eup, Yeongwol-gun, Gangwon-do, Korea
Woulfe Gold (BVI) Ltd		Suite 408-837 West Hastings Street, Vancouver, British Columbia, Canada V6C 3N6
Orient Gold (BVI) Ltd		Suite 408-837 West Hastings Street, Vancouver, British Columbia, Canada V6C 3N6
Muguk Gold Corp		Suite 408-837 West Hastings Street, Vancouver, British Columbia, Canada V6C 3N6
Yeongwha Mining Corp.		Suite 408-837 West Hastings Street, Vancouver, British Columbia, Canada V6C 3N6
Woulfe Processing LLC		Suite 408-837 West Hastings Street, Vancouver, British Columbia, Canada V6C 3N6
Daytal Resources Spain, S.L.		Carretera de Fuenterroble, Variante Los Santos, Salamanca, 37768 Spain
Vallreixal Resources Spain S.L.		Calle Jose Ortega Y Gasset 22, Madrid, Madrid, 28006 Spain

**Annexure B – Pre-Bid Acceptance Agreements  
ATC Alloys Ltd ACN 118 738 999**

This is Annexure B of ~~28~~<sup>31</sup> pages referred to the Form 603 signed by me on the date noted below.

All of the 10 Pre-Bid Acceptance Agreements are in the same form as the attached, except for party details and number of securities.



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Signature

Print name: Dennis Logan

Capacity: Director & CFO

Date: 2 June 2016

**BAYONET INVESTMENTS PTY LTD <THE SOUTHPOINT A/C>**

**and**

**ALMONTY INDUSTRIES INC  
(INCORPORATED IN CANADA AND LISTED ON THE TSX-V UNDER CODE AII)  
(Bidder)**

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**PRE-BID ACCEPTANCE DEED**

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**THIS DEED** is made on the 30 day of May 2016

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**BETWEEN**

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**BAYONET INVESTMENTS PTY LTD <THE SOUTHPOINT A/C>** (ACN 052 493 124) of PO BOX 4156 MOSMAN PARK WA 6012 (the **Shareholder**);

AND

**ALMONTY INDUSTRIES INC** (Incorporated in Canada and listed on the TSX-V under code All) of 100 King Street West, Suite 5700 Toronto, ON M5X 1C7 Canada (**Almonty** or the **Bidder**).

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**RECITALS**

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- A.** At the date of this deed, the Shareholder is the owner of the Acceptance Shares.
- B.** The Bidder intends to put a proposal to the board of the Company substantially on the terms attached at Schedule 2.
- C.** The Shareholder undertakes to:
- a. not dispose of the Acceptance Shares other than in accordance with this deed; and
  - b. accept the Takeover Offer with respect to the Acceptance Shares,
- on the terms and conditions set out in this deed.

**THE PARTIES AGREE AS FOLLOWS:**

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**1. INTERPRETATION**

**1.1 Definitions**

The following definitions apply in this deed.

**Acceptance Shares** means 1,000,000 Shares held by the Shareholder at the date of this deed.

**Acceptance Time** means 5:00 pm on the date which is three Business Days after the commencement of the Offer Period.

**Agreed Bid Terms** means the terms set out in Schedule 2.

**Associate** includes:

- (a) in respect of the Bidder, any person who is a wholly-owned subsidiary of the Bidder; and
- (b) in any other case, any person who is an "associate" under section 12 of the Corporations Act.

**ASX** means the Australian Securities Exchange operated by ASX Limited (ABN 98 008 624 691).

**Bid Implementation Agreement** means the binding Heads of Agreement between the Company and the Bidder dated on or around 30 May 2016.

**Business Day** means a day on which:

- (c) banks are open for general banking business in Perth, Western Australia, excluding Saturdays and Sundays; and
- (d) ASX is open for trading in securities.

**Company** means ATC Alloys Limited (ACN 118 738 999).

**Convertible Securities** means as defined in clause 4(c).

**Corporations Act** means the *Corporations Act 2001* (Cth).

**Duty** means any transfer, transaction or registration duty or similar charge imposed by any Government Authority and includes any interest, fine, penalty, charge or other amount imposed in respect of any of them.

**Encumbrance** means:

- (e) a PPS Security Interest;
- (f) any other mortgage, pledge, lien or charge;
- (g) an easement, restrictive covenant, caveat or similar restriction over property; and
- (h) any other interest or arrangement of any kind that in substance secures the payment of money or the performance of an obligation, or that gives a creditor priority over unsecured creditors in relation to any property.

**End Date** means the date that is two months after the date that the Bidder makes the public announcement referred to in clause 2.1.

**Government Authority** means a government or government department, a governmental or semi-governmental or judicial person (whether autonomous or not) charged with the administration of any applicable law.

**Offer Period** means the period of time during which offers under the Takeover Offer remain open for acceptance.

**PPS Security Interest** means a security interest that is subject to the *Personal Property Securities Act 2009* (Cth).

**Relevant Interest** has the meaning given by section 9 of the Corporations Act.

**Rights** means all accretions, rights or benefits of whatever kind attaching to or arising from the Shares including, without limitation, all dividends or other distributions and all rights to receive and dividends or other distributions.

**Share** means a fully paid ordinary share in the Company.

**Superior Proposal** has the meaning given to that term in the Bid Implementation Agreement.

**Takeover Offer** means an offer by the Bidder or one of its Associates under a takeover bid pursuant to Chapter 6 of the Corporations Act to acquire all the Shares on terms no less favourable to the holders of Shares than the Agreed Bid Terms.

## 1.2 Interpretation

In this Deed unless the context otherwise requires:

- (a) headings are for convenience only and do not affect its interpretation;



- (b) an obligation or liability assumed by, or a right conferred on, 2 or more Parties binds or benefits all of them jointly and each of them severally;
- (c) the expression **person** includes an individual, the estate of an individual, a corporation, an authority, an association or joint venture (whether incorporated or unincorporated), a partnership and a trust;
- (d) a reference to any party includes that party's executors, administrators, successors and permitted assigns, including any person taking by way of novation;
- (e) a reference to any document (including this Deed) is to that document as varied, novated, ratified or replaced from time to time;
- (f) a reference to any statute or to any statutory provision includes any statutory modification or re-enactment of it or any statutory provision substituted for it, and all ordinances, by-laws, regulations, rules and statutory instruments (however described) issued under it;
- (g) words importing the singular include the plural (and vice versa) and words indicating a gender include every other gender;
- (h) reference to parties, clauses, schedules, exhibits or annexures are references to parties, clauses, schedules, exhibits and annexures to or of this Deed and a reference to this Deed includes any schedule, exhibit or annexure to this Deed;
- (i) where a word or phrase is given a defined meaning, any other part of speech or grammatical form of that word or phrase has a corresponding meaning;
- (j) a reference to time is to Western Standard Time as observed in Perth, Western Australia;
- (k) where an action is required to be undertaken on a day that is not a Business Day it shall be undertaken on the next Business Day;
- (l) a reference to a payment is to a payment by bank cheque or such other form of cleared funds the recipient otherwise allows in the relevant lawful currency specified; and
- (m) a reference to **\$** or **dollar** is to the lawful currency of the Commonwealth of Australia.

### **1.3 Parties not associates**

Despite anything in this deed, the parties are not to be regarded as an associate of each other.

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## **2. ACCEPTANCE OF TAKEOVER OFFER**

### **2.1 Obligation to accept**

In consideration of the mutual promises set out in this deed and the Bidder paying the Shareholder \$1 (receipt of which is acknowledged by the Shareholder), if the Bidder publicly announces the Takeover Offer prior to 3 June 2016, the Shareholder will:

- (a) irrevocably accept the Takeover Offer in respect of the Acceptance Shares by no later than the Acceptance Time; and

- (b) do everything (including executing any deed and making any election) that the Bidder reasonably requires, to give full effect to the Shareholder's obligations to accept the Takeover Offer in respect of the Acceptance Shares.

## **2.2 No withdrawal of acceptance**

The Shareholder:

- (a) irrevocably waives any rights it may have under section 650E of the Corporations Act, in the event that the Bidder varies the Takeover Offer; and
- (b) covenants not to exercise any rights it may have to withdraw its acceptance of the Takeover Offer in respect of the Acceptance Shares, including under section 650E of the Corporations Act.

## **2.3 Appointment of attorney**

To secure the performance of the Shareholder's obligations under this clause 2, the Shareholder irrevocably appoints any director for the time being of the Bidder to be its attorney in its name and on its behalf to execute any acceptance forms and to do such other acts and things as may be necessary to accept (or procure the acceptance) of a Takeover Offer in respect of the Acceptance Shares in accordance with and as contemplated by the terms of this deed.

## **2.4 Acknowledgments**

For the avoidance of any doubt:

- (a) this deed only applies to the Acceptance Shares and does not apply to any other Shares held or controlled by the Shareholder (for example, the Shareholder is free to deal with any Shares held or controlled by the Shareholder as it sees fit, other than the Acceptance Shares which must only be dealt with in accordance with this deed); and
- (b) nothing in this deed obliges the Bidder to announce or proceed with the Takeover Offer.

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## **3. WARRANTIES**

### **3.1 Warranties by the Shareholder**

The Shareholder represents and warrants to the Bidder and its Associates that each of the statements in Part A of Schedule 1 is true and accurate and will be true and accurate at all times up to and including the date of acceptance of the Takeover Offer under clause 2.1.

### **3.2 Warranties by the Bidder**

The Bidder represents and warrants to the Shareholder that each of the statements in Part B of Schedule 1 is true and accurate and will be true and accurate at all times up to and including the date of acceptance of a Takeover Offer under clause 2.1.

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## **4. RESTRICTIONS ON SHAREHOLDER**

The Shareholder agrees:

- (a) not to dispose of, transfer, encumber or otherwise deal with any of the Acceptance Shares or any interests in the Acceptance Shares, except to

accept the Takeover Offer for all the Acceptance Shares during the offer period of the Takeover Offer in accordance with this deed;

- (b) to exercise all rights attaching to the Acceptance Shares, including any voting rights, as directed by the Bidder;
- (c) not to directly or indirectly make or cause to be made any offer, invitation or solicitation for, or directly or indirectly purchase or otherwise acquire any Relevant Interest in any Shares, including the Acceptance Shares (other than pursuant to the conversion or exercise of any Company convertible securities on issue as at the date of this Deed (**Convertible Securities**));
- (d) not to co-operate or assist or enter into any agreement or arrangement with any person relating to or connected with the making of any offer for the purchase or acquisition of any Relevant Interest in any Shares, including the Acceptance Shares (other than pursuant to the conversion or exercise of any Convertible Securities on issue as at the date of this deed); and
- (e) not to procure another person to apply for, acquire or dispose of Shares, including the Acceptance Shares or enter into an agreement to apply for, acquire or dispose of Shares, including the Acceptance Shares, other than pursuant to the conversion or exercise of any Convertible Securities on issue as at the date of this Deed.

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## **5. TERMINATION OF OBLIGATIONS IN CLAUSES 2 AND 4**

The obligations set out in clause 2 and clause 4 terminate immediately and will cease to be of any effect, without any further action being required of either party, if:

- (a) the Takeover Offer has not been made by the End Date or having been made is withdrawn;
- (b) the Takeover Offer lapses or expires because a defeating condition has not been satisfied or waived at the end of the Offer Period; or
- (c) the offers under the Takeover Offer have been declared unconditional (or the Bidder has notified that all of the conditions have been satisfied or waived) and the Shareholder had accepted the Takeover Offer in respect of the Acceptance Shares.
- (d) at any time before the Acceptance Time, a Superior Proposal is made and the Bidder not within 3 Business Days of the Superior Proposal having been made, made an offer or announced an intention to make a counter proposal.

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## **6. SUBSTANTIAL HOLDER NOTICE**

The Bidder agrees that it will lodge with the ASX a "Form 603 – Notice of Initial Substantial Holder" in relation to the Acceptance Shares, at the time required by the Corporations Act.

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## **7. NOTICES**

### **7.1 Notices in writing**

Each notice authorised or required to be given to a Party shall be in legible writing and in English addressed to the Party's address set out in clause 7.2 (or such other address nominated in accordance with clause 7.3).

