asxannouncement

23 December 2016

- Extension of Forbearance
- Appointment of Director

ATC Alloys Ltd (ATC or the Company) advises that it has agreed with its secured creditor, Siderian Resource Capital Limited (Siderian), to extend the current forbearance to 31 March 2017 in consideration for the payment of $500,000 against the outstanding amount of the Siderian loan to the Company (Forbearance). The Forbearance is conditional upon the matters set out in the Annexure.

The Company is pleased to advise the appointment of Saxon Ball as a Non-Executive Director of the Company. Mr Ball is currently a Non-Executive Director of Ochre Group Holdings Limited, Magnum Gas and Power and a Director of STB Projects PTY Limited an Australian Company focused on Infrastructure Installation services and Development within the natural resource sector.

The Company is working toward a resolution of its dispute with its Joint Venture partner and resuming operation of its ferro-tungsten facility and shall keep the market advised of progress in this regard.

For further information please contact:

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Annexure

The Forbearance shall cease immediately upon:

1. The Company failing to satisfy milestones related to recapitalisation during the forbearance period.

2. The Company failing to repay the outstanding balance due under the loan on or before the last day of the forbearance period.

3. The occurrence of an event of insolvency in relation to the Company or its Hong Kong or Vietnamese subsidiaries.

4. Material breaches by the Company of the loan documentation save to the extent of the operation of the Forbearance.

5. Any of the loan documentation ceasing to be in full force and effect.

6. The Company's Hong Kong subsidiary ceasing to be the sole legal and beneficial owner of the tungsten liner of the ferro-tungsten plant in Vietnam, or the Company's Vietnamese subsidiary encumbering, selling, disposing or otherwise ceasing to be in possession of the tungsten liner in situ at the ferro-tungsten plant.

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