

ATC ALLOYS LIMITED
ACN 118 738 999

ENTITLEMENT ISSUE PROSPECTUS

For a non-renounceable entitlement issue of one (1) Share for every one (1) Share held by those Shareholders registered at the Record Date and one (1) Share for every (1) Share that would be held by Convertible Noteholders if the face value of the Convertible Notes was converted at the relevant Conversion Price at an issue price of \$0.01 per Share, to raise up to \$1,645,475 (**Offer**).

The Offer is fully underwritten by Somers and Partners Pty Ltd (AFSL 403684). Refer to Section 8.3(a) for details regarding the terms of the Underwriting Agreement.

IMPORTANT NOTICE

This document is important and should be read in its entirety. If after reading this Prospectus you have any questions about the securities being offered under this Prospectus or any other matter, then you should consult your stockbroker, accountant or other professional adviser.

The Shares offered by this Prospectus should be considered as speculative.

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1. CORPORATE DIRECTORY

Directors

Patrick Burke (Chairman)

Michael Bourne (Executive Director)

Nathan Featherby (Director)

Company Secretary

Carol New (and CFO)

Share Registry*

Computershare Investor Services Pty Limited
Level 11, 172 St Georges Terrace,
PERTH WA 6000

Telephone (Australia): 1300 555 159

Telephone (overseas): +61 3 9415 4062

Auditor

Bentleys
London House Level 3
216 St Georges Terrace
Perth WA 6000

Registered Office

Level 1
33 Ord Street
WEST PERTH, WA 6005

Telephone: +61 8 9320 5220

Facsimile: +61 8 9420 9399

Email: info@atcalloys.com.au

Website: <http://www.atcalloys.com/>

Solicitors

Steinepreis Paganin
Level 4, The Read Buildings
16 Milligan Street
Perth, WA 6000

Underwriter

Somers and Partners Pty Ltd
Level 9, 190 St Georges Terrace
Perth, Western Australia 6000

*This entity is included for information purposes only. It has not been involved in the preparation of this Prospectus and has not consented to being named in this Prospectus.

2. TIMETABLE *

Lodgement of Prospectus with the ASIC	18 November 2016
Lodgement of Prospectus & Appendix 3B with ASX	18 November 2016
Notice sent to Optionholders	21 November 2016
Notice sent to Shareholders	22 November 2016
Ex date	23 November 2016
Record Date for determining Entitlements	24 November 2016
Prospectus sent out to Shareholders & Company announces this has been completed	29 November 2016
Last day to extend the Closing Date	5 December 2016
Closing Date	8 December 2016
ASX notified of under subscriptions	12 December 2016
Issue date	15 December 2016

* These dates are determined based upon the current expectations of the Directors. The Directors may extend the Closing Date by giving at least 3 Business Days' notice to ASX prior to the Closing Date. Such extensions would have a consequential affect on subsequent dates.

3. IMPORTANT NOTES

This Prospectus is dated 18 November 2016 and was lodged with the ASIC on that date. The ASIC and its officers take no responsibility for the contents of this Prospectus or the merits of the investment to which this Prospectus relates.

No Shares may be issued on the basis of this Prospectus later than 13 months after the date of this Prospectus.

No person is authorised to give information or to make any representation in connection with this Prospectus, which is not contained in the Prospectus. Any information or representation not so contained may not be relied on as having been authorised by the Company in connection with this Prospectus.

It is important that investors read this Prospectus in its entirety and seek professional advice where necessary. The Shares the subject of this Prospectus should be considered highly speculative.

Applications for Shares offered pursuant to this Prospectus can only be submitted on an original Entitlement and Acceptance Form or Shortfall Application Form.

Although the Company's securities are currently suspended from ASX, the Company continues to be subject to the continuous disclosure regime provided for under the Corporations Act. This Prospectus is issued in accordance with the provisions of the Corporations Act applicable to a prospectus for continuously quoted securities (as defined in the Corporations Act) and has been prepared in accordance with section 713 of the Corporations Act. The Prospectus does not contain the same level of disclosure as an initial public offering prospectus. In making representations in this Prospectus regard has been had to the fact that the Company is a disclosing entity for the purposes of the Corporations Act and certain matters may reasonably be expected to be known to investors and professional advisers whom potential investors may consult.

3.1 Risk factors

Potential investors should be aware that subscribing for Shares in the Company involves a number of risks. The key risk factors of which investors should be aware are set out in Section 7 of this Prospectus. These risks together with other general risks applicable to all investments in listed securities not specifically referred to, may affect the value of the Shares in the future. Accordingly, an investment in the Company should be considered highly speculative. Investors should consider consulting their professional advisers before deciding whether to apply for Shares pursuant to this Prospectus. Key risk factors are set out below. Please refer to Section 7 of this Prospectus for further risk factors.

- (a) Reinstatement to Trading on ASX;
- (b) Secured debt and requirement for further funding;
- (c) Issues with the Joint Venture;
- (d) Alleged claim by Golden Touch;
- (e) Going concern risk;
- (f) Viability of Ferrotungsten Plant;
- (g) Audit Inaccuracies;

- (h) Risks associated with operations in Vietnam;
- (i) Trading Price of ATC Shares; and
- (j) Dilution.

3.2 Directors Interests in Securities

The relevant interest of each of the Directors in the securities of the Company as at the date of this Prospectus, together with their respective Entitlement, is set out in the table below.

Director	Shares	Options	Convertible Notes	Entitlement (Shares)	Entitlement (\$)
Patrick Burke	474,016	100,000 ¹	1 Note ²	574,016	5,740
Michael Bourne	Nil	Nil	Nil	N/A	N/A
Nathan Featherby ³	112,063 ⁴	Nil	2 ^{4,5}	1,645,805	16,458

Note

- Consists of 100,000 unlisted Options held by Rowan Hall Pty Ltd exercisable at \$0.75 on or before 9 March 2017.
- Face Value \$25,000, coupon rate 12%, expiry 1 July 2018, convertible into ATC Shares at \$0.25 per ATC Share.
- Mr Featherby was appointed as a director on 18 November 2016.
- Being 69,000 Shares directly held by Mr Featherby and 43,063 Shares and 2 Convertible Notes held indirectly held by Ochre Capital Management Pty Limited. Mr Featherby holds an interest of approximately 24% in Ochre Group Holdings Limited, which owns 100% of the issued capital of Ochre Capital Management Pty Limited. Accordingly, Mr Featherby has a deemed relevant interest in Ochre Capital Management Pty Limited's holding in the Company. Mr Featherby has advised that he does not control Ochre for the purposes of the Corporations Act and therefore Ochre and Mr Featherby and Ochre and the Company are not related parties.
- Face Value \$25,000 each convertible into ATC Shares at \$0.0326 per ATC Share

The Board recommends all Shareholders take up their Entitlement and advises that all Directors (other than Nathan Featherby) intend to take up their respective Entitlements in full.

Nathan Featherby advises that he will take up his Entitlement to the extent of his direct interest in full but as he does not control the Shares held by Ochre Capital Management Pty Limited he cannot advise in respect of the intention in respect of Ochre Capital Management Pty Limited. Ochre Capital Management Pty Limited has advised that it intends to take up its full Entitlement.

3.3 Substantial Holders

Based on the Company's share register at the date of this Prospectus, those persons which (together with their associates) have a relevant interest in 5% or more of the Shares on issue are set out below:

Name of substantial holder	Number	Percentage (%)
Bret Hutchinson (and related entities) ¹	12,934,613	11.48
Jemaya Pty Ltd	8,355,293	7.42

Somers and Partners Pty Ltd (formerly GMP Securities Australia Pty Ltd) ²	7,671,896	6.81
HSBC Custody Nominees (Australia) Ltd (SG Hiscock)	6,652,886	5.90

Notes

1. Consists of 5,631,225 shares held by Baxchang Pty Ltd, 6,219,620 held by Cabbdeg Investments Pty Ltd, 800,000 shares held under the name Bret Hutchinson and 283,768 Bret Craig Hutchinson.
2. Also holds Convertible Notes (refer Section 8.7)

3.4 Underwriting

The Offer is fully underwritten by Somers and Partners Pty Ltd (the **Underwriter** or **Somers**). Refer to Section 8.3(a) of this Prospectus for details of the terms of the underwriting.

The Underwriting Agreement gives the Underwriter the right to enter into sub-underwriting agreements to pass on some or all of its obligations to subscribe for the Shortfall under the Underwriting Agreement. The Underwriter confirms that no related parties will be sub-underwriters.

The Underwriter has advised that it has entered into a sub-underwriting agreement with Ochre Pilbara Corporation Pty Ltd (**Ochre**) pursuant to which Ochre will sub-underwrite half of the underwritten amount, being 82,273,769 Shares and a maximum of \$822,738 (**Sub-underwriting Agreement**). For a summary of the Sub-underwriting Agreement please refer to Section 8.3(b) of this Prospectus.

The Underwriter and Ochre are not associated with each other. At the date of this Prospectus, except for in respect of Ochre, Somers has not entered into sub-underwriting agreements with any party which will result in that party acquiring more than 5.0% of the total Share capital of the Company following the Offer.

The Underwriter will be paid a fee of 6.0% of the amount raised under the Offer for underwriting the Offer. As per the terms of the Underwriting Agreement, subject to obtaining shareholder approval if required, the Company and the Underwriter may agree to pay up to three quarters of the underwriting fee in Shares to parties as nominated by the Underwriter at a deemed issue price of \$0.01 (up to 7,404,639 Shares). Subject to agreements with sub-underwriters, the Underwriter will pass on a fee, in either Shares or cash, to sub-underwriters however this will be limited so that no person or entity will increase their holding in the Company to an amount in excess of 19.99% of all the Shares on issue as a result of the underwriting fee. Subject to the above, Ochre is entitled to a fee of 6.0% of the amount it has agreed to sub-underwrite and has agreed to receive its sub-underwriting fee in Shares. Accordingly the maximum number of Shares for both the Underwriter and Ochre to receive as their respective fees (assuming there are no other sub-underwriters apart from Ochre) are as follows:

- (a) Underwriter - 2,468,213 Shares; and
- (b) Ochre - 4,936,426 Shares.

3.5 Effect of the Offer on the Control of the Company

The Underwriter is presently a Shareholder of the Company holding 7,671,896 Shares equating to a 6.81% relevant interest in the Company. The Underwriter is

also the holder of Convertible Notes (further details of which are set out below) therefore the Underwriter currently has an Entitlement of 14,205,638 Shares. To the extent to which Shares are issued to the Underwriter pursuant to the underwriting the Underwriters' voting power in the Company will increase. The Underwriter is not a related party of the Company for the purpose of the Corporations Act.

Ochre has agreed with the Underwriter to sub-underwrite up to 82,273,769 Shares offered under the Offer (**Sub-underwriting Commitment**). Ochre is not a related party of the Company for the purpose of the Corporations Act. Ochre is not presently a Shareholder in the Company however through associated entities (Ochre Capital Management Pty Limited and Mr Featherby), Ochre has a current relevant interest in 112,063 Shares and \$50,000 in Convertible Notes currently convertible at \$0.0326. Therefore Ochre through its associates currently has an Entitlement of 1,645,805 Shares.

The issue of Shares under this Prospectus to the Underwriter and Ochre may increase their relevant interests in the Company and dilute the shareholding of other Shareholders to the extent they elect not to participate in the Offer or are ineligible to participate in the Offer.

The Company, in consultation with the Underwriter, intends to allocate the Shortfall under the Offer in accordance with the following order of priorities:

- (a) firstly, pro-rata to Eligible Shareholders who apply for Shortfall Shares in excess of their Entitlement;
- (b) secondly, to third parties who apply for Shortfall Shares, as determined by the Company; and
- (c) thirdly, to the Underwriter who will allocate the Shortfall to its sub-underwriters and/or clients and people who have otherwise agreed to assist with the completion of the Offer (including Ochre). To the extent such Shortfall Shares are not allocated to other parties, the Underwriter would be obliged to subscribe for the remaining Shortfall.

On the basis of the allocation described above, the following table sets out the Underwriter's and Ochre's present relevant interests in the Company and the potential increase to their relevant interests under several scenarios relating to the percentage acceptance of Entitlements under the Offer.

The table assumes:

- (a) no applications for Shortfall Shares by Eligible Shareholders or third parties other than the Underwriter and Ochre fulfilling their underwriting/sub-underwriting commitments;
- (b) that in all scenarios (other than as stated otherwise) the Underwriter and Ochre accept their full Entitlements being 14,205,638 Shares for the Underwriter and 1,645,805 for Ochre and its associates;
- (c) no existing Options are exercised or no existing Convertible Securities are converted prior to the Record Date; the Convertible Notes held by the Underwriter (being Convertible Notes at a value of \$150,000 convertible at a price of \$0.05, Convertible Notes at a value of \$50,000 convertible at a price of \$0.0326 and Convertible Notes at a value of \$50,000 convertible at a price of \$0.025) and Ochre (being Convertible Notes at a value of \$50,000 convertible at a current price of \$0.0326) are not converted into Shares; and

- (d) Ochre agrees to take its 6.0% sub-underwriting fee in Shares and the Underwriter agrees to take the remaining 6.0% fees half in cash and half in Shares. However, both the Underwriter and Ochre will not accept underwriting fees in Shares if it would increase their relevant interest in the Company in excess of 19.99%.

Event	Shares held by Somers and Partners	Fees in Shares	Voting power of Somers and Partners	Shares held by Ochre and its associates	Fees in Shares	Voting power of Ochre and its associates
Date of Prospectus	7,671,896		6.81%	112,063		0.10%
Completion of Entitlement Issue						
100% subscribed	24,345,747	2,468,213	8.55%	6,694,294	4,936,426	2.35%
75% subscribed	44,914,190	2,468,213	15.78%	27,262,737	4,936,426	9.58%
50% subscribed	63,014,419	0	22.33%	47,831,179	4,936,426	16.95%
25% subscribed	83,582,861	0	30.15%	63,831,179	0	22.89%
8.63% subscribed (assuming only Somers accept their Entitlements)	97,048,484	0	35.01%	75,283,013	0	27.16%
1.00% subscribed (assuming only Ochre accepts Entitlement)	89,122,762	0	32.15%	83,208,735	0	30.01%
0% subscribed (neither Somers nor Ochre accept their Entitlement)	89,945,665	0	32.45%	82,385,832	0	29.72%

The Company considers it is unlikely that no Shareholders will take-up Entitlements under the Offer or apply for additional Shortfall Shares under the Shortfall Offer. The voting power of the Underwriter and Ochre and its associated entities will reduce by a corresponding amount for the amount of Entitlements taken up under the Offer and number of Shortfall Shares issued to third parties. The Offer has been priced to encourage Shareholders to participate in the Offer, which in turn will enable the Company to give effect to its objectives stated in section 5.1 of this Prospectus.

For the avoidance of doubt Convertible Notes held by the Underwriter and Ochre cannot be converted into Shares where that conversion would result in that person's voting power in the Company increasing from 20% or below to more than 20%, or increasing from a starting point that is above 20% and below 90%. Both the Underwriter and Ochre have advised the Company that they will not convert their Convertible Notes prior to the Record Date.

Prior to entering the Underwriting Agreement, the Company considered alternative underwriting options to mitigate the potential control effects. However, in the commercial circumstances, the most suitable underwriting option in the Board's opinion that was available to it was that outlined above. In order to mitigate the potential control effects of the Underwriting, the Company has included alongside the Offer a Shortfall Offer pursuant to section 4.7.

The Company considered alternative options for raising capital and resolved that the Offer on the terms detailed in this Prospectus was the most favourable option to the Company and its Shareholders given the Company's strategic objectives and having regard to the circumstances existing at the date of the Prospectus, specifically the Company's immediate need for funds under the terms of the Siderian Facility.

The Directors of the Company consider, having regard to all available options, that entering into the Underwriting Agreement with the Underwriter provides the Company with the highest degree of certainty in the time available that the Offer will be successful.

As set out above Mr Featherby, who was appointed as a director on 18 November 2016, is an associate of Ochre and accordingly holds and will continue to hold a deemed relevant interest in Ochre's relevant interest. However, Mr Featherby has advised that he does not control Ochre for the purposes of the Corporations Act and therefore Ochre and Mr Featherby and Ochre and the Company are not related parties.

3.6 Future Intentions of Ochre and associated entities

Ochre has indicated that the intentions disclosed in this section are based on the facts and information regarding the Company and the general business environment which are known to it as at the date of this Prospectus. Any future decisions will, of course, be reached by Ochre based on all material information and circumstances at the relevant time. Accordingly, if circumstances change or new information becomes available in the future, Ochre's intentions could change.

Ochre has informed the Company that on the facts and circumstances presently known to it, it is supportive of the Company's current direction. Ochre has indicated that it is presently willing to consider any proposals the Company's Board and management may put forward as to how Ochre or its associated entities could support and assist the Company to achieve its objectives.

Ochre has advised the Company that since it is presently supportive of the Company's current direction, Ochre does not currently intend to seek any changes to the direction and objectives of the Company, and that other than as disclosed in this Prospectus, Ochre:

- (a) does not currently intend to make any significant changes to the existing businesses of the Company;
- (b) does not currently intend to inject further capital into the Company other than participating in the Offer and sub-underwriting the Offer other than providing a future potential loan of up to \$60,000 (further details set out in Section 5.5);
- (c) does not intend to convert any of the Convertible Notes it holds (currently or ones that are issued to Ochre or entities controlled or associated with it in the future) to Shares, additionally Ochre confirms that it will not

convert any Convertible Notes prior to the Record Date or prior to the completion of the Offer;

- (d) does not currently intend to become involved in decisions regarding the future employment of the Company's present employees and contemplates that they will continue in the ordinary course of business;
- (e) does not currently intend for any property to be transferred between the Company and Ochre or entities controlled by it or any person associated with Ochre or entities controlled by him;
- (f) does not currently intend to redeploy the fixed assets of the Company; and
- (g) does not currently intend to change the Company's existing financial or dividend policies.

Ochre will make decisions on its course of action in light of material facts and circumstances at the relevant times and after it receives appropriate legal and financial advice on such matters, where required, including in relation to any requirement for Shareholder approvals.

The statements reflect current intentions only as at the date hereof which may change as new information becomes available or circumstances change or with the passage of time.

3.7 Future Intentions of the Underwriter

The Underwriter has indicated that the intentions disclosed in this section are based on the facts and information regarding the Company and the general business environment which are known to it as at the date of this Prospectus. Any future decisions will, of course, be reached by the Underwriter based on all material information and circumstances at the relevant time. Accordingly, if circumstances change or new information becomes available in the future, the Underwriter's intentions could change.

The Underwriter has informed the Company that on the facts and circumstances presently known to it, it is supportive of the Company's current direction. The Underwriter as indicated that it is presently willing to consider any proposals the Company's Board and management may put forward as to how the Underwriter could support and assist the Company to achieve its objectives.

The Underwriter has advised the Company that since it is presently supportive of the Company's current direction, the Underwriter does not currently intend to seek any changes to the direction and objectives of the Company, and that other than as disclosed in this Prospectus, the Underwriter:

- (a) does not currently intend to make any significant changes to the existing businesses of the Company;
- (b) does not currently intend to inject further capital into the Company other than participating in the Offer and underwriting the Offer other than potential loan of up to an additional \$150,000 (further details set out in Section 5.5);
- (c) does not have a current intention in respect of converting any of the Convertible Notes it holds (currently or ones that are issued to the Underwriter in the future) to Shares, however the Underwriter confirms that

it will not convert any Convertible Notes prior to the Record Date or prior to the completion of the Offer;

- (d) does not currently intend to become involved in decisions regarding the future employment of the Company's present employees and contemplates that they will continue in the ordinary course of business;
- (e) does not currently intend for any property to be transferred between the Company and the Underwriter or any person associated with the Underwriter;
- (f) does not currently intend to redeploy the fixed assets of the Company; and
- (g) does not currently intend to change the Company's existing financial or dividend policies.

The Underwriter will make decisions on its course of action in light of material facts and circumstances at the relevant times and after it receives appropriate legal and financial advice on such matters, where required, including in relation to any requirement for Shareholder approvals.

The statements reflect current intentions only as at the date hereof which may change as new information becomes available or circumstances change or with the passage of time.

3.8 Dilution

The maximum number of Shares which will be issued pursuant to the Offer is 164,547,538 this will equate to approximately 59.36% of all the issued Shares in the Company following completion of the Offer (on an undiluted basis). Examples of how the dilution may impact Shareholders (and assuming no existing Options are exercised or no existing Convertible Securities are converted prior to the Record Date).

Holder	Holding as at Record date	% at Record Date	Share Entitlements under the Offer	Holdings if Offer not taken Up	% post Offer
Shareholder 1	10,000,000	8.87%	10,000,000	10,000,000	3.61%
Shareholder 2	5,000,000	4.44%	5,000,000	5,000,000	1.81%
Shareholder 3	1,500,000	1.33%	1,500,000	1,500,000	0.54%
Shareholder 4	400,000	0.35%	400,000	400,000	0.14%
Shareholder 5	50,000	0.04%	50,000	50,000	0.02%
Total	112,676,372			277,223,910	

Notes:

1. The dilutionary effect shown in the table is the maximum percentage on the assumption that those Entitlements not accepted by Eligible Shareholders are placed under the Shortfall Offer and no Options are exercised or Convertibles Notes convert prior to Record Date.

3.9 Suspension from ASX and Reinstatement to Quotation

The Shares of the Company have been in voluntary suspension since 1 September 2016 and remain suspended as at the date of this Prospectus.

Application for Official Quotation of the Shares offered pursuant to this Prospectus will be made in accordance with the timetable set out at the commencement of this Prospectus.

The Company intends to satisfy the requirements of ASX and apply for the reinstatement to trading of its Shares on ASX. While every endeavour will be made to comply with the requirements set down by the ASX Listing Rules, there can be no guarantee the Shares will be reinstated to trading on ASX. In the event the Company is unable to comply with the requirements of ASX, the Shares will remain suspended from trading on ASX and there will be no market for the Shares.

If ASX does not grant Official Quotation of the Shares offered pursuant to this Prospectus before the expiration of 3 months after the date of issue of the Prospectus, (or such period as varied by the ASIC), any prior issue of the Shares under the Offer will be void and the Company will repay all Application Monies for the Shares within the time prescribed under the Corporations Act, without interest.

The fact that ASX may grant Official Quotation to the Shares is not to be taken in any way as an indication of the merits of the Company or the Shares now offered for subscription. Although the Company's securities are currently suspended the Company continues to be a quoted disclosing entity for the purposes of the Corporations Act.

3.10 Market price of shares

The Company is a disclosing entity for the purposes of the Corporations Act and its Shares are enhanced disclosure securities quoted on ASX.

The last recorded closing sale price of the Shares on ASX prior to the voluntary suspension and lodgement of this Prospectus with the ASIC was \$0.025. This is not a reliable indicator as to the potential value of Shares after implementation of the Offer or reinstatement to trading on ASX.

The highest, lowest and last market sale prices of the Shares on ASX during the three months immediately preceding the date of lodgement of this Prospectus with the ASIC and the respective last dates of those sales were:

Highest	\$0.031	19 August 2016
Lowest	\$0.025	30 August 2016
Last	\$0.025	30 August 2016

3.11 Forward-looking statements

This Prospectus contains forward-looking statements which are identified by words such as 'may', 'could', 'believes', 'estimates', 'targets', 'expects', or 'intends' and other similar words that involve risks and uncertainties.

These statements are based on an assessment of present economic and operating conditions, and on a number of assumptions regarding future events and actions that, as at the date of this Prospectus, are expected to take place.

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 our 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 prospectus will actually occur and investors are cautioned not to place undue reliance on these forward-looking statements.

We have no intention to update or revise forward-looking statements, or to publish prospective financial information in the future, regardless of whether new information, future events or any other factors affect the information contained in this prospectus, except where required by law.

These forward looking statements are subject to various risk factors that could cause our actual results to differ materially from the results expressed or anticipated in these statements. These risk factors are set out in section 7 of this Prospectus.

4. DETAILS OF THE OFFER

4.1 The Offer

The Offer is being made as a non-renounceable entitlement issue of 1 Share for every 1 Share held by Eligible Shareholders and one (1) Share for every (1) Share that would be held by Convertible Noteholders if the face value of the Convertible Notes was converted at the relevant Conversion Price, at an issue price of \$0.01 per Share.

Fractional entitlements will be rounded up to the nearest whole number.

Based on the capital structure of the Company as at the date of this Prospectus, (and assuming no existing Options are exercised or no existing Convertible Securities are converted prior to the Record Date) a maximum of 164,547,538 Shares will be issued pursuant to this Offer to raise approximately \$1,645,475.

Entitlements for Convertible Noteholders are calculated based on the number of Shares that the Convertible Noteholders would hold if the face value of the Convertible Notes was convertible at the relevant Conversion Price just prior to the Record Date. For further details of the Convertible Notes on issue please refer to Section 5.4 of this Prospectus.

As at the date of this Prospectus the Company has 12,754,581 Options on issue all of which may be exercised prior to the Record Date in order to participate in the Offer. Please refer to section 5.4 of this Prospectus for information on the exercise price and expiry date of the Options on issue.

All of the Shares offered under this Prospectus will rank equally with the Shares on issue at the date of this Prospectus. Please refer to Section 6 for further information regarding the rights and liabilities attaching to the Shares.

The purpose of the Offer and the intended use of funds raised are set out in Section 5.1 of this Prospectus.

4.2 Minimum subscription

As the Offer is fully underwritten, the minimum subscription is a maximum subscription of \$1,645,475.

No Shares will be issued until the minimum subscription has been received. If the minimum subscription is not achieved within 4 months after the date of issue of this Prospectus, the Company will either repay the Application monies to the Applicants or issue a supplementary prospectus or replacement prospectus and allow Applicants one month to withdraw their Application and be repaid their Application monies.

4.3 Acceptance

Your acceptance of the Offer must be made on the Entitlement and Acceptance Form accompanying this Prospectus.

You may participate in the Offer as follows:

- (a) if you wish to accept your **full** Entitlement:
 - (i) complete the Entitlement and Acceptance Form; and

- (ii) attach your cheque, drawn on an Australian bank or bank draft or arrange BPAY®, for the amount indicated on the Entitlement and Acceptance Form; or
- (b) if you only wish to accept **part** of your Entitlement:
 - (i) fill in the number of Shares you wish to accept in the space provided on the Entitlement and Acceptance Form; and
 - (ii) attach your cheque, drawn on an Australian bank or bank draft or arrange BPAY®, for the appropriate application monies (at \$0.01 per Share); or
- (c) if you only wish to subscribe for **more** than your Entitlement:
 - (i) fill in the number of Shares you wish to accept in addition to your Entitlement in the relevant space allocated on the Entitlement and Acceptance Form to the Shortfall Offer; and
 - (ii) attach your cheque, drawn on an Australian bank or bank draft or arrange BPAY®, for the appropriate application monies (at \$0.01 per Share); or
- (d) if you do not wish to accept all or part of your Entitlement, you are not obliged to do anything.

4.4 Payment by cheque/bank draft

All cheques must be drawn on an Australian bank or bank draft made payable in Australian currency to “ATC Alloys Ltd – Entitlement Issue Account” and crossed “Not Negotiable”.

Your completed Entitlement and Acceptance Form and cheque must reach the Company’s share registry no later than 5:00 pm WST on the Closing Date.

4.5 Payment by BPAY®

For payment by BPAY®, please follow the instructions on the Entitlement and Acceptance Form. You can only make a payment via BPAY® if you are the holder of an account with an Australian financial institution that supports BPAY® transactions. Please note that should you choose to pay by BPAY®:

- (a) you do not need to submit the Entitlement and Acceptance Form but are taken to have made the declarations on that Entitlement and Acceptance Form; and
- (b) if you do not pay for your Entitlement in full, you are deemed to have taken up your Entitlement in respect of such whole number of Shares which is covered in full by your application monies.

It is your responsibility to ensure that your BPAY® payment is received by the share registry by no later than 4:00 pm (WST) on the Closing Date. You should be aware that your financial institution may implement earlier cut-off times with regards to electronic payment and you should therefore take this into consideration when making payment. Any Application Monies received for more than your final allocation of Shares (only where the amount is \$1.00 or greater) will be refunded. No interest will be paid on any Application Monies received or refunded.

The Offer is non-renounceable. Accordingly, a Shareholder may not sell or transfer all or part of their Entitlement.

4.6 Underwritten

The Offer is fully underwritten by Somers and Partners, refer to Sections 3.4, 3.5 and 8.3 for further details.

4.7 Shortfall Offer

Any Entitlement not taken up pursuant to the Offer will form the Shortfall Offer.

The Shortfall Offer is a separate offer pursuant to this Prospectus. The issue price of each Share to be issued pursuant to the Shortfall Offer is \$0.01 being the price at which Shares have been offered under the Offer.

Eligible Shareholders who wish to subscribe for Shares above their Entitlement are invited to apply for additional Shares under the Shortfall Offer by completing the appropriate section on their Entitlement and Acceptance Form or by making payment for such Shares using BPAY® (refer to Section 4.5 above).

The Shortfall will be allocated firstly to existing Shareholders who apply for Shares in excess to their Entitlement, secondly, to third parties who apply for Shortfall Shares (as determined by the Company) and then Underwriter or its nominees or sub-underwriters in satisfaction of the Underwriter's commitment under the Underwriting Agreement. Accordingly, the Underwriter has the right to nominate and determine who will be issued Shortfall Shares, however, the Directors and the Underwriter confirm that Shortfall Shares will first be issued to existing Shareholders who apply for Shares in excess to their Entitlement and any third parties who apply for Shortfall Shares as nominated and determined by the Company.

If the number of Shortfall Shares issued is less than the number applied for, surplus Application Monies will be refunded in full as soon as practicable after the closing date of the Shortfall Offer. Interest will not be paid on Application Monies refunded.

4.8 Issue of Shares

Shares issued pursuant to the Offers will be issued as soon as practicable after the Closing Date.

Where the number of Shares issued is less than the number applied for or where no issue is made, surplus Application Monies will be refunded without any interest to the Applicant as soon as practicable after the closing date of the Shortfall Offer.

Pending the later of the issue of the Shares, payment of refunds pursuant to this Prospectus and ASX granting Official Quotation of the Shares offered under this Prospectus, all Application Monies will be held by the Company in trust for the Applicants in a separate bank account as required by the Corporations Act. The Company, however, will be entitled to retain all interest that accrues on the bank account and each Applicant waives the right to claim interest.

4.9 Overseas shareholders

This Offer does not, and is not intended to, constitute an offer in any place or jurisdiction in which, or to any person to whom, it would not be lawful to make such an offer or to issue this Prospectus.

It is not practicable for the Company to comply with the securities laws of overseas jurisdictions having regard to the number of overseas Shareholders, the number and value of Shares these Shareholders would be offered and the cost of complying with regulatory requirements in each relevant jurisdiction. Accordingly, the Offer is not being extended and Shares will not be issued to Shareholders with a registered address which is outside Australia or New Zealand.

The Offer is being made in New Zealand pursuant to the Securities Act (Overseas Companies) Exemption Notice 2013.

Shareholders resident in Australia or New Zealand holding Shares on behalf of persons who are resident overseas are responsible for ensuring that taking up an Entitlement under the Offer does not breach regulations in the relevant overseas jurisdiction. Return of a duly completed Entitlement and Acceptance Form will be taken by the Company to constitute a representation that there has been no breach of those regulations.

4.10 Enquiries

Any questions concerning the Offer should be directed to the company secretary, Carol New on + 61 8 9320 5220

5. PURPOSE AND EFFECT OF THE OFFER

5.1 Purpose of the Offer

The purpose of the Offer is to raise up to \$1,645,475 (before expenses).

The funds raised from the Offer are planned to be used in accordance with the table set out below:

Item	Proceeds of the Offer	Full Subscription (\$)	%
1.	Payment to Siderian	\$1,200,000 ¹	72.93
2.	Expenses to be incurred in resolving the Joint Venture Dispute	\$150,000	9.12
3.	General working capital and administration costs	\$164,646	10
4.	Expenses of the Offer ²	\$130,829	7.95
	Total	\$1,645,475	100

Notes:

1. Payment to be the greater of AUD\$1,200,000 converted into USD\$ or US\$906,064 depending on exchange rate at time of payment. For further details please refer to the summary of the Forbearance Deed at section 8.3(b).
2. Refer to section 8.8 of this Prospectus for further details relating to the estimated expenses of the Offer. Assumes that the full underwriting fee is paid in cash.

The above table is a statement of current intentions as of the date of this Prospectus. As with any budget, intervening events and new circumstances have the potential to affect the manner in which the funds are ultimately applied. The Board reserves the right to alter the way funds are applied on this basis.

5.2 Effect of the Offer

The principal effect of the Offer, assuming all Shares offered under the Prospectus are issued and no Options are exercised or Convertible Securities are converted prior to the Record Date, will be to:

- (a) increase the cash reserves by \$1,514,646 (after deducting the estimated expenses of the Offer) immediately after completion of the Offer; and
- (b) increase the number of Shares on issue from 112,676,372 as at the date of this Prospectus to 277,223,910 Shares.

5.3 Pro-forma balance sheet

The audited balance sheet as at 30 June 2016 and the unaudited pro-forma balance sheet as at 30 June 2016 shown below have been prepared on the basis of the accounting policies normally adopted by the Company and reflect the changes to its financial position.

The pro-forma balance sheet has been prepared assuming all Entitlements are accepted, no Options are exercised or Convertible Securities are converted prior to the Record Date and including expenses of the Offer.

The pro-forma balance sheet has been prepared to provide investors with information on the assets and liabilities of the Company and pro-forma assets and liabilities of the Company as noted below. The historical and pro-forma financial information is presented in an abbreviated form, insofar as it does not include all of the disclosures required by Australian Accounting Standards applicable to annual financial statements.

	AUDITED as at 30 June 2016	PROFORMA as at 30 June 2016
CURRENT ASSETS		
Cash1	212,650	64,290
Trade and other receivables	588,589	414,333
Other current assets	252,918	252,918
TOTAL CURRENT ASSETS	1,054,157	731,541
NON-CURRENT ASSETS		
Investments	200,000	200,000
Property, plant and equipment	27,703	27,703
TOTAL NON-CURRENT ASSETS	227,703	227,703
TOTAL ASSETS	1,281,860	959,244
CURRENT LIABILITIES		
Trade and other payables	5,339,707	4,494,683
Provisions	1,991,938	1,991,938
Financial liabilities	9,329,318	8,685,497
TOTAL CURRENT LIABILITIES	16,660,963	15,202,118
TOTAL LIABILITIES	15,663,377	15,202,118
NET ASSETS (LIABILITIES)	(15,379,103)	(14,242,874)
EQUITY		
Share capital	66,550,183	68,263,947
Reserves	4,190,616	4,266,426
Retained loss	(73,046,939)	(73,679,726)
Parent Interest	(2,306,140)	(1,149,353)
Non-controlling interests	(13,072,963)	(13,093,521)
TOTAL EQUITY	(15,379,103)	(14,242,874)

Notes: The pro-forma Balance Sheet has been prepared based on the audited Balance Sheet as at 30 June 2016 and adjusted for financial effects of the Offer and on the assumption the following transactions had occurred as at 30 June 2016:

1. The issue of 6,107,928 ordinary shares in settlement of \$199,118 Shares interest due as at 30 June 2016 on Convertible Notes. These Shares were issued 12 July 2016,
2. The receipt of \$400,000 under promissory notes from Almonty Industries Inc.
3. Interest and financing costs associated with financial liabilities to the value of \$397,866 as at 31 October 2016.
4. The receipt of \$140,000 in respect of the New Loans.
5. Foreign currency exchange rate variances totalling \$134,977 as at 31 October 2016.
6. A reduction in trade and other payables of \$371,638
7. A reduction in trade and other receivables of \$174,256

5.4 Effect on capital structure

The effect of the Offer on the capital structure of the Company is set out below.

Shares

	Number
Shares currently on issue	112,676,372
Shares to be offered pursuant to the Offer	164,547,538
Total Shares on issue after completion of the Offer	277,223,910

Notes:

1. The Company notes that, subject to Shareholder approval if necessary, the Company may pay the Underwriting Fee in Shares at the issue price. The Company confirm that the fee will not be paid in Shares to either the Underwriter or Ochre where the issue of Shares would result in their respective interests going above 19.99%. The maximum number of Shares to be issued as a fee is 7,404,639. For further details refer to Section 3.4 of the Prospectus.
2. The Company has recently borrowed an additional \$140,000 and is seeking further loan funds for up to \$210,000 which will amount to a total of \$350,000 (**Total Additional Loan Funds**). Subject to obtaining Shareholder approval and compliance with the Corporations Act and the Listing Rules, the Company will look to converting up to the Total Additional Loan Funds into Shares at a price of \$0.01. This would amount to a further issue of up to 35,000,000 Shares. For further details of these additional loans please refer to Section 5.5 of the Prospectus below.
3. The Company intends to seek Shareholder approval at its annual general meeting to issue Shares at \$0.01 to Somers in satisfaction of the Company's outstanding debt owed to Somers in the amount of \$181,248, being up to 18,124, 800 Shares. Somers and the Company have agreed that this conversion of debt will be subject to Somers' relevant interest in the Shares not exceeding 19.9%.
4. Finally, the Company is seeking Shareholder approval at its annual general meeting to raise up to another \$1,000,000 at an issue price of not less than 80% of the five day VWAP. Assuming an issue price of \$0.01 this would amount to a further issues of up to 100,000,000 Shares.

Options

	Number
Options currently on issue:	12,754,581
Unquoted options exercisable at \$2.75 on or before 27/11/2016	2,791,431
Unquoted options exercisable at \$0.75 on or before 09/03/2017	9,663,150
Unquoted options exercisable at \$0.35 on or before 31/07/2018	300,000
Options to be offered pursuant to the Offer	Nil
Total Options on issue after completion of the Offer	12,754,581

Convertible Notes

Convertible Notes	Number
Notes with a Face Value of \$50,000 convertible at \$0.25 per share on or before 01/07/2018	35 ¹
Notes with a Face Value of \$25,000 convertible at \$0.25 per share on or before 01/07/2018	2 ²
Notes with a Face Value of \$50,000 convertible at \$0.05 per share on or before 01/07/2018	23 ³
Notes with a Face Value of \$20,000 convertible at \$0.05 per share on or before 01/07/2018	6 ⁴
Notes with a Face Value of \$10,000 convertible at \$0.05 per share on or before 01/07/2018	2 ⁵
Notes with a Face Value of \$25,000 convertible at \$0.05 per share or the lowest issue price of any shares of the Company prior to the Maturity Date	12 ⁶
Notes with a Face Value of \$25,000 convertible at \$0.05 per share or the lowest issue price of any shares of the Company prior to the Maturity Date, or the price implied by any corporate action.	10 ⁷
Notes with a Face Value of \$50,000 convertible at \$0.025 per share or the lowest issue price of any shares of the Company prior to the Maturity Date, or the price implied by any corporate action.	1 ⁸
Total Convertible Notes	91

Note

1. If all Convertible Notes are converted for their face value a total of 7,000,000 ATC Shares will be issued.
2. If all Convertible Notes are converted for their face value a total of 200,000 ATC Shares will be issued.
3. If all Convertible Notes are converted for their face value a total of 23,000,000 ATC Shares will be issued.
4. If all Convertible Notes are converted for their face value a total of 2,400,000 ATC Shares will be issued.
5. If all Convertible Notes are converted for their face value a total of 400,000 ATC Shares will be issued.

6. If all Convertible Notes are converted for their current face value (and Conversion Price of \$0.0326) a total of 9,202,454 ATC Shares will be issued. Following the Offer the new Conversion Price will be \$0.01 and a total of up to 30,000,000 Shares would be issued if all Convertible Notes were to be converted.
7. If all Convertible Notes are converted for their current face value (and Conversion Price of \$0.0326) a total of 7,668,712 ATC Shares will be issued. Following the Offer the new Conversion Price will be \$0.01 and a total of up to 25,000,000 Shares would be issued if all Convertible Notes were to be converted.
8. If all Convertible Notes are converted for their current face value (and Conversion Price of \$0.025) a total of 2,000,000 ATC Shares will be issued. Following the Offer the new Conversion Price will be \$0.01 and a total of up to 5,000,000 Shares would be issued if all Convertible Notes were to be converted.

The capital structure on a fully diluted basis as at the date of this Prospectus would be 177,302,119 Shares and on completion of the Offer (assuming all Entitlements are accepted and no Options are exercised or Convertible Securities converted prior to the Record Date) would be 382,978,491 Shares.

5.5 Additional Loans

To assist with the Company's immediate need for funds the Company confirms that it has recently borrowed an additional \$140,000 in loans (**New Loans**) and is seeking further loan funds for up to \$210,000 (**Additional Loans**) which will amount to a total of \$350,000 (**Total Additional Loan Funds**). It is proposed that both the New Loans and the Additional Loans will be secured by way of subordinated second ranking security over the Company's assets.

Subject to Shareholder approval, it is intended that these loans will be converted into convertible notes with a conversion price of \$0.01.

If the Shareholder approval is obtained, the Company confirms that the terms of the notes will contain a limitation so that a holder will not be entitled to convert (and the Company is entitled to refuse to convert) where the conversion would result in a person acquiring a relevant interest in the Company in breach of section 606 of the Corporations Act (or any equivalent provision).

Accordingly, without an exception to section 606 applying the loans will not convert into Shares where the conversion would result in that person's voting power in the company increasing from 20% or below to more than 20%, or increasing from a starting point that is above 20% and below 90%.

As at the date of this Prospectus, Ochre has loaned the Company \$85,000 in New Loans and intends to loan up to an additional \$60,000 in Additional Loans.

Additionally, as at the date of this Prospectus, the Underwriter in its own right has loaned the Company \$25,000 in New Loans and intends to loan up to an additional \$150,000 in Additional Loans either through third parties or by the Underwriter directly.

6. RIGHTS AND LIABILITIES ATTACHING TO SHARES

The following is a summary of the more significant rights and liabilities attaching to Shares being offered pursuant to this Prospectus. This summary is not exhaustive and does not constitute a definitive statement of the rights and liabilities of Shareholders. To obtain such a statement, persons should seek independent legal advice.

Full details of the rights and liabilities attaching to Shares are set out in the Constitution, a copy of which is available for inspection at the Company's registered office during normal business hours.

(a) General Meetings

Shareholders are entitled to be present in person, or by proxy, attorney or representative to attend and vote at general meetings of the Company.

Shareholders may requisition meetings in accordance with Section 249D of the Corporations Act and the Constitution of the Company.

(b) Voting Rights

Subject to any rights or restrictions for the time being attached to any class or classes of shares, at general meetings of shareholders or classes of shareholders:

- (i) each shareholder entitled to vote may vote in person or by proxy, attorney or representative;
- (ii) on a show of hands, every person present who is a shareholder or a proxy, attorney or representative of a shareholder has one vote; and
- (iii) on a poll, every person present who is a shareholder or a proxy, attorney or representative of a shareholder shall, in respect of each fully paid share held by him, or in respect of which he is appointed a proxy, attorney or representative, have one vote for the share, but in respect of partly paid shares shall have such number of votes as bears the same proportion to the total of such shares registered in the shareholder's name as the amount paid (not credited) bears to the total amounts paid and payable (excluding amounts credited).

(c) Dividend Rights

The Directors may from time to time declare a dividend to be paid to shareholders entitled to the dividend. The dividend shall (subject to Clause 22 of the Company's Constitution and to the rights of any preference shareholders and to the rights of the holders of any shares created or raised under any special arrangement as to dividends) be payable on all shares in accordance with the Corporations Act. The Directors may from time to time pay to the shareholders such interim dividends as they may determine. No dividends shall be payable except out of profits. No dividend shall carry interest as against the Company.

(d) **Winding-Up**

If the Company is wound up, the liquidator may, with the authority of a special resolution, divide among the shareholders in kind the whole or any part of the property of the Company, and may for that purpose set such value as he considers fair upon any property to be so divided, and may determine how the division is to be carried out as between the shareholders or different classes of shareholders. The liquidator may, with the authority of a special resolution, vest the whole or any part of any such property in trustees upon such trusts for the benefit of the contributories as the liquidator thinks fit, but so that no shareholder is compelled to accept any shares or other securities in respect of which there is any liability.

(e) **Transfer of Shares**

Generally, shares in the Company are freely transferable, subject to formal requirements, the registration of the transfer not resulting in a contravention of or failure to observe the provisions of a law of Australia and the transfer not being in breach of the Corporations Act or the Listing Rules.

(f) **Changes to Capital Structure**

The Company may by ordinary resolution and subject to the Corporations Act and the Listing Rules increase its share capital by the issue of new shares of such amount as is specified in a resolution.

(g) **Variation of Rights**

Pursuant to Section 246B of the Corporations Act, the Company may, with the sanction of a special resolution passed at a meeting of shareholders vary or abrogate the rights attaching to shares.

If at any time the share capital is divided into different classes of shares, the rights attached to any class (unless otherwise provided by the terms of issue of the shares of that class), whether or not the Company is being wound up may be varied or abrogated with the consent in writing of the holders of three-quarters of the issued shares of that class, or if authorised by a special resolution passed at a separate meeting of the holders of the shares of that class.

7. RISK FACTORS

7.1 Introduction

The Shares offered under this Prospectus are considered highly speculative. An investment in the Company is not risk free and the Directors strongly recommend potential investors to consider the risk factors described below, together with information contained elsewhere in this Prospectus and to consult their professional advisers before deciding whether to apply for Shares pursuant to this Prospectus.

There are specific risks which relate directly to the Company's business. In addition, there are other general risks, many of which are largely beyond the control of the Company and the Directors. The risks identified in this section, or other risk factors, may have a material impact on the financial performance of the Company and the market price of the Shares.

The following is not intended to be an exhaustive list of the risk factors to which the Company is exposed.

7.2 Company specific

(a) Reinstatement to Trading on ASX

At a time following completion of the Offer, the Company intends to satisfy the requirements of ASX and apply for the reinstatement to trading of its Shares on ASX. While every endeavour will be made to comply with the requirements set down by the ASX Listing Rules, there can be no guarantee the Company will be able to comply with the requirements of ASX or that the Shares will be reinstated to trading on ASX. In the event the Company is unable to comply with the requirements of ASX, the Shares will remain suspended from trading on ASX and there will be no readily available market for Shares. If ASX does not grant Official Quotation of the Shares offered pursuant to this Prospectus before the expiration of 3 months after the date of issue of the Prospectus, (or such period as varied by the ASIC), the issue of the Shares under the Offer will be void and the Company will repay all Application Monies for the Shares within the time prescribed under the Corporations Act, without interest.

Until Official Quotation of the Shares is granted, the Company confirms all Application Monies will be held by the Company in trust for the Applicants in a separate bank account as required by the Corporations Act.

(b) Going concern risk

The financial reports of the Company for FY2016 notes that:

"The ability of the Consolidated Entity to continue to pay its debts as and when they fall due is dependent upon the Consolidated Entity settling US\$1.8 million Siderian loan and achieving one or more of the following objectives: raising additional share capital; developing, joint venturing or selling one or more of its non-core assets or other assets; and the successful production and sale of Ferrotungsten. These conditions indicate a material uncertainty that may cast doubt about the ability of the Consolidated Entity to continue as a going concern."

Notwithstanding this 'going concern' disclosure, the Directors believe that upon the successful completion of the Offer, the Company will have sufficient funds to adequately meet the Company's debts as and when they fall due. However, it is highly likely that further funding will be required to meet the medium to long term working capital costs of the Company.

In the event that the Offer is not completed successfully there is significant uncertainty as to whether the Company can continue as a going concern, and which is likely to have a material adverse effect on the Company's activities.

(c) **Secured debt and requirement for further funding**

As at 31 September 2016, the Siderian Facility had a balance of approximately US\$1.812 million (plus interest and other costs that capitalise monthly) outstanding, which is currently due for repayment on 29 September 2017. The repayment date was recently extended and as announced on 31 October 2016, the extension is conditional on the Offer proceeding and the Company making a payment to Siderian of the greater of AUD\$1,200,000 converted into USD\$ or \$US906,064 on or before 20 December 2016. The Siderian Facility is secured by way of first ranking security over the Company's assets and Siderian also has a subordination right to receive from the Noteholders any funds that the Noteholder receives from the Company. For further details on this extension please refer to Section 8.3(b) of this Prospectus.

Additionally, ATC has secured Convertible Notes with a face value of \$3.69 million due for conversion or repayment on or before 1 July 2018. The Convertible Notes are secured by way of subordinated second ranking security over the Company's assets. If the Offer does not complete (and the Siderian Facility is not extended), there is a risk that the Company may not be able to fund repayment of the Siderian Facility and the repayment of the Convertible Notes in which case the lenders may be entitled to exercise their security over the Company's assets which may lead to assets being disposed of for less than their carrying value in the accounts of the Company and the process of realisation may not be sufficient to repay the secured debts or the Company may not be able to comply with other obligations under those facilities.

As disclosed at Section 5.5, the Company is intending to borrow up to an additional \$350,000 (on a secured basis) to assist with the Company's immediate need for short-term working capital. This debt financing may, subject to shareholder approval and compliance with the Corporations Act, be converted to equity which will further dilute Shareholders.

There is also a risk that if the Offer does not complete, the Company may need to seek additional alternative financing to provide short-term working capital. Any additional equity financing (if this can be obtained) will dilute shareholders, and debt financing (if this can be obtained) may involve restrictions on business strategy and financing and operating activities.

(d) **Issues with Joint Venture**

On 23 September 2016, the Company announced that following a review of the operation and performance of its Vietnam Ferro Tungsten Joint Venture under the operatorship of its 40% Joint Venture partner, Mr

Guangyu (George) Chen that it had sought to remove Mr Chen as operator and from all offices held in the Joint Venture (**Removal Action**).

Mr Chen has disputed the Removal Actions. The Company's attempts to enforce compliance in Vietnam in September were unsuccessful with Mr Chen denying access to ATC's Ferrotungsten Plant to ATC representatives and Vietnamese officials seeking to enforce the Removal Actions. The parties remain in dispute, essentially as to whether Mr Chen should continue as operator and as an officer of the Joint Venture and Ferrotungsten Plant (**Dispute**). There is no dispute as to either ATC's 60% ownership or Mr Chen's 40% ownership of the Joint Venture. ATC is currently exploring all possible avenues to resolve the Dispute, including legal action.

Whilst the Dispute remains unresolved, there is a risk that the value of the Ferrotungsten Plant will be dissipated. In addition, the Company cannot generate revenue to support its day to day operations or otherwise realise value from the Ferrotungsten Plant. ATC intends, as 60% owner of the Joint Venture, to continue to fully and tirelessly pursue its legal rights in Australia, Hong Kong and Vietnam, however there is the risk that, in the absence of the Offer, or if resolution of these issues takes longer than anticipated or results in the need for further and lengthy legal action, the Company will need to raise additional equity which (if this can be obtained) will dilute shareholders, and debt financing which may involve restrictions on business strategy and financing and operating activities.

In addition, the Joint Venture has signed off-take agreements with third parties in relation to production from the Ferrotungsten Plant. If resolution of the Dispute and the Removal Actions take longer than anticipated, there is a risk that the Joint Venture defaults on its off-take agreements.

(e) **Alleged claim by Golden Touch Trading Co Limited (Golden Touch)**

As also contained in the announcement of 23 September 2016, ATPHK and ATPV received a letter of demand from Golden Touch for 58,208kgW of Ferro Tungsten and/or the repayment of US\$2,188,469 (**Alleged Claim**).

The Alleged Claim has been refuted and a counter claim made for unpaid tolling fees in the amount of \$131,700, which amount may increase.

If the Alleged Claim is not resolved or is found to be correct this may have a detrimental impact on the Joint Venture which, as the Company's main asset, will have an impact on the Company's financial position.

(f) **Production risks**

In the event that the Removal Actions are successful and/or the Dispute otherwise resolved, and the Joint Venture recommences production, there are risks associated with production from the Ferrotungsten Plant including inability to source spare parts and materials, industrial accidents, technical failures, labour disputes, flooding and extended interruptions due to inclement or hazardous weather conditions and fires, explosions or accidents. A failure of the Ferrotungsten Plant would lead to direct costs being incurred to repair the plant and loss of revenue as a consequence of any period in which the plant is not operational.

Raw materials required in the production of ferrotungsten are planned to be sourced from external sources, both domestically in Vietnam and internationally. The quality and quantity of the available raw materials and fluctuations in the market price for such raw materials represents a significant risk to the viability of the Ferrotungsten Plant.

(g) **Viability of Ferrotungsten Plant**

ATC has identified a need for funding to repay its current debts, but also to manage its working capital position, particularly in periods of high volatility in the price of tungsten concentrate and ferrotungsten. If the margin between the cost of tungsten concentrate to ATC and the price received for the sale of ferrotungsten reduces for a sustained period below that level that is profitable for ATC and the Company is unable to lower its cost base further, the ATC ferrotungsten operations may not remain viable, which could ultimately impact on the Company's ability to operate as a going concern.

In the event that the Removal Actions are successful and/or the Dispute otherwise resolved, and the Joint Venture recommences production, there is also risk that ATC may resolve to suspend operations at the Ferrotungsten Plant in the event that the operation was unable to generate positive cash flow. Suspension of operations would result in loss of revenues and additional expenses may be incurred including expenses for termination of contracts, redundancies, and maintenance of equipment used at the Ferrotungsten Plant.

(h) **Ferrotungsten marketing and ferrotungsten prices**

The marketability of the ferrotungsten production depends upon the quality and tonnage demand from the international and domestic marketplace and the supply of ferrotungsten including from new entrants to the market.

Customers may default on their contractual obligations with the Company. Potential contractual defaults may include non-payment for ferrotungsten or failure to take delivery of contracted volumes. Should such a default occur, the Company may find it difficult to access other customers.

Depressed ferrotungsten prices would affect the business. Future revenues, profitability, rate of growth and the carrying value of the assets of the Company depend heavily on prevailing market prices for ferrotungsten. Any substantial or extended decline in the price of ferrotungsten could have a material adverse effect on the financial condition and results of operations of the Ferrotungsten Plant.

Increases in ferrotungsten prices could encourage new or existing international ferrotungsten producers to expand their production capacity. Any oversupply of ferrotungsten in the world markets could reduce world ferrotungsten prices in the future and the prices the Company receives under new ferrotungsten supply agreements, which could have a material adverse effect on the financial condition and results of operations of the Ferrotungsten Plant.

(i) **Exchange rate volatility**

Exchange rate volatility may adversely impact the Company, particularly volatility in relation to the repayment of the debt owed to Siderian which is denominated in \$US.

(j) **Risks associated with operations in Vietnam**

The Ferrotungsten Plant is located in Vietnam, which is a developing nation with associated political, economic and social risks to which the Company will be exposed.

These risks and uncertainties include, but are not limited to, economic, social or political instability or change, hyperinflation, currency non-convertibility or instability and changes of law affecting foreign ownership, government participation, taxation, working conditions, rates of exchange, exchange control, exploration licensing, export duties, repatriation of income or return of capital, environmental protection, labour relations as well as government control over natural resources or government regulations that require the employment of local staff or contractors or require other benefits to be provided to local residents.

Changes, if any, in industrial or investment policies or shifts in political attitude in Vietnam may adversely affect the operations or profitability of the Company. Operations may be affected in varying degrees by government regulations with respect to, but not limited to, restrictions on production, price controls, export controls, foreign currency remittance, income taxes, expropriation of property, foreign investment, maintenance of claims, environmental legislation, land use, land claims of local people, water use and occupational health and safety.

Failure to comply strictly with applicable laws, regulations and local practices relating to the operation of the plant, could result in loss, reduction or expropriation of entitlements, or the imposition of additional local or foreign parties as joint venture partners with carried or other interests.

Outcomes in courts in Vietnam may be less predictable than in Australia, which could affect the enforceability of contracts entered into by the Company or any subsidiaries in Vietnam.

The occurrence of these various factors and uncertainties cannot be accurately predicted and could have an adverse effect on the operations or profitability of the Company. The Company has made its investment and strategic decisions based on the information currently available to the Directors, however should there be any material change in the political, economic, legal and social environments in Vietnam, the Directors may reassess investment decisions and commitments to assets in Vietnam.

(k) **Environment**

The operations and proposed activities of the Company are subject to laws and regulation concerning the environment applicable in the jurisdiction of those activities. It is the Company's intention to conduct its activities to the highest standard of environmental obligation, including compliance with all environmental laws.

(l) **Reliance on key personnel**

The Company's projects require personnel with appropriate industry experience and qualifications and the loss of such key personnel may have an adverse impact on the activities of the Company.

(m) **Trading Price of ATC Shares**

The Company has been suspended since September 2016. Following the lifting of the suspension, it is not possible to predict what the value of the Company or a Share will be. Accordingly, following the completion of the Offer being implemented the Directors do not make any representation as to the value of the Company or the Shares.

The Company's operating results, economic and financial prospects and other factors will affect the future trading price of the Shares. In addition, the price of Shares is subject to varied and often unpredictable influences on the market for equities, including, but not limited to general economic conditions including the Australian dollar performance on world markets, inflation rates, foreign exchange rates and interest rates, variations in the general market for listed stocks in general or Australian mining stocks in particular, changes to government policy, legislation or regulation, industrial disputes, general operational and business risks and hedging or arbitrage trading activity that may develop involving the Shares.

In particular, the share prices for many companies have been and may in the future be highly volatile, which in many cases may reflect a diverse range of non-company specific influences such as global hostilities and tensions relating to certain unstable regions of the world, acts of terrorism and the general state of the global economy. No assurances can be made that the Company's market performance will not be adversely affected by any such market fluctuations or factors.

(n) **Dilution by Offer and Convertible Securities**

Upon implementation of the Offer the number of Shares in the Company will increase from 112,676,372 currently on issue to 277,223,910 Shares (assuming all Underwriting Fees are paid in cash). This means existing Shareholders may have their existing Shareholdings in the Company diluted by up to approximately 41%.

Additionally, Shareholders should also note that if the Convertible Notes are converted at their relevant Conversion Prices this will also lead to a further issue of up to 51,871,166 Shares and Shareholders at the time of conversion will have their existing Shareholdings in the Company diluted.

7.3 General Risks

(a) **Market Conditions**

Share market conditions may affect the value of the Company's quoted securities regardless of the Company's operating performance. Share market conditions are affected by many factors such as:

- (i) general economic outlook;
- (ii) interest rates and inflation rates;

- (iii) currency fluctuations;
- (iv) changes in investor sentiment toward particular market sectors;
- (v) the demand for, and supply of, capital; and
- (vi) terrorism or other hostilities.

The market price of securities can fall as well as rise and may be subject to varied and unpredictable influences on the market for equities in general and resource exploration stocks in particular. Neither the Company nor the Directors warrant the future performance of the Company or any return on an investment in the Company.

(b) **Risk of international operations generally**

International activities and operations are subject to a number of risks, including, without limitation:

- (i) potential difficulties in enforcing agreements (including joint venture agreements) and collecting receivables through foreign local systems;
- (ii) potential difficulties in protecting intellectual property;
- (iii) costs for transportation and shipping; and
- (iv) restrictive governmental actions, such as imposition of trade quotas, tariffs and other taxes.

Any of these factors could materially and adversely affect the Company's business, results of operations and financial condition.

(c) **Movement in Australian and overseas share markets and financial markets generally**

A number of factors affect the performance of stock market investments that could also affect the price at which shares trade on the ASX. Movements on international stock markets, local interest rates and exchange rates, domestic and international economic conditions, as well as government taxation and other policy changes may affect the stock market.

(d) **Litigation risks**

In addition to the specific litigation mentioned above, the Company is exposed to possible litigation risks including, without limitation, title claims, tenure disputes, environmental claims, occupational health and safety claims and employee claims. Further, the Company may be involved in disputes with other parties in the future which may result in litigation. Any such claim or dispute if proven, may impact adversely on the Company's operations, financial performance and financial position. The Company and its subsidiaries are not currently engaged in any litigation.

(e) **Competition risk**

The industry in which the Company is involved is subject to domestic and global competition. The Company has no influence or control over the

activities or actions of its competitors, which activities or actions may, positively or negatively, affect the operating and financial performance of the Company's projects and business.

(f) **Acts of terrorism and outbreak of international hostilities**

An act of terrorism or an outbreak of international hostilities may occur, adversely affecting consumer confidence, customer spending and share market performance. This may have an adverse impact on the Company's operating, financial and share price performance.

(g) **Economic conditions**

Economic conditions, both domestic and global, may affect the performance of the Company. The Company's future possible revenue and share price can be affected by these conditions all of which are beyond the control of the Company and the Directors. In addition, the Company's ability to raise additional capital, should it be required, may be affected.

(h) **Regulation**

Government legislation and policy, within Australia, Vietnam, Canada and in other jurisdictions, including changes to relevant taxation systems, may have an adverse effect on ATC's activities, financial position and financial performance.

(i) **Force majeure**

The Company's projects now or in the future may be adversely affected by risks outside the control of the Company including, without limitation, labour unrest, civil disorder, war, subversive activities or sabotage, fires, floods, explosions or other catastrophes, epidemics or quarantine restrictions.

(j) **Taxation**

The holding or disposal of ATC Shares will have tax consequences which may differ depending on the individual financial affairs of each ATC Shareholder. All ATC Shareholders are urged to obtain independent financial advice about the consequences of holding or disposing of ATC Shares from a taxation viewpoint and generally.

(k) **Insurance risks**

The Company carries insurance policies relevant to its current level of operation and in accordance with industry practice. However, in certain circumstances, the Company's insurance may not be of a nature or level to provide adequate insurance cover. The occurrence of an event that is not covered or fully covered by insurance could have a material adverse effect on the business, financial condition and results of the Company.

Insurance against all risks associated with mining exploration and production is not always available and where available the costs can be prohibitive.

7.4 Speculative investment

The above list of risk factors ought not to be taken as exhaustive of the risks faced by the Company or by investors in the Company. The above factors, and others not specifically referred to above, may in the future materially affect the financial performance of the Company and the value of the Shares offered under this Prospectus.

Therefore, the Shares to be issued pursuant to this Prospectus carry no guarantee with respect to the payment of dividends, returns of capital or the market value of those Shares.

Potential investors should consider that the investment in the Company is speculative and should consult their professional advisers before deciding whether to apply for Shares pursuant to this Prospectus.

8. ADDITIONAL INFORMATION

8.1 Litigation

As at the date of this Prospectus, as far as the Directors are aware, the Company is not involved in any ongoing or potential litigation which is material in the context of the Company and its related bodies corporate taken as a whole apart from what is already disclosed in this Prospectus relating to Golden Touch (Section 7.2(e) and the issues relating to Mr Chen and the Joint Venture (Section 7.2(d)).

8.2 Continuous disclosure obligations

The Company is a “disclosing entity” (as defined in section 111AC of the Corporations Act) for the purposes of section 713 of the Corporations Act and, as such, is subject to regular reporting and disclosure obligations. Specifically, like all listed companies, the Company is required to continuously disclose any information it has to the market which a reasonable person would expect to have a material effect on the price or the value of the Company’s securities.

This Prospectus is a “transaction specific prospectus”. In general terms a “transaction specific prospectus” is only required to contain information in relation to the effect of the issue of securities on a company and the rights attaching to the securities. It is not necessary to include general information in relation to all of the assets and liabilities, financial position, profits and losses or prospects of the issuing company.

This Prospectus is intended to be read in conjunction with the publicly available information in relation to the Company which has been notified to ASX and does not include all of the information that would be included in a prospectus for an initial public offering of securities in an entity that is not already listed on a stock exchange. Investors should therefore have regard to the other publicly available information in relation to the Company before making a decision whether or not to invest.

Having taken such precautions and having made such enquires as are reasonable, the Company believes that it has complied with the general and specific requirements of ASX as applicable from time to time throughout the 3 months before the issue of this Prospectus which required the Company to notify ASX of information about specified events or matters as they arise for the purpose of ASX making that information available to the stock market conducted by ASX.

Information that is already in the public domain has not been reported in this Prospectus other than that which is considered necessary to make this Prospectus complete.

The Company, as a disclosing entity under the Corporations Act states that:

- (a) it is subject to regular reporting and disclosure obligations;
- (b) copies of documents lodged with the ASIC in relation to the Company (not being documents referred to in section 1274(2)(a) of the Corporations Act) may be obtained from, or inspected at, the offices of the ASIC; and

- (c) it will provide a copy of each of the following documents, free of charge, to any person on request between the date of issue of this Prospectus and the Closing Date:
- (i) the annual financial report most recently lodged by the Company with the ASIC;
 - (ii) any half-year financial report lodged by the Company with the ASIC after the lodgement of the annual financial report referred to in (i) and before the lodgement of this Prospectus with the ASIC; and
 - (iii) any continuous disclosure documents given by the Company to ASX in accordance with the ASX Listing Rules as referred to in section 674(1) of the Corporations Act after the lodgement of the annual financial report referred to in (i) and before the lodgement of this Prospectus with the ASIC.

Copies of all documents lodged with the ASIC in relation to the Company can be inspected at the registered office of the Company during normal office hours.

Details of documents lodged by the Company with ASX since the date of lodgement of the Company's latest annual financial report and before the lodgement of this Prospectus with the ASIC are set out in the table below.

Date	Description of Announcement
18 November 2016	Board changes, Appendix 3X, Appendix 3Y
17 November 2016	Annual Report 2016

ASX maintains files containing publicly available information for all listed companies. The Company's file is available for inspection at ASX during normal office hours.

The announcements are also available through the Company's website <http://www.atcalloys.com/>

8.3 Material contracts - Underwriting Agreement

The following are summaries of the significant terms of the material agreements which relate to the business of the Company and the Offer:

(a) **Underwriting Agreement**

By an agreement between the Underwriter and the Company (**Underwriting Agreement**), the Underwriter agreed to conditionally fully underwrite the Offer for 164,547,538 Shares (**Underwritten Securities**).

The material terms of the Underwriting Agreement are summarised below.

Fees: Pursuant to the Underwriting Agreement, the Company has agreed to pay to the Underwriter an underwriting and management fee of 6% of the total value of the Underwritten Securities. Subject, to obtaining shareholder approval if required, the Company and the Underwriter may agree for the Company to pay the underwriting fee in Shares to parties as nominated by the Underwriter at a deemed issue price of \$0.01. Subject to agreements with sub-underwriters, the Underwriter may pass

on a fee, in either Shares or cash, to sub-underwriters however this will be limited so that no person or entity (including the Underwriter) will increase their holding in the Company to an amount in excess of 19.99% of all the Shares on issue as a result of the underwriting fee.

Underwriter's right to terminate: The obligation of the Underwriter to underwrite the Offer is subject to certain events of termination. The Underwriter may terminate its obligations under the Underwriting Agreement if:

- (i) **(Indices fall):** any of the S&P/ASX 200 Index or the S&P/ASX 300 Metals and Mining Index as published by ASX is at any time after the date of the Underwriting Agreement up until the Closing Date, 10% or more below its respective level as at the close of trading on the Business Day prior to the date of the Underwriting Agreement; or
- (ii) **(Prospectus):** the Company does not lodge the Prospectus on 18 December 2016 or the Prospectus or the Offer is withdrawn by the Company; or
- (iii) **(No Official Quotation):** Official Quotation of the Shares issued under the Offer (**Rights Shares**) has not been granted by the deadline for providing notice to the Underwriter of any shortfall under the Offer (**Shortfall Notice Deadline Date**) or a later date as agreed between the parties or having been granted, is subsequently withdrawn, withheld or qualified; or
- (iv) **(Supplementary prospectus):**
 - (A) the Underwriter, having elected not to exercise its right to terminate its obligations under the Underwriting Agreement as a result of an occurrence as described in Section 8.3(a)(xv)(G), forms the view on reasonable grounds that a supplementary or replacement prospectus should be lodged with ASIC for any of the reasons referred to in section 719 of the Corporations Act and the Company fails to lodge a supplementary or replacement prospectus in such form and content and within such time as the Underwriter may reasonably require; or
 - (B) the Company lodges a supplementary or replacement prospectus without the prior written agreement of the Underwriter; or
- (v) **(Noncompliance with disclosure requirements):** it transpires that the Prospectus does not contain all the information that investors and their professional advisers would reasonably require to make an informed assessment of:
 - (A) the effect of the Offer on the Company; and
 - (B) the rights and liabilities attaching to the Rights Shares; or
- (vi) **(Misleading Prospectus):** it transpires that there is a statement in the Prospectus that is misleading or deceptive or likely to mislead or deceive, or that there is an omission from the Prospectus

(having regard to the provisions of sections 711, 713 and 716 of the Corporations Act) or if any statement in the Prospectus becomes or misleading or deceptive or likely to mislead or deceive or if the issue of the Prospectus is or becomes misleading or deceptive or likely to mislead or deceive; or

- (vii) **(Restriction on allotment):** the Company is prevented from allotting the Rights Shares within the time required by the Underwriting Agreement, the Corporations Act, the Listing Rules, any statute, regulation or order of a court of competent jurisdiction by ASIC, ASX or any court of competent jurisdiction or any governmental or semi-governmental agency or authority; or
- (viii) **(Withdrawal of consent to Prospectus):** any person (other than the Underwriter) who has previously consented to the inclusion of its, his or her name in the Prospectus or to be named in the Prospectus, withdraws that consent; or
- (ix) **(ASIC application):** an application is made by ASIC for an order under any provision of the Corporations Act in relation to the Prospectus, the Shortfall Notice Deadline Date has arrived, and that application has not been dismissed or withdrawn; or
- (x) **(ASIC hearing):** ASIC gives notice of its intention to hold a hearing under section 739 of the Corporations Act in relation to the Prospectus to determine if it should make a stop order in relation to the Prospectus or the ASIC makes an interim or final stop order in relation to the Prospectus under section 739 of the Corporations Act; or
- (xi) **(Takeovers Panel):** the Takeovers Panel makes a declaration that circumstances in relation to the affairs of the Company are unacceptable circumstances under Pt 6.10 of the Corporations Act, or an application for such a declaration is made to the Takeovers Panel; or
- (xii) **(Authorisation):** any authorisation which is material to anything referred to in the Prospectus is repealed, revoked or terminated or expires, or is modified or amended in a manner unacceptable to the Underwriter; or
- (xiii) **(Indictable offence):** a director or senior manager of the Company or any of its subsidiaries (**Relevant Company**) is charged with an indictable offence; or
- (xiv) **(Removal)** The Company is removed from the Official List; or
- (xv) **(Termination Events):** subject always to clause 13.2, any of the following events occurs:
 - (A) **(Hostilities):** there is an outbreak of hostilities or a material escalation of hostilities (whether or not war has been declared) after the date of the Underwriting Agreement involving one or more Australia, Vietnam, China, the United States of America, any member of the European Union, Japan, New Zealand or Indonesia, or a terrorist act is perpetrated on any of those countries or any diplomatic, military, commercial or political

establishment of any of those countries anywhere in the world; or

- (B) **(Default):** default or breach by the Company under the Underwriting Agreement of any terms, condition, covenant or undertaking; or
- (C) **(Incorrect or untrue representation):** any representation, warranty or undertaking given by the Company in the Underwriting Agreement is or becomes untrue or incorrect; or
- (D) **(Contravention of constitution or Act):** a contravention by a Relevant Company of any provision of its constitution, the Corporations Act, the Listing Rules or any other applicable legislation or any policy or requirement of ASIC or ASX; or
- (E) **(Adverse change):** an event occurs which gives rise to a material adverse effect or any adverse change or any development including a prospective adverse change after the date of the Underwriting Agreement in the assets, liabilities, financial position, trading results, profits, forecasts, losses, prospects, business or operations of any Relevant Company including, without limitation, if any forecast in the Prospectus becomes incapable of being met or in the Underwriter's reasonable opinion, unlikely to be met in the projected time; or
- (F) **(Error in Due Diligence Results):** it transpires that any of the due diligence results or any part of the verification material was false, misleading or deceptive or that there was an omission from them; or
- (G) **(Significant change):** a "new circumstance" as referred to in section 719(1) of the Corporations Act arises that is materially adverse from the point of view of an investor; or
- (H) **(Public Statements):** without the prior approval of the Underwriter a public statement is made by the Company in relation to the Offer or the Prospectus except as required by law or the Listing Rules; or
- (I) **(Misleading information):** any information supplied at any time by the Company or any person on its behalf to the Underwriter in respect of any aspect of the Offer or the Issue or the affairs of any relevant Company is or becomes misleading or deceptive or likely to mislead or deceive; or
- (J) **(Official Quotation qualified):** the Official Quotation of the Rights Shares is qualified or conditional other than as set out in the definition of "Official Quotation" at the Shortfall Deadline Date or a later date as agreed between the parties; or

- (K) **(Change in Act or policy):** there is introduced, or there is a public announcement of a proposal to introduce, into the Parliament of Australia or any of its States or Territories any Act or prospective Act or budget or the Reserve Bank of Australia or any Commonwealth or State authority adopts or announces a proposal to adopt any new, or any major change in, existing, monetary, taxation, exchange or fiscal policy; or
- (L) **(Prescribed Occurrence):** a prescribed occurrence occurs, other than as disclosed in the Prospectus; or
- (M) **(Event of Insolvency):** an event of insolvency occurs in respect of a Relevant Company; or
- (N) **(Judgment against a Relevant Company):** a judgment in an amount exceeding \$50,000 is obtained against a Relevant Company and is not set aside or satisfied within 7 days; or
- (O) **(Litigation):** litigation, arbitration, administrative or industrial proceedings are after the date of the Underwriting Agreement commenced or threatened against any Relevant Company, other than any claims foreshadowed in the Prospectus; or
- (P) **(Board and Senior Management composition):** there is a change in the composition of the Board or a change in the senior management of the Company before completion of the Offer without the prior written consent of the Underwriter which consent is not be unreasonably withheld; or
- (Q) **(Change in shareholdings):** there is a material change in the major or controlling shareholdings of a Relevant Company or a takeover offer or scheme of arrangement pursuant to Chapter 5 or 6 of the Corporations Act is publicly announced in relation to a Relevant Company; or
- (R) **(Indicative Timetable):** the Company causes there to be a delay in any specified date in the indicative timetable which is greater than 5 Business Days; or
- (S) **(Force Majeure):** a force majeure affecting the Company's business or any obligation under the Underwriting Agreement lasting in excess of 7 days occurs; or
- (T) **(Certain resolutions passed):** a Relevant Company passes or takes any steps to pass a resolution under section 254N, section 257A or section 260B of the Corporations Act or a resolution to amend its constitution without the prior written consent of the Underwriter; or
- (U) **(Capital Structure):** any Relevant Company alters its capital structure in any manner not contemplated by the Prospectus; or

- (V) **(Breach of Material Contracts):** any contract that is material to the Company or the Offer (other than the secured loan agreement and other agreements with Siderian) is terminated or substantially modified; or
- (W) **(Investigation):** any person is appointed under any legislation in respect of companies to investigate the affairs of a Relevant Company; or
- (X) **(Market Conditions):** a suspension or material limitation in trading generally on ASX occurs or any material adverse change or disruption occurs in the existing financial markets, political or economic conditions of Australia, Vietnam, China, the United States of America, any member of the European Union, Japan, New Zealand or Indonesia or other international financial markets.

The Underwriting Agreement is otherwise made on terms considered standard for an agreement of this nature.

(b) **Forbearance Letter**

As at 30 September 2016, the Siderian Facility has a balance of approximately US\$1.812 million (plus interest and other costs that capitalise monthly) outstanding, outstanding pursuant to a loan agreement titled 'Secured Loan Agreement' (**Loan Agreement**) (**Outstanding Amount**). On 28 October 2016, the Company entered into a letter agreement with Siderian (**Forbearance Letter**) pursuant to which the parties have agreed to the terms upon which Siderian will extend the repayment obligations of the Company with respect to the Outstanding Amount.

Under the terms of the Forbearance Letter, Siderian agrees that it will forbear from issuing any notice or exercising any rights in connection with an event of default under the Loan Agreement until the earlier of 29 September 2017 or the occurrence of certain specified events (**Forbearance Period**). The specified events include:

- (i) failure to satisfy any of the Milestones (as defined below);
- (ii) failure by the Company to repay Siderian in full all of the Outstanding Amount on or before 29 September 2017;
- (iii) the occurrence of an event of insolvency in relation to the Company, ATPHK or ATPV;
- (iv) ATPHK ceases to be the sole legal and beneficial owner of the Ferrotungsten Plant or the Ferrotungsten Plant ceases to be in the possession of ATPV in its production facilities at Hai Phong;
- (v) ATPV sublets, mortgages, pledges, sells or otherwise disposes of the 80 tonnes of ferro-tungsten (FeW) owned by the Company, leased to ATPV, and used by ATPV for the purpose of lining a furnace containment vessel in Haiphong, Vietnam; or
- (vi) failure by the Company to comply with any of its respective obligations under the Forbearance Letter.

The Forbearance Letter prescribes that the Company shall be required to meet certain milestones (**Milestones**) which include:

- (i) making a payment to Siderian of the US dollar equivalent of \$1,200,000 on or before 20 December 2016 (**Initial Payment**);
- (ii) carrying out the Offer;
- (iii) the provision of consolidated monthly financial statements for the Company and its subsidiaries; and
- (iv) the Company making progress, to the satisfaction of Siderian, in its dispute with its Joint Venture partner in relation to the Ferrotungsten Plant so as to enable value realisation from the Ferrotungsten Plant.

From the date of receipt of the Initial Payment until the end of the Forbearance Period, the interest payment on the remaining balance of the Outstanding Amount shall be calculated at the reduced default rate of 12.5%, which amount will be capitalised along with professional fees incurred by Siderian.

In all other respects, the terms of the Loan Agreement and each other Transaction Document continue to be in full force and effect.

(c) **Sub-underwriting Agreement**

The Underwriter has entered into a sub-underwriting agreement pursuant to which Ochre has agreed to sub-underwrite the Underwritten Securities (**Sub-Underwriting Agreement**) on the following material terms:

- (i) Ochre has agreed to sub-underwrite \$822,737.69 (82,273,769 Shares) of the Underwritten Securities (**Sub-Underwriting Commitment**);
- (ii) the Underwriter will pay Ochre a fee of 6% of the value of the Sub-underwriting Commitment, which Ochre has agreed to receive in Shares at a deemed issue price of \$0.01 (however this will be limited up to an amount so that Ochre will not increase their holding in the Company to an amount in excess of 19.99% of all the Shares on issue); and
- (iii) the Sub-underwriting Agreement shall terminate if the Underwriters' obligations under the Underwriting Agreement cease or are terminated.

The Sub-underwriting Agreement is otherwise made on terms and conditions considered standard for an agreement of this nature.

8.4 Interests of Directors

Other than as set out in this Prospectus, no Director or proposed Director holds, or has held within the 2 years preceding lodgement of this Prospectus with the ASIC, any interest in:

- (a) the formation or promotion of the Company;

- (b) any property acquired or proposed to be acquired by the Company in connection with:
- (i) its formation or promotion; or
 - (ii) the Offer; or
- (c) the Offer,
- and no amounts have been paid or agreed to be paid and no benefits have been given or agreed to be given to a Director or proposed Director:
- (d) as an inducement to become, or to qualify as, a Director; or
- (e) for services provided in connection with:
- (i) the formation or promotion of the Company; or
 - (ii) the Offer.

Remuneration

The remuneration of an executive Director is decided by the Board, without the affected executive Director participating in that decision-making process. The total maximum remuneration of non-executive Directors is initially set by the Constitution and subsequent variation is by ordinary resolution of Shareholders in general meeting in accordance with the Constitution, the Corporations Act and the ASX Listing Rules, as applicable. The determination of non-executive Directors' remuneration within that maximum will be made by the Board having regard to the inputs and value to the Company of the respective contributions by each non-executive Director. The Company's current maximum is \$300,000 per year.

A Director may be paid fees or other amounts (ie non-cash performance incentives such as Options, subject to any necessary Shareholder approval) as the other Directors determine where a Director performs special duties or otherwise performs services outside the scope of the ordinary duties of a Director. In addition, Directors are also entitled to be paid reasonable travelling, hotel and other expenses incurred by them respectively in or about the performance of their duties as Directors.

The following table shows the total (and proposed) annual remuneration paid to both the executive and non-executive directors.

Director	Financial year ended 30 June 2016	Current financial year ending 30 June 2017
Current directors		
Patrick Burke	\$120,000	\$120,000
Michael Bourne ¹	\$43,000	\$120,000
Nathan Featherby ²	Nil	\$40,000
Past directors		
Carol New ³	\$2,000	\$120,000
Mark Warren ⁴	\$308,758	Nil
John Arbuckle ⁵	\$75,000	Nil

John Chegwiddden ⁶	\$30,000	Nil
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Notes:

1. Michael Bourne was appointed as a director on 31 March 2016.
2. Nathan Featherby was appointed as a director on 18 November 2016.
3. Carol New was appointed as a director on 24 June 2016 and resigned on 18 November 2016, however will remain in her role as company secretary and CFO.
4. Mark Warren resigned as a director on 24 June 2016.
5. John Arbuckle resigned as a director on 31 March 2016.
6. John Chegwiddden resigned as a director on 16 December 2015.

Mr Nathan Featherby is the Executive Chairman of Ochre Group Holdings Limited and also serves as its Chief Executive Officer. Although Ochre Group Holdings Limited is the holding Company of Ochre Pilbara Corporation Pty Ltd (the sub-underwriter to the Offer) Mr Featherby has advised that he does not control Ochre for the purposes of the Corporations Act and therefore Ochre and Mr Featherby and Ochre and the Company are not related parties.

8.5 Agreements with Directors and Related Parties

The Company's policy in respect of related party arrangements is:

- (a) a Director with a material personal interest in a matter is required to give notice to the other Directors before such a matter is considered by the Board; and
- (b) for the Board to consider such a matter, the Director who has a material personal interest is not present while the matter is being considered at the meeting and does not vote on the matter.

8.6 Interests of experts and advisers

Other than as set out below or elsewhere in this Prospectus, no:

- (a) person named in this Prospectus as performing a function in a professional, advisory or other capacity in connection with the preparation or distribution of this Prospectus;
- (b) promoter of the Company; or
- (c) underwriter (but not a sub-underwriter) to the issue or a financial services licensee named in this Prospectus as a financial services licensee involved in the issue,

holds, or has held within the 2 years preceding lodgement of this Prospectus with the ASIC, any interest in:

- (d) the formation or promotion of the Company;
- (e) any property acquired or proposed to be acquired by the Company in connection with:
 - (i) its formation or promotion; or
 - (ii) the Offer; or

(f) the Offer,

and no amounts have been paid or agreed to be paid and no benefits have been given or agreed to be given to any of these persons for services provided in connection with:

(g) the formation or promotion of the Company; or

(h) the Offer.

Somers and Partners will be paid gross underwriting and management fees of \$98,729 in respect of the Offer. During the 24 months preceding lodgement of this Prospectus with the ASIC, Somers and Partners has been paid fees totalling \$501,684 (excluding GST and disbursements) in the form of either cash, Shares or Convertible Notes for corporate advisory services provided to the Company.

Steinepreis Paganin has acted as the solicitors to the Company in relation to the Offer. The Company estimates it will pay Steinepreis Paganin \$15,000 (excluding GST and disbursements) for these services. During the 24 months preceding lodgement of this Prospectus with the ASIC, Steinepreis Paganin has been paid fees totalling \$134,114 (excluding GST and disbursements) (and has an outstanding amount of \$109,145 still to be paid) for legal services provided to the Company not in relation to the Offer.

Ochre Pilbara Corporation Pty Ltd will be paid a sub-underwriting fee of up to \$49,224 in cash or 4,936,426 in Shares by the Underwriter in respect of this Offer.

8.7 Consents

Chapter 6D of the Corporations Act imposes a liability regime on the Company (as the offeror of the Securities), the Directors, the persons named in the Prospectus with their consent as Proposed Directors, any underwriters, persons named in the Prospectus with their consent having made a statement in the Prospectus and persons involved in a contravention in relation to the Prospectus, with regard to misleading and deceptive statements made in the Prospectus. Although the Company bears primary responsibility for the Prospectus, the other parties involved in the preparation of the Prospectus can also be responsible for certain statements made in it.

Each of the parties referred to in this Section:

- (a) does not make, or purport to make, any statement in this Prospectus other than those referred to in this Section; and
- (b) in light of the above, only to the maximum extent permitted by law, expressly disclaim and take no responsibility for any part of this Prospectus other than a reference to its name and a statement included in this Prospectus with the consent of that party as specified in this Section.

Somers and Partners has given its written consent to being named as Underwriter to the Offer in this Prospectus, in the form and context in which it is named and to the inclusion of his intentions as set out in Section 3.7 in this Prospectus, in the form and context in which they appear. Somers and Partners has not withdrawn its consent prior to the lodgement of this Prospectus with the ASIC.

Somers and Partners (including its related entities) is a Shareholder of the Company and currently holds in 7,671,896 Shares (relevant interest of 6.81%) (and also holds Convertible Notes at a value of \$150,000 convertible at a price of \$0.05,

Convertible Notes at a value of \$50,000 convertible at a price of \$0.0326 and Convertible Notes at a value of \$50,000 convertible at a price of \$0.025). Somers and Partners has not made an indication in respect of its current intention in respect of its Entitlement under the Offer. Somers and Partners has confirmed, in accordance with the terms of the Underwriting Agreement that it will not, through participation in underwriting of (or otherwise connected with) the Offer, increase its holding to a relevant interest in excess of 19.9% of all the Shares on issue on completion of the Offer.

Bentleys has given its written consent to being named as the auditor of the Company in this Prospectus and the inclusion of the 30 June 2016 audited balance sheet of the Company as extracted from the Company's 30 June 2016 Annual Report in Section 5.3. Bentleys has not withdrawn its consent prior to the lodgement of this Prospectus with the ASIC.

Ochre Pilbara Corporation Pty Ltd has given its written consent to being named as sub-underwriter to the Offer in this Prospectus and to the inclusion of his intentions as set out in Section 0 in this Prospectus, in the form and context in which they appear. Ochre Pilbara Corporation Pty Ltd has not withdrawn its consent prior to the lodgement of this Prospectus with the ASIC.

Ochre Pilbara Corporation Pty Ltd is not currently a Shareholder of the Company, however has a relevant interest in 43,063 Shares (and a face value of \$50,000 in Convertible Notes currently convertible at \$0.0326) held by entities associated with Ochre Pilbara Corporation Pty Ltd. Ochre Pilbara Corporation Pty Ltd has indicated that it is its (and associated entities) intention to subscribe for its full Entitlement under the Offer in respect of all of the Shares and Convertible Notes in which it has a relevant interest.

Steinepreis Paganin has given its written consent to being named as the solicitors to the Company in this Prospectus. Steinepreis Paganin has not withdrawn its consent prior to the lodgement of this Prospectus with the ASIC.

8.8 Expenses of the offer

In the event that all Entitlements are accepted, the total expenses of the Offer are estimated to be approximately \$130,829(excluding GST) and are expected to be applied towards the items set out in the table below:

ASIC fees	\$2,350
ASX fees	\$7,030
Underwriting Fees (6%)	\$98,729*
Legal fees	\$15,000
Printing and distribution	\$7,720
Total	\$130,829

*Notes

This assumes that the full Underwriting Fee is paid in cash. The Company may, subject to Shareholder approval if necessary, pay the Underwriting Fee in Shares in the Company at the Offer price. The Company confirm that the fee will not be paid in Shares to either the Underwriter or Ochre where the issue of Shares would result in their respective interests going above 19.99%.

8.9 Electronic prospectus

If you have received this Prospectus as an electronic Prospectus, please ensure that you have received the entire Prospectus accompanied by the Application

Forms. If you have not, please phone the Company on +61 8 9320 5220 and the Company will send you, for free, either a hard copy or a further electronic copy of the Prospectus, or both. Alternatively, you may obtain a copy of this Prospectus from the Company's website at <http://www.atcalloys.com>.

The Company reserves the right not to accept an Application Form from a person if it has reason to believe that when that person was given access to the electronic Application Form, it was not provided together with the electronic Prospectus and any relevant supplementary or replacement prospectus or any of those documents were incomplete or altered.

8.10 Financial forecasts

The Directors have considered the matters set out in ASIC Regulatory Guide 170 and believe that they do not have a reasonable basis to forecast future earnings on the basis that the operations of the Company are inherently uncertain. Accordingly, any forecast or projection information would contain such a broad range of potential outcomes and possibilities that it is not possible to prepare a reliable best estimate forecast or projection.

8.11 Clearing House Electronic Sub-Register System (CHES) and Issuer Sponsorship

The Company will not be issuing Share certificates. The Company is a participant in CHES, for those investors who have, or wish to have, a sponsoring stockbroker. Investors who do not wish to participate through CHES will be issuer sponsored by the Company. Because the sub-registers are electronic, ownership of securities can be transferred without having to rely upon paper documentation.

Electronic registers mean that the Company will not be issuing certificates to investors. Instead, investors will be provided with a statement (similar to a bank account statement) that sets out the number of Shares issued to them under this Prospectus. The notice will also advise holders of their Holder Identification Number or Security Holder Reference Number and explain, for future reference, the sale and purchase procedures under CHES and issuer sponsorship.

Further monthly statements will be provided to holders if there have been any changes in their security holding in the Company during the preceding month.

8.12 Privacy Act

If you complete an application for Shares, you will be providing personal information to the Company (directly or by the Company's share registry). The Company collects, holds and will use that information to assess your application, service your needs as a holder of equity securities in the Company, facilitate distribution payments and corporate communications to you as a Shareholder and carry out administration.

The information may also be used from time to time and disclosed to persons inspecting the register, bidders for your securities in the context of takeovers, regulatory bodies, including the Australian Taxation Office, authorised securities brokers, print service providers, mail houses and the Company's share registry.

You can access, correct and update the personal information that we hold about you. Please contact the Company or its share registry if you wish to do so at the relevant contact numbers set out in this Prospectus.

Collection, maintenance and disclosure of certain personal information is governed by legislation including the Privacy Act 1988 (Cth) (as amended), the

Corporations Act and certain rules such as the ASX Settlement Operating Rules. You should note that if you do not provide the information required on the application for Shares, the Company may not be able to accept or process your application.

9. DIRECTORS' AUTHORISATION

This Prospectus is issued by the Company and its issue has been authorised by a resolution of the Directors.

In accordance with section 720 of the Corporations Act, each Director has consented to the lodgement of this Prospectus with the ASIC.

Patrick Burke
Chairman
For and on behalf of
ATC ALLOYS LTD

10. GLOSSARY

\$ means the lawful currency of the Commonwealth of Australia.

Applicant means a Shareholder who applies for Shares pursuant to the Offer or a Shareholder or other party who applies for Shortfall Shares pursuant to the Shortfall Offer.

Application means an application to subscribe for Shares under this Prospectus.

Application Form means an Entitlement and Acceptance Form or Shortfall Application Form as the context requires.

Application Monies means money submitted by Applicants in respect of Applications.

ASIC means the Australian Securities and Investments Commission.

ASX means ASX Limited (ACN 008 624 691) or the financial market operated by it as the context requires.

ASX Listing Rules means the listing rules of the ASX.

ASX Settlement Operating Rules means the settlement rules of the securities clearing house which operates CHESS.

ATPHK means Asia Tungsten Products Co Limited, a company registered in Hong Kong.

ATPV means Asia Tungsten Products Vietnam Limited, a company registered in Vietnam, a wholly owned subsidiary of ATPHK, and the owner, with ATPHK, of the Ferrotungsten Plant.

Board means the board of Directors unless the context indicates otherwise.

Business Day means Monday to Friday inclusive, except New Year's Day, Good Friday, Easter Monday, Christmas Day, Boxing Day and any other day that ASX declares is not a business day.

Closing Date means the date specified in the timetable set out at the commencement of this Prospectus (unless extended).

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

Constitution means the constitution of the Company as at the date of this Prospectus.

Convertible Notes means a convertible note issued in the capital of ATC.

Convertible Noteholders holders of Convertible Notes.

Convertible Securities means securities or loans issued by the Company which may give the holder the right to be issued Shares on valid conversion, for avoidance of doubt this includes the Convertible Notes.

Conversion Price means the price at which Convertible Notes can be converted into Shares in accordance with the terms of the relevant Convertibles Notes.

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

Directors means the directors of the Company as at the date of this Prospectus.

Eligible Shareholders means a Shareholder of the Company as at the Record Date, other than an Ineligible Shareholder.

Entitlement means the entitlement of a Shareholder who is eligible to participate in the Offer.

Entitlement and Acceptance Form means the entitlement and acceptance form either attached to or accompanying this Prospectus.

Ferrotungsten Plant means the processing facility for the production of ferrotungsten owned by the Joint Venture and located in Vin Bao Province, Vietnam.

Ineligible Shareholder means a Shareholder as at the Record Date whose registered address is not situated in Australia or New Zealand.

Joint Venture means the incorporated joint venture between the Company as 60% owner and Guangyu (George) Chen as 40% owner of ATPHK.

Offer means the non-renounceable entitlement issue the subject of this Prospectus.

Official Quotation means official quotation on ASX.

Option means an option to acquire a Share.

Prospectus means this prospectus.

Record Date means the date specified in the timetable set out at the commencement of this Prospectus.

Share means a fully paid ordinary share in the capital of the Company.

Shareholder means a holder of a Share.

Shortfall means the Shares not applied for under the Offer (if any).

Shortfall Application Form means the shortfall application form either attached to or accompanying this Prospectus.

Shortfall Offer means the offer of the Shortfall on the terms and conditions set out in section 4.7 of this Prospectus.

Shortfall Shares means those Shares issued pursuant to the Shortfall.

Siderian Facility means the Company's \$2.45 million secured debt facility with Siderian.

Siderian means Siderian Resource Capital Limited.

Underwriter and Somers and Partners and **Somers** means Somers and Partners Pty Ltd (ACN 149 263 543).

Underwriting Agreement means the underwriting agreement entered between the Company and the Underwriter as summarised in Section 8.3.

WST means Western Standard Time as observed in Perth, Western Australia.