## 7.2 Initial address of Parties

The initial address of the Parties shall be as follows:

Party	Address	Attention	E-mail
BAYONET INVESTMENTS PTY LTD <THE SOUTHPOINT A/C>	PO BOX 4156 MOSMAN PARK WA 6012	Samantha Rankine-Wilson	samrw@westnet.com.au
Almonty Industries Inc	100 King Street West, Suite 5700 Toronto, ON M5X 1C7 Canada	Dennis Logan Director & CFO	<a href="mailto:Dennis.Logan@Almonty.com">Dennis.Logan@Almonty.com</a>

## 7.3 Change of Address

Each Party may from time to time change its address by giving notice pursuant to clause 7.1 to the other Parties.

## 7.4 Receipt of notice

Any notice given under this Deed will be conclusively deemed to have been received:

- (a) in the case of personal delivery, on the actual day of delivery;
- (b) if sent by mail, two (2) Business Days from and including the day of posting; or
- (c) if sent by facsimile, when a facsimile confirmation receipt is received indicating successful delivery; or
- (d) if sent by e-mail, when a delivery confirmation report is received by the sender which records the time that the e-mail was delivered to the addressee's e-mail address (unless the sender receives a delivery failure notification indicating that the e-mail has not been delivered to the addressee),

but if the delivery or receipt is on a day that is not a Business Day or is after 5:00 pm (addressee's time) it is regarded as received at 9:00 am on the following Business Day.

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## 8. COSTS AND DUTY

- (a) Subject to clause 8(b), each party must pay its own expenses incurred in negotiating, preparing, executing, completing and carrying into effect this deed.
- (b) The Bidder must indemnify the Shareholder against, and must pay the Shareholder on demand the amount of, any Duty that is payable on or in relation to this deed and the transactions that it contemplates.

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## 9. GENERAL

### 9.1 Governing law and jurisdiction

- (a) This deed is governed by the laws of Western Australia.

- (b) Each party submits to the non-exclusive jurisdiction of the courts of that State, and of any court that may hear appeals from any of those courts, for any proceedings in connection with this deed.

## **9.2 Third party rights**

If a provision of this deed (including clause 3.1) is expressed to benefit an Associate of the Bidder (**Beneficiary**), the Shareholder agrees that the Bidder holds that benefit in its own capacity and as trustee for the Beneficiary, and may enforce this deed on their behalf and for their benefit.

## **9.3 Giving effect to this deed**

Each party must do anything (including execute any deed), and must ensure that its employees and agents do anything (including execute any deed), that the other party may reasonably require to give full effect to this deed.

## **9.4 Operation of this deed**

- (a) This deed contains the entire agreement between the parties about its subject matter. Any previous understanding, agreement, representation or warranty relating to that subject matter is replaced by this deed and has no further effect.
- (b) Any provision of this deed which is unenforceable or partly unenforceable is, where possible, to be severed to the extent necessary to make this deed enforceable, unless this would materially change the intended effect of this deed.

## **9.5 Counterparts**

This deed may be executed in any number of counterparts.

## **9.6 Confidentiality**

The parties agree to keep this deed and its contents (including the existence and terms of the Takeover Offer) confidential until the Bidder has given a substantial holding notice to ASX (which attaches a copy of this deed) in respect of the relevant interest that the Bidder acquires as a result of this deed, or until the Bidder has otherwise announced the terms of this deed to ASX as part of its announcement of the Takeover Offer.

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## SCHEDULE 1

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### Part A – Shareholder's Warranties

#### 10. THE SHAREHOLDER

- (a) If the Shareholder is a body corporate:
  - (i) it is duly incorporated and validly exists under the laws of the place of its incorporation; and
  - (ii) it has taken all corporate action that is necessary to authorise its entry into this deed and carry out the transactions that it contemplates.
- (b) The Shareholder has full power and authority to enter into this deed and perform its obligations under this deed.
- (c) This deed constitutes legal, valid and binding obligations of the Shareholder, enforceable against the Shareholder in accordance with its terms (except to the extent limited by equitable principles and laws affecting creditors' rights generally), subject to any necessary registration or payment of Duty.
- (d) Neither execution of this deed by the Shareholder nor the carrying out by it of the transactions that this deed contemplates, does or will:
  - (i) contravene any applicable law, regulation or authorisation;
  - (ii) contravene any contract, undertaking or instrument binding on the Shareholder or any of its property; and
  - (iii) if the Shareholder is a body corporate, contravene the Shareholder's constitution or equivalent constituent deeds.

#### 11. THE ACCEPTANCE SHARES

- (a) Each of the Acceptance Shares are fully paid up.
- (b) The Shareholder is the owner of the **Acceptance** Shares with full power to transfer good title to the Bidder (or its Associate).
- (c) Upon acceptance of a Takeover Offer under clause 2, the Acceptance Shares will be free from Encumbrances.

#### 12. NO TRUST

The Shareholder is either:

- (a) not entering into this deed as trustee of any trust or settlement; or
- (b) entering into this deed as trustee of a trust or settlement (the **Trust**) and each statement in paragraph 4 below is true and accurate.

### 13. TRUST

- (a) The following definitions apply in this paragraph 4:
- (i) **Trust Deed** means the trust deed that establishes and governs the Trust.
  - (ii) **Trust Fund** means the assets of the Trust.
- (b) The Trust is duly constituted and has not terminated, nor has the date or any event occurred for the vesting of the Trust Fund.
- (c) The Shareholder is the sole trustee of the Trust. The Shareholder has not given any notice of resignation and no action has been taken to remove it or to appoint an additional trustee of the Trust.
- (d) The Shareholder has full legal capacity and power under the Trust Deed to:
- (i) own the Trust Fund and carry on the business of the Trust as it is now being conducted; and
  - (ii) enter into this deed and carry out the transactions that this deed contemplates,  
  
as trustee of the Trust.
- (e) All action that is necessary under the Trust Deed or at law to:
- (i) authorise the Shareholder's entry into this deed and carry out the transactions that this deed contemplates;
  - (ii) ensure that this deed is legal, valid and binding on it as trustee of the Trust and admissible in evidence against it in that capacity; and
  - (iii) enable it to properly carry on the business of the Trust,  
  
has been taken.
- (f) The Shareholder is entering into this deed as part of the proper administration of the Trust, for the commercial benefit of the Trust and for the benefit of the beneficiaries of the Trust.

### Part B – Bidder's Warranties

#### 14. THE BIDDER

- (a) The Bidder:
- (i) is duly incorporated and validly exists under the laws of the place of its incorporation;
  - (ii) has taken all corporate action that is necessary to authorise its entry into this deed and carry out the transactions that it contemplates; and
  - (iii) has full power and authority to enter into this deed and perform its obligations under this deed.
- (b) This deed constitutes legal, valid and binding obligations of the Bidder, enforceable against the Bidder in accordance with its terms (except to the

extent limited by equitable principles and laws affecting creditors' rights generally), subject to any necessary registration or payment of Duty.

- (c) Neither execution of this deed by the Bidder nor the carrying out by it of the transactions that this deed contemplates, does or will:
- (i) contravene any applicable law, regulation or authorisation;
  - (ii) contravene any contract, undertaking or instrument binding on the Bidder or any of its property; or
  - (iii) contravene the Bidder's constitution.



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**SCHEDULE 2**

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**Agreed Bid Terms**

Refer to attached Heads Of Agreement.

**EXECUTED** as a deed.

**EXECUTED** by **BAYONET INVESTMENTS PTY LTD** )  
**<THE SOUTHPOINT A/C> (ACN 052 493 124)** )  
in accordance with section 127 of the )  
*Corporations Act 2001 (Cth):* )



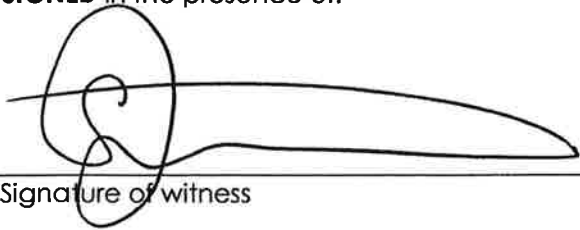
\_\_\_\_\_  
Signature of director

\_\_\_\_\_  
Signature of director/company secretary  
(please delete as applicable)

*SAMANTHA RANKINE - WILSON*  
\_\_\_\_\_  
Name of director

\_\_\_\_\_  
Name of director/company secretary  
(please delete as applicable)

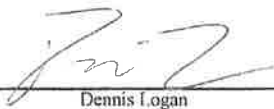
**SIGNED** in the presence of:



\_\_\_\_\_  
Signature of witness

*Andrew L. Frazer*  
\_\_\_\_\_  
Name of witness

**EXECUTED BY ALMONTY INDUSTRIES INC** )  
**(INCORPORATED IN CANADA)** )  
in accordance with its constituent documents )  
and place of incorporation: )



\_\_\_\_\_  
Director

Dennis Logan

\_\_\_\_\_  
Director

\_\_\_\_\_  
Director/Secretary

\_\_\_\_\_  
Director Secretary

**BINDING HEADS OF AGREEMENT**  
**PRIVATE AND CONFIDENTIAL**

This binding heads of agreement (**HOA**) is dated 31 May 2016.

This HOA sets out the terms and conditions upon which Almonty Industries Inc (Incorporated in Canada and listed on the TSX Venture Exchange with the TSX-V code AII) (**Almonty**) shall make a takeover bid to acquire up to 100% of the issued fully paid ordinary shares in the capital of ATC Alloys Limited (ACN 118 738 999) (ASX code: ATA) (**ATC**) (**Offer**).

The parties agree and acknowledge that this HOA is intended to be legally binding. This HOA supersedes any and all previous correspondence, agreements or understandings between the parties.

All references to \$ in this HOA are in Australian dollars unless otherwise stated.

<b>1.</b>	<b>Acquisition</b>	Subject to the terms of this HOA, Almonty will acquire up to 100% of the issued fully paid ordinary shares in the capital of ATC ( <b>ATC Shares</b> ) from the holders of the ATC Shares ( <b>ATC Shareholders</b> ) in consideration for the issue of Almonty Shares in the form of Chess Depository Interests ( <b>CDIs</b> ) in the capital of Almonty ( <b>Almonty Shares</b> ) ( <b>Acquisition</b> ) by way of a takeover bid.
<b>2.</b>	<b>Takeover Bid</b>	<p>(a) Almonty agrees to make the Offer:</p> <p>(i) by way of an off-market takeover bid (<b>Bid</b>) for all ATC Shares under Chapter 6 of the Corporations Act 2001 (Cth) subject to the Conditions Precedent and otherwise in accordance with the terms of this HOA;</p> <p>(ii) for all ATC Shares which are on issue prior to the close of the period of the Offer (<b>Offer Period</b>), including for the avoidance of doubt, all ATC Shares issued during the Offer Period, no matter how issued; and</p> <p>(b) If the number of ATC Shares held by an ATC Shareholder means that their aggregate entitlement to Almonty Shares under the Offer is not a whole number, then any fractional entitlement will be rounded up to the nearest whole number.</p>
<b>3.</b>	<b>Timetable</b>	The parties acknowledge and agree that the Acquisition is intended to be completed in accordance with the timetable set out in Annexure A and that both parties will use their best endeavours to complete their obligations in line with this timetable or such other time as agreed by the parties in writing.
<b>4.</b>	<b>Consideration</b>	(a) For the avoidance of doubt, the Almonty Shares which form the Consideration will be calculated on a fully diluted basis after all existing convertible securities (comprising convertible notes and options) in ATC are cancelled or converted into ATC Shares.

		(b) Subject to clause 6, the consideration in respect of the Acquisition shall be 1 Almonty Share for every 10.38 ATC Shares which equates to \$0.04 per ATC Share based on an Almonty Share price of C\$0.40 and the AUD:CAD exchange rate of the 1.00:0.9633 ( <b>Consideration</b> ).
5.	<b>Interim Fundraising</b>	The parties acknowledge and agree that following execution of this agreement Almonty will undergo a capital raising by way of a non-brokered private placement of at least C\$1.5 million at C\$0.30 per Almonty share, with Somers and Partners Pty Ltd ( <b>Somers</b> ) acting as Lead Manager on terms to be agreed to with a commission structure in accordance with market practices in Canada for a transaction of this type.
6.	<b>Conditions Precedent</b>	<p>The Offer and any contract resulting from the acceptance of the Offer will be subject to fulfilment (or waiver) of the following conditions precedent:</p> <p>(a) <b>(Minimum Acceptance)</b>: during the Offer period, Almonty has received acceptances under the Offer that give it a relevant interest in at least 90% of all of the ATC Shares on issue on a fully diluted basis;</p> <p>(b) <b>(Conversion of ATC 5c Notes)</b>: the convertible notes held in ATC with a conversion price of \$0.05 be dealt with such that:</p> <p>(i) at least 75% of these notes (by value) are converted into ATA Shares prior to completion of the Offer; and</p> <p>(ii) the remaining notes are redeemed for their current value;</p> <p>(c) <b>(Conversion of ATC 25c Notes)</b>: the convertible notes held in ATC with a conversion price of \$0.25 be dealt with such that:</p> <p>(i) at least 75% of these notes (by value) are cancelled in consideration for the receipt of convertible notes in Almonty with an equivalent value and otherwise on the terms contained in Annexure C; and</p> <p>(ii) the remaining notes are redeemed for their current value;</p> <p>(d) <b>(Consent of Siderian Resource Capital Limited)</b>: Siderian Resource Capital Limited (<b>Siderian</b>) agrees to extend the repayment date of the Loan Agreement it executed with ATC on or around 25 February 2014;</p> <p>(e) <b>(Completion of Interim Fundraising)</b>: Almonty completes a capital raising by way of a non-brokered private placement of at least C\$1.5 million in accordance with clause 5;</p>

		<p>(f) <b>(ASX Listing):</b> approval by the Australian Securities Exchange (<b>ASX</b>) and TSX Venture Exchange (<b>TSX</b>) for the quotation of Almonty shares via CDIs on the ASX following completion of the Acquisition;</p> <p>(g) <b>(Underwritten Capital Raising):</b> Almonty receiving an executed underwriting agreement (<b>Underwriting Agreement</b>) on the following terms:</p> <p>(i) the agreement will fully underwrite a \$5.25 million capital raising of Almonty shares (tradeable as CDIs on the ASX) at an issue price of a 10% discount to the 5-day volume weighted average price of Almonty Shares up to the date of execution of the Underwriting Agreement (<b>Underwritten Capital Raising</b>);</p> <p>(ii) the underwriting will be subject to completion of the Acquisition and the listing of Almonty Shares via CDIs on the ASX following completion of the Acquisition; and</p> <p>(iii) the funds raised pursuant to the Underwritten Capital Raising will be used as development capital in Almonty following completion of the Acquisition;</p> <p>(h) <b>(Approvals):</b> the obtaining of all regulatory approvals in order to allow the Acquisition and Offer to occur, including but not limited to that of the ASX, TSX and ASIC.</p> <p>(i) <b>(Other Approvals):</b> the obtaining by both parties of all other approvals necessary to allow the Acquisition and Offer to occur, including but not limited to any shareholder and board approvals;</p> <p>(j) <b>(Pre-Bid Acceptances):</b> prior to making the Offer, Almonty has received written confirmation from the holders of 19.9% of the ATC Shares on issue that they intend to accept into the Bid and this is included in the Public Announcement; or</p> <p>(k) <b>(No Prescribed Occurrence):</b> during the period from the date of the Public Announcement to the end of the Offer Period (inclusive), no Prescribed Occurrence (as defined in Annexure B) occurs in respect of ATC,</p> <p>(together the <b>Conditions Precedent</b>).</p>
7.	<b>Waiver of Conditions Precedent</b>	(a) The Conditions Precedent in clauses 6(a), 6(b), 6(c), 6(d), 6(e), 6(i) and 6(k) and 6(g) are for the benefit of Almonty and may only be waived by Almonty by giving notice in writing to ATC.

		(b) The Conditions Precedent in clauses 6(f), 6(h) and 6(i) are included for the benefit of both parties and may only be waived by written agreement between Almonty and ATC.
8.	<b>Public Announcement</b>	<p>(a) Immediately after the execution of this HOA, ATC and Almonty must each issue an agreed public announcement on the ASX and TSX (<b>Public Announcement</b>) in relation to this HOA, the Offer and the Acquisition.</p> <p>(b) In this Public Announcement and, subject to receipt of a Superior Proposal (defined in clause 17+8 below), in following announcements, ATC will:</p> <ul style="list-style-type: none"> <li>(i) support the Offer and the Acquisition; and</li> <li>(ii) use its reasonable endeavours to jointly promote the Offer, Bid and Acquisition to ATC Shareholders with Almonty.</li> </ul>
9.	<b>Exclusivity</b>	<p>(a) Subject to clause 12 below, each party covenants and agrees that, from the date of this HOA until the earlier of the date which is 3 months after the date of this HOA or the date that this HOA is terminated in accordance with its terms, (<b>Exclusivity Period</b>), it shall not solicit, accept an approach in connection with or negotiate with any other party in relation to, a Third Party Proposal (as defined below) or provide information or co-operate in any way in connection with a Third Party Proposal and must notify the other party as soon as practicable following receipt of a Third Party Proposal.</p> <p><b>Third Party Proposal</b> means any expression of interest, proposal or offer by any person (other than from a party) to review a party's affairs or to enter into any transaction similar to the Acquisition (or any part of it) or which might reasonably lead to the proposed transaction contemplated in this agreement not proceeding.</p>
10.	<b>"No shop" restriction</b>	Subject to clause 12, during the Exclusivity Period, each party must not, and must ensure that none of its representatives solicit or invite the submission of any enquiries, negotiations or discussions, which might reasonably be expected to encourage or lead to obtaining any expression of interest, offer or proposal from any person in relation to an actual, proposed or potential Third Party Proposal or communicate to any person an intention to do any of these things.
11.	<b>No talk and no due diligence</b>	<p>Subject to clause 12, during the Exclusivity Period each party must not and must ensure that its representatives do not:</p> <ul style="list-style-type: none"> <li>(a) directly or indirectly enter into or participate in any discussions or negotiations with any person regarding a Third Party Proposal or which would reasonably be expected to encourage or lead</li> </ul>

		<p>to an actual, proposed or potential Third Party Proposal;</p> <p>(b) grant any other person any right or access to conduct due diligence investigations in respect of any member of ATC, or disclose or otherwise provide any non-public information in relation to any member of ATC with respect to, or which would reasonably be expected to encourage or lead to an actual, proposed or potential Third Party Proposal;</p> <p>(c) enter into any agreement, arrangement or understanding in relation to, or which might reasonably be expected to encourage or lead to, an actual proposed or potential Third Party Proposal; or</p> <p>(d) communicate to any person an intention to do anything referred to in paragraphs (a), (b) or (c) above,</p> <p>even if the actual, proposed or potential Third Party Proposal was not directly solicited, invited, encouraged, or initiated by ATC or any of its Representatives or the person has publicly announced the Third Party Proposal.</p>
12.	<b>Exceptions</b>	<p>Clauses 9, 10 and 11 do not prohibit any action or inaction by any party or any of its representatives if:</p> <p>(a) ATC is in receipt of a Superior Proposal (defined in clause 1748 below); or</p> <p>(b) the board of directors of that party determines, acting in good faith after receiving written advice from its external advisers, that the action or inaction constitutes or would be likely to constitute, a breach of any of the fiduciary or statutory duties of the directors of that party.</p>
13.	<b>Maintaining Status Quo</b>	<p>Other than as contemplated in this agreement and in the ordinary course of each party's business, as previously advised in writing to the other party prior to execution of this HOA and in the ordinary course of each party's business or with the prior written approval of the other party (such approval not to be unreasonably withheld or delayed), both parties mutually agree that, during the Exclusivity Period, they each shall not:</p> <p>(a) enter into any material contract or incur any material liability;</p> <p>(b) declare any dividends;</p> <p>(c) vary its capital structure (including by the issue of shares or securities convertible into shares); or</p> <p>(d) cause to occur by act or omission an event or series of events whether related or not which may have, from the perspective of the other party, a material adverse effect on the Offer, the Acquisition, their business, assets or financial condition.</p>

14.	<b>Representations and Warranties</b>	<p>Each party represents and warrants that each of the following statements is true, accurate and not misleading:</p> <ul style="list-style-type: none"> <li>(a) it and each member of its related entities (<b>Group</b>) are valid corporation(s) validly existing under the laws of its place of incorporation;</li> <li>(b) It has the power to execute, deliver and to perform its obligations under this agreement and has taken all necessary corporate action to authorise such execution, delivery and the performance of its obligations;</li> <li>(c) its obligations under this agreement are legal, valid and binding obligations enforceable in accordance with their terms;</li> <li>(d) no regulatory action of any nature has been taken as at the date of this agreement which would prevent, inhibit or otherwise have a material adverse effect on the ability of it to fulfil its obligations under this agreement;</li> <li>(e) the execution and delivery by it of this agreement does not and will not conflict with or constitute a default under any provision of: <ul style="list-style-type: none"> <li>(i) any agreement or instrument to which it is a party; or</li> <li>(ii) its constitution; or</li> <li>(iii) any law, order, judgment, award, injunction, decree, rule or regulation by which it is bound;</li> </ul> </li> <li>(f) it, nor any member of its Group, is Insolvent;</li> <li>(g) unless otherwise disclosed, no member of its Group is involved in any litigation, arbitration, legal, administrative or governmental proceedings or other dispute and there are no facts or circumstances known to it (after making reasonable inquiries) likely to give rise to any such proceedings or dispute;</li> <li>(h) each member of its Group holds all material licences, permits and authorisations necessary to conduct its activities as presently conducted;</li> <li>(i) so far as it is aware, there has been no material breach by any member of its Group of any laws (including of the TSX or ASX as relevant) applicable to it, any orders of any authority having jurisdiction over it, or any conditions to any material licence, permit or authorisation held by it; and</li> <li>(j) all information it or its representatives have provided to the other party is to the best of its knowledge (after making reasonable enquiries) true and correct in all material respects and is not misleading or deceptive in any material respect (whether by omission or otherwise).</li> </ul>
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15.	<b>Timing and acknowledgement of warranties</b>	<p>(a) Each of the representations and warranties given in clause 14 is given:</p> <ul style="list-style-type: none"> <li>(i) as at the date of this agreement and each day up to and including the date of termination of this agreement; or</li> <li>(ii) if the representation or warranty is expressly states to be given at a particular time, at that time.</li> </ul> <p>(b) Each party acknowledges that:</p> <ul style="list-style-type: none"> <li>(i) in entering into this agreement, the other party has relied on the representations and warranties made by the first-mentioned party under clause 14;</li> <li>(ii) those representations and warranties are not extinguished or affected by any investigation into the affairs of business of the first-mentioned party or any of its related entities; and</li> <li>(iii) each representation and warranty in clause 14 is severable and survives termination of this agreement.</li> </ul>
16.	<b>Qualifications of warranties</b>	<p>The representations and warranties given by either party in clause 14 are given subject to:</p> <ul style="list-style-type: none"> <li>(a) any exception, disclosure or qualification fairly disclosed to the other party in any due diligence materials or by public announcement prior to execution of this agreement;</li> <li>(b) any matter which would be revealed by a search on the date of this agreement of public records;</li> <li>(c) any matter expressly provided for under the terms of this agreement; and</li> <li>(d) any matter or thing done, or omitted to be done, in accordance with any provision of this agreement or with the prior written approval of the other party.</li> </ul>
17.	<b>Break Fee</b>	<p>(a) The parties agree that:</p> <ul style="list-style-type: none"> <li>(i) the Offer will deliver significant benefits to both parties;</li> <li>(ii) acknowledges that the Break Fee (defined below) is a genuine and reasonable pre-estimate of the costs and losses which Almonty expects to incur in connection with the Offer and it is not a pre-condition to the Break Fee that the party has actually incurred those costs or losses or that it be able to prove that it has done so;</li> </ul>

