ATC ALLOYS LIMITED

AND ITS CONTROLLED ENTITIES

ANNUAL REPORT

30 JUNE 2017

ATC Alloys Ltd
ABN 88 118 738 999
ASX ATA

Address
Level 11, 52 Phillip Street, Sydney NSW 2000
GPO Box 225, Sydney NSW 2001

Telephone +61-2 8316 3993
Facsimile +61-2 8316 3999
Email info@atcalloys.com

CONTENTS

Corporate Information

ACN 118 738 999

ASX Code: ATA

Directors

Mr Patrick Burke (Chairman)
Mr Nathan Featherby (Non-Executive Director) appointed 18 November 2016
Mr Saxon Ball (Non-Executive Director) appointed 23 December 2016
Mr Nicholas Halliday (Non-Executive Director) appointed 10 March 2017
Mr Michael Bourne (Executive Director) resigned 16 December 2016
Ms Carol New (Executive Director) resigned 18 November 2016

Company Secretary

Mr Trent Franklin appointed 1 February 2017
Ms Carol New resigned 1 February 2017

Registered Office

Level 11, 52 Phillip Street
Sydney NSW 2000
Telephone: (02) 8316 3993
Facsimile: (02) 8316 3999
Email: info@atcalloys.com

Share Registry

Computershare Investor Services Pty Limited
Level 11, 172 St George's Terrace
Perth WA 6000

Telephone (Australia): 1300 850 505
Telephone (overseas): +61 3 9415 4000

Auditors

Crowe Horwath Sydney
Level 15
1 O'Connell Street
Sydney NSW 2000

Website
www.atcalloys.com

Directors' Report

The directors of ATC Alloys Ltd (**ATC** or **Company**) present their report, together with the financial statements of the Consolidated Entity for the financial year ended 30 June 2017. The Consolidated Entity comprises ATC Alloys Ltd and BigHill Resources Limited. The consolidated financial report has deconsolidated Asia Tungsten Products Co. Limited (**ATCHK**) and ATCHK's subsidiary Asia Tungsten Products Vietnam Limited (**ATCV**) during the year.

Directors

The names of the directors of the Company during or since the end of the financial year are:

- Mr Patrick Burke (Chairman)
- Mr Nathan Featherby (Non-Executive Director) appointed 18 November 2016
- Mr Saxon Ball (Non-Executive Director) appointed 23 December 2016
- Mr Nicholas Halliday (Non-Executive Director) appointed 10 March 2017
- Mr Michael Bourne (Executive Director) resigned 16 December 2016
- Ms Carol New (Executive Director) resigned 18 November 2016

Board

Mr Patrick Burke LLB – Executive Chairman

Patrick Burke, a Solicitor, joined the board in September 2014 in a non-executive capacity and was appointed as Executive Chairman on 31 March 2016. Mr Burke holds a Bachelor of Law degree from the University of Western Australia and has extensive legal, commercial and corporate advisory experience for ASX listed companies.

Directorships of other listed companies in last 3 years for Patrick Burke are as follows:

Company	Period of directorship
Meteoric Resources Limited	4 December 2017 – to date
Tando Resources Limited	6 July 2017 - to date
Bligh Resources Limited	5 December 2016 – to date
Triton Minerals Limited	Appointed 22 July 2016 – to date
Westwater Resources, Inc.	Appointed 16 March 2016 - to date
Pan Pacific Petroleum NL	Appointed 26 November 2016 – 20 November 2017
Shareroot Limited	Appointed 26 June 2009 – 12 January 2016
Anatolia Energy Limited	Appointed 21 July 2014 – 10 November 2015
xTV Networks Limited	Appointed 8 September 2014 – 2 February 2015

Mr Nathan Featherby BCom – Non-Executive Director

Nathan Featherby was appointed as a non-executive director in November of 2016. Mr Featherby has a Bachelor of Commerce from Curtin University, and has spent most of his career in stockbroking and merchant banking, with a focus on small-to-medium mining and exploration companies. Mr Featherby is also a director of Ochre Group Holdings Limited and Magnum Gas and Power Limited.

Directorships of other listed companies in last 3 years for Nathan Featherby are as follows:

Company	Period of directorship
Ochre Group Holdings Limited	Appointed 15 March 2011 – to date
Magnum Gas and Power Limited	Appointed 29 September 2016 - to date
Silver Mines Limited	Appointed 23 October 2014 – 26 August 2016
Ascot Resources Limited (delisted in 2015)	Appointed 22 October 2014 – to date
Clancy Exploration Limited	Appointed 22 October 2014 – 7 July 2016

Mr Saxon Ball – Non-Executive Director

Saxon Ball was appointed as a non-executive director of the Company in December 2016. Mr Ball is a current non-executive director of Ochre Group Holdings Limited, Magnum Gas and Power Limited and a director of STB Projects Pty Ltd, an Australian private company focused on infrastructure installation services and development within the natural resources sector. His previous experience includes a non-executive directorship of Silver Mines Limited.

Directorships of other listed companies in last 3 years for Saxon Ball are as follows:

Company	Period of directorship
Magnum Gas and Power	Appointed 3 November 2016 - 30 November 2017
Ochre Group Holdings Limited	Appointed 22 July 2016 – to date
Silver Mines Limited	Appointed 7 April 2016 – 20 June 2016

Mr Nicholas Halliday – Non-Executive Director

Nicholas Halliday was appointed as a non-executive director in March 2017. Nicholas Halliday has a bachelor of Management and a Masters in Commerce from the University of Sydney, with a background in financial services and advisory. He is a director of listed company Magnum Gas & Power Limited Limited and has substantial experience in business development, risk management and finance, working with multiple listed resource companies in these capacities. The Board believes he will be integral to the Company in implementing future development strategies.

Directorships of other listed companies in last 3 years for Nicholas Halliday are as follows:

Company	Period of directorship
Magnum Gas and Power Limited	Appointed 19 December 2016 - to date

During the financial year, Mr Michael Bourne and Ms Carol New resigned from their positions on the Board.

Company Secretary

Trent Franklin – appointed 1 February 2017

Trent Franklin holds qualifications in Finance Risk Management, and has a Bachelor of Science (geology/Geophysics) from the University of Sydney. Trent is also a Graduate of the Australian Institute of Company Directors. He currently serves on the board of listed company Gateway Mining Limited, and has previously served as a director of the Australian Olympic Committee.

Ms Carol New resigned as the Company Secretary on 1 February 2017.

Directors' Report Continued

Directors Meetings

The number of Directors meetings held and the number of meetings attended by each director during the period were as follows:

	Number of meetings eligible to attend	Number of director meetings attended
Mr Patrick Burke	10	10
Mr Nathan Featherby	5	5
Mr Saxon Ball	5	4
Mr Nicholas Halliday	3	3
Mr Michael Bourne	5	5
Ms Carol New	5	5

Interests in shares and options of the Company

As at the date of this report, the interests of the directors, either directly or indirectly, in the shares of ATC were;

	Convertible Notes $	**Ordinary Shares**	**Options**
Mr Patrick Burke	25,000	541,231	-
Mr Nathan Featherby	135,000[1]	381,781[1]	-
Mr Saxon Ball	135,000[2]	499,861[2]	-
Mr Nicholas Halliday	-	-	-

1. Mr Featherby is a director of Ochre Capital Management Pty Limