

QUARTERLY ACTIVITIES REPORT

30 SEPTEMBER 2016

ATC Alloys Limited ('ATA' or 'the Company') is pleased to present its quarterly activities and cash flow report for the quarter ending 30 September 2016.

Operations

ATC Ferrotungsten Plant, Vietnam

During the quarter, there was no production runs conducted by the Joint Venture.

Suspension from trading

On 1 September 2016, the Company entered a voluntary suspension, and subsequently announced that a dispute had arisen between the Company and its joint venture partner, Mr Guangyu (George) Chen ('Chen'). The Company's Vietnam operations, held by Hong Kong company Asia Tungsten Products Co Limited ('ATCHK') are held 60% by the Company and 40% by Chen.

Termination of Almonty HOA

Throughout the quarter, the Company furthered discussions with Almonty Industries ('Almonty') for a recommended takeover offer for all of the issued capital in ATA at a price of 10.38 cents per share. The offer was subject to a number of conditions and termination events. Whilst the Company and Almonty made some progress towards achieving the conditions in the offer, in late-September, Almonty terminated its binding heads of agreement and the takeover offer. The termination was due to the dispute between the Company and Chen being deemed a materially adverse change in relation to ATA.

Extension of Forbearance

In July 2016, the Company announced that its secured lender, Siderian Resource Capital Limited ('Siderian') had agreed to extend the repayment date for ATA's debt facility with Siderian to 30 September 2016. As at 30 September, the total amount outstanding to Siderian was US\$1,812,128.52.

By Order of the Board

ATC Alloys Limited

Appendix 5B

Mining exploration entity and oil and gas exploration entity quarterly report

Introduced 01/07/96 Origin Appendix 8 Amended 01/07/97, 01/07/98, 30/09/01, 01/06/10, 17/12/10, 01/05/13, 01/09/16

Name of entity

ATC Alloys Limited

ABN

88 118 738 999

Quarter ended ("current quarter")

30 September 2016

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (3 months) \$A'000
1. Cash flows from operating activities		
1.1 Receipts from customers	892	892
1.2 Payments for		
(a) exploration & evaluation	-	-
(b) development	-	-
(c) production	(921)	(921)
(d) staff costs	(61)	(61)
(e) administration and corporate costs	(372)	(372)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	-	-
1.5 Interest and other costs of finance paid	(297)	(297)
1.6 Income taxes paid	-	-
1.7 Research and development refunds	-	-
1.8 Other (provide details if material)	-	-
1.9 Net cash from / (used in) operating activities	(759)	(759)

2. Cash flows from investing activities		
2.1 Payments to acquire:		
(a) property, plant and equipment	-	-
(b) tenements (see item 10)	-	-
(c) investments	-	-
(d) other non-current assets	-	-

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (3 months) \$A'000
2.2	Proceeds from the disposal of:		
	(a) property, plant and equipment	-	-
	(b) tenements (see item 10)	-	-
	(c) investments	-	-
	(d) other non-current assets	-	-
2.3	Cash flows from loans to other entities	-	-
2.4	Dividends received (see note 3)	-	-
2.5	Other (provide details if material)	-	-
2.6	Net cash from / (used in) investing activities	-	-

3.	Cash flows from financing activities		
3.1	Proceeds from issues of shares	-	-
3.2	Proceeds from issue of convertible notes	50	50
3.3	Proceeds from exercise of share options	-	-
3.4	Transaction costs related to issues of shares, convertible notes or options	-	-
3.5	Proceeds from borrowings	556	556
3.6	Repayment of borrowings	-	-
3.7	Transaction costs related to loans and borrowings	-	-
3.8	Dividends paid	-	-
3.9	Other (provide details if material)	-	-
3.10	Net cash from / (used in) financing activities	606	606

4.	Net increase / (decrease) in cash and cash equivalents for the period		
4.1	Cash and cash equivalents at beginning of period	213	213
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(759)	(759)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	-	-
4.4	Net cash from / (used in) financing activities (item 3.10 above)	606	606
4.5	Effect of movement in exchange rates on cash held	12	12
4.6	Cash and cash equivalents at end of period	72	72

5. Reconciliation of cash and cash equivalents at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts	Current quarter \$A'000	Previous quarter \$A'000
5.1 Bank balances	72	213
5.2 Call deposits	-	-
5.3 Bank overdrafts	-	-
5.4 Other (provide details)	-	-
5.5 Cash and cash equivalents at end of quarter (should equal item 4.6 above)	72	213

6. Payments to directors of the entity and their associates	Current quarter \$A'000
6.1 Aggregate amount of payments to these parties included in item 1.2	257
6.2 Aggregate amount of cash flow from loans to these parties included in item 2.3	Nil
6.3 Include below any explanation necessary to understand the transactions included in items 6.1 and 6.2	

Director remuneration

7. Payments to related entities of the entity and their associates	Current quarter \$A'000
7.1 Aggregate amount of payments to these parties included in item 1.2	Nil
7.2 Aggregate amount of cash flow from loans to these parties included in item 2.3	Nil
7.3 Include below any explanation necessary to understand the transactions included in items 7.1 and 7.2	

Mining exploration entity and oil and gas exploration entity quarterly report

8. Financing facilities available <i>Add notes as necessary for an understanding of the position</i>	Total facility amount at quarter end \$A'000	Amount drawn at quarter end \$A'000
8.1 Loan facilities	2,326	2,326
8.2 Credit standby arrangements	-	-
8.3 Other (please specify)	-	-
8.4 Include below a description of each facility above, including the lender, interest rate and whether it is secured or unsecured. If any additional facilities have been entered into or are proposed to be entered into after quarter end, include details of those facilities as well.		

--

9. Estimated cash outflows for next quarter	\$A'000
9.1 Exploration and evaluation	-
9.2 Development	-
9.3 Production	600
9.4 Staff costs	70
9.5 Administration and corporate costs	350
9.6 Other (provide details if material)	-
9.7 Total estimated cash outflows	1,020

10. Changes in tenements (items 2.1(b) and 2.2(b) above)	Tenement reference and location	Nature of interest	Interest at beginning of quarter	Interest at end of quarter
10.1 Interests in mining tenements and petroleum tenements lapsed, relinquished or reduced	N/A			
10.2 Interests in mining tenements and petroleum tenements acquired or increased	N/A			

Compliance statement

- 1 This statement has been prepared in accordance with accounting standards and policies which comply with Listing Rule 19.11A.
- 2 This statement gives a true and fair view of the matters disclosed.

Sign here: SIGNATURE ON FILE Date: 18 April 2017
(Company secretary)

Print name: TRENT FRANKLIN

Notes

1. The quarterly report provides a basis for informing the market how the entity's activities have been financed for the past quarter and the effect on its cash position. An entity that wishes to disclose additional information is encouraged to do so, in a note or notes included in or attached to this report.
2. If this quarterly report has been prepared in accordance with Australian Accounting Standards, the definitions in, and provisions of, AASB 6: Exploration for and Evaluation of Mineral Resources and AASB 107: Statement of Cash Flows apply to this report. If this quarterly report has been prepared in accordance with other accounting standards agreed by ASX pursuant to Listing Rule 19.11A, the corresponding equivalent standards apply to this report.
3. Dividends received may be classified either as cash flows from operating activities or cash flows from investing activities, depending on the accounting policy of the entity.