		<p>(iii) the Break Fee is reasonable in the context of the Offer;</p> <p>(iv) should ATC accept or recommend a Superior Proposal it will be liable to pay to Almonty a break fee of \$100,000 (<b>Break Fee</b>);</p> <p>(v) If, despite the receipt of the Superior Proposal, Almonty becomes the legal and beneficial holder of not less than 50.1% of ATC Shares as a result of the transfer of ATC Shares accepted under the Offer, Almonty must repay to ATC any amount received as a Break Fee pursuant to this clause;</p> <p>(vi) For the avoidance of doubt, the payment of the Break Fee releases ATC from any claim or action by Almonty for any damages, loss or expense arising from, or in connection with, the termination of this agreement due to the acceptance of a Superior Proposal.</p> <p><b>Superior Proposal</b> means a bona fide Third Party Proposal received after the date of this agreement which the ATC board:</p> <p>(a) acting in good faith and reasonably; and</p> <p>(b) in order to satisfy what the ATC board reasonably considers to be its fiduciary or statutory duties after, if necessary, consultation with external advisers,</p> <p>determines is more favourable to its shareholders (as a whole) than the Offer (taking into account, among other things, all legal, financial, regulatory, conditionality, certainty, timing and other aspects of the Third Party Proposal and the identity of the offeror).</p>
18.	<b>Further Assurance</b>	Each party shall sign and execute all deeds and documents and shall do all such acts and things as may reasonably be required by the other parties to effectively carry out and give effect to the terms and intentions of this HOA.
19.	<b>Governing Law</b>	The agreement constituted by this HOA shall be governed by and construed in accordance with the law from time to time in Western Australia. The parties agree to submit to the non-exclusive jurisdiction of the Courts of Western Australia and the Courts which hear appeals from those Courts.
20.	<b>Variation</b>	No modification or alteration of the terms of this HOA shall be binding unless made in writing dated subsequent to the date of this HOA and duly executed by the parties.

21.	<b>Assignment</b>	Neither party may assign any of the rights or obligations conferred by this agreement without the consent of the other.
22.	<b>Costs</b>	<p>Each party shall bear their own legal costs and expenses of negotiating, preparing and executing this HOA and the Bid Implementation Agreement and any other instrument executed under those documents.</p> <p>Almonty shall be responsible for paying any stamp duty assessed on or in respect of this HOA and the transactions contemplated by this HOA.</p>
23.	<b>Notices</b>	<p>Each notice authorised or required to be given to a party shall be in writing and may be delivered personally or sent by properly addressed prepaid mail in each case addressed to the party at its address set out in below:</p> <p>In the case of ATC:</p> <p>Address: Level 1, 33 Ord Street  Email: patrick.burke@atcalloys.com  Attention: Patrick Burke</p> <p>In the case of Almonty:</p> <p>Address: 100 King Street West, Suite 5700  Toronto, ON M5X 1C7 Canada  Email: info@almonty.com  Attention: Dennis Logan</p>
24.	<b>Severance</b>	If any provision of this agreement is invalid and not enforceable in accordance with its terms, all other provisions which are self-sustaining and capable of separate enforcement without regard to the invalid provision, shall be and continue to be valid and forceful in accordance with their terms.
25.	<b>Counterparts</b>	This HOA may be executed in any number of counterparts, each of which when executed and delivered to the other parties shall constitute an original, but all counterparts together shall constitute one and the same agreement.

If the terms and conditions set out above are acceptable, please execute this HOA in the appropriate place below.

**EXECUTED by ATC Alloys Limited** )  
**ACN 118 738 999** )  
in accordance with section 127 of the )  
*Corporations Act 2001 (Cth):* )


\_\_\_\_\_  
Signature of director

\_\_\_\_\_  
Signature of director/company secretary\*

\_\_\_\_\_  
Name of director

\_\_\_\_\_  
Name of director/company secretary\*

**EXECUTED by Almonty Industries Inc.** )  
**(Incorporated in Canada)** )  
in accordance with its constituent )  
documents: )

  
\_\_\_\_\_  
Signature of director Dennis Logan


\_\_\_\_\_  
Signature of director/company secretary\*

Dennis Logan  
\_\_\_\_\_  
Name of director


\_\_\_\_\_  
Name of director/company secretary\*

If the terms and conditions set out above are acceptable, please execute this HOA in the appropriate place below.

**EXECUTED by ATC Alloys Limited** )  
**ACN 118 738 999** )  
in accordance with section 127 of the )  
Corporations Act 2001 (Cth): )

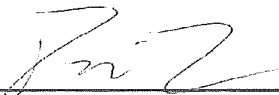
  
\_\_\_\_\_  
Signature of director

PATRICIA BUNKLE  
\_\_\_\_\_  
Name of director

  
\_\_\_\_\_  
Signature of director/company secretary\*

CAROL NEW  
\_\_\_\_\_  
Name of director/company secretary\*

**EXECUTED by Almonty Industries Inc.** )  
**(Incorporated in Canada)** )  
in accordance with its constituent )  
documents: )

  
\_\_\_\_\_  
Signature of director  
Dennis Logan

Dennis Logan  
\_\_\_\_\_  
Name of director

\_\_\_\_\_  
Signature of director/company secretary\*

\_\_\_\_\_  
Name of director/company secretary\*

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**ANNEXURE A – TIMETABLE**

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<b>Event</b>	<b>Date</b>
ATC and Almonty issue their respective announcements in relation to Bid	[date]
Draft Almonty Notice of Shareholder Meeting lodged with TSX (if necessary)	[date]
Notice of Shareholder Meetings sent to Almonty Shareholders (if necessary)	[date]
Bidder's Statement lodged with ASIC and served on ATC and ASX	[date]
Target's Statement lodged with ASIC and served on Almonty and ASX	[date]
Bidder's Statement and Target's Statement sent to ATC and Almonty Shareholders	[date]
Notice to ATC and ASIC that Bidder's Statement and Target's Statement have been sent to ATC and Almonty Shareholders	[date]
Almonty holds Shareholder Meeting (if necessary)	[date]
Offer Period closes	[date]

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## ANNEXURE B – PRESCRIBED OCCURRENCES

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**Prescribed Occurrence** means any of the following:

- (a) ATC converts all or any of its shares into a larger or smaller number of shares;
- (b) any of ATC and of its related entities (the **ATC Group**) (other than a direct or indirect wholly owned subsidiary of ATC) resolves to reduce its share capital in any way or reclassifies, redeems or repurchases any of its shares;
- (c) any member of the ATC Group (other than a direct or indirect wholly owned subsidiary of ATC) enters into a buy-back agreement or resolves to approve the terms of a buy-back agreement under the Corporations Act;
- (d) unless otherwise agreed to by Almonty, any member of the ATC Group issues securities or grants an option or performance right over any securities (including equity securities, debt securities or convertible securities) (or agrees to make such an issue or grant) other than to ATC or to a direct or indirect wholly owned subsidiary of ATC or pursuant to performance rights, the conversion of convertible securities or the exercise of options the existence of which has been fairly disclosed to Almonty before the date of this agreement;
- (e) there is a change in the laws of Vietnam, Canada or Australia which, acting reasonably, would have a materially adverse effect on ATC's material assets located in Vietnam;
- (f) any event, matter or circumstance which individually, or when aggregated with all such other events, matters or circumstances results in or could reasonably be expected to result in a materially adverse change to the assets, liabilities, financial position, performance, profitability or prospects of ATC;
- (g) ATC amends or proposes to amend its constitution;
- (h) any member of the ATC Group creates or agrees to create any encumbrance over the whole or any part of its assets or undertaking other than an encumbrance arising in the ordinary course of business;
- (i) an order or application is made or a resolution is passed for the winding up of any member of the ATC Group;
- (j) an administrator, liquidator, provisional liquidator, receiver or receiver and manager is appointed in respect of any member of the ATC Group or the whole or any part of the assets or undertaking of any member of the ATC Group, or any member of the ATC Group executes a deed of company arrangement;
- (k) any member of the ATC Group ceases to carry on business or is deregistered under the Corporations Act;
- (l) any member of the ATC Group enters into any unusual or abnormal contract or commitment which is outside the ordinary course of business and which could reasonably be expected to:
  - (i) change the nature of the business conducted by the ATC Group; or
  - (ii) have a material adverse impact on the business conducted by the ATC Group;

- (m) any member of the ATC Group enters into a contract or commitment restraining any member of the ATC Group from competing with any person or conducting activities in any market;
- (n) any member of the ATC Group enters into or otherwise becomes a party to, any material transaction with a related party (as that term is defined in Chapter 2E of the Corporations Act) of ATC (other than between ATC and a direct or indirect wholly owned subsidiary of ATC);
- (o) any member of the ATC Group (other than a direct or indirect wholly owned subsidiary of ATC) declares, pays, or determines to be payable any distribution, bonus or other share of its profits or assets (whether by way of dividend, capital reduction or otherwise and whether in cash or in specie);
- (p) any member of the ATC Group disposes of, or offers or agrees to dispose of, any material business, asset, joint venture interest, entity or undertaking (or any interest in a business, asset, joint venture, entity or undertaking) or makes an announcement in relation to such a disposal, offer or agreement;
- (q) any member of the ATC Group:
  - (i) enters into any financing arrangement or commitment or agrees to extend, repay or materially amend any existing financing arrangement or commitment; or
  - (ii) guarantees, indemnifies or provides security for the obligations of any person or entity other than a member of the ATC Group; and
- (r) any member of the ATC Group agrees or announces an intention to take any of the actions referred to in paragraphs (a) to ~~(q)~~ above,

provided that a Prescribed Occurrence will not include any matter:

- (s) required or permitted to be done or procured by ATC under the HOA or which is otherwise contemplated by the HOA;
- (t) required to be done as a result of the Bid;
- (u) required to be done by the ATC board of directors in order to comply with the fiduciary or statutory duties of its directors;
- (v) fairly disclosed by ATC to Almonty in writing prior to execution of this HOA;
- (w) directly resulting from any actions taken (or omitted to be taken) following a written request from Almonty or with Almonty's prior written consent; or
- (x) approved in writing by Almonty.



## ANNEXURE C – TERMS OF NEW ALMONTY CONVERTIBLE NOTES

<b>Issuer:</b>	Almonty Industries Inc. ( <b>Company</b> ) (TSX-V: All).
<b>Security:</b>	Non-transferable secured convertible debentures (the " <b>Debentures</b> ") subject to the terms and conditions below.
<b>Term:</b>	Twelve (12) months from the date of issue.
<b>Offering Price:</b>	Nil. The Debentures are provided in exchange for convertible notes held in ATC Alloys Limited pursuant to a Heads of Agreement it has entered into with the Company.
<b>Interest:</b>	The principal amount of the Debentures outstanding from time to time shall bear interest at a rate of 5.0% per annum, payable semi-annually, on January 1 and July 1 each year and the maturity date.
<b>Optional Conversion:</b>	The holder of the Debentures may elect at its sole option on or before the maturity date to convert the outstanding principal amount of the Debentures, into common shares of the Company at a conversion price of CAD\$0.55 per share.
<b>Hold Period:</b>	A private placement hold period of four (4) months will apply in Canada to the Debentures and any underlying common shares issued during such period. No prospectus or offering memorandum will be prepared. Additional resale restrictions may also apply in other jurisdictions for investors resident outside Canada.
<b>Restriction on Future Issuances:</b>	There are no restrictions on further offerings by the Company.
<b>Offering Jurisdictions:</b>	The Debentures will be sold in Canada and internationally (outside the U.S.) to "accredited investors" (as defined in Canadian National Instrument 45-106 – <i>Prospectus Exemptions</i> ) on a private placement basis, subject to compliance with applicable securities law and available private placement exemptions in the jurisdictions of investors resident in Australian and such other jurisdictions as may be agreed upon by the Company. The Debentures will be sold pursuant to a subscription agreement containing terms typical for transactions of this nature and in form and substance satisfactory to the Company and the holder of the Debentures acting reasonably.
<b>Listing:</b>	The Debentures will not be listed for trading and will not be transferable. As a condition to closing, the Company will apply for and receive conditional acceptance for the listing of the common shares to be issued upon the conversion of the Debentures on the TSX Venture Exchange ( <b>TSXV</b> ). There is currently no market for the Debentures and none is expected to develop.
<b>Voting:</b>	The Debentures will not carry a right to vote at meetings of shareholders of the Company.
<b>Security and Rank:</b>	The Debentures will be unsecured and shall in all respects rank <i>pari passu</i> with all other unsecured obligations of

	Almonty.
<b>Terms and Conditions of Debentures:</b>	This term sheet is a summary of the principal terms and features of the Debentures, which will be governed by the terms and conditions of a debenture certificate. In the event of a conflict between this summary and the debenture certificate, the debenture certificate shall prevail.
<b>Documentation and Approvals:</b>	To be issued pursuant to the subscription agreement and debenture certificate with the holder of the Debentures, subject to TSXV and third party approvals, in addition to the approval of the Almonty board of directors (by close of business in Toronto on 30 May 2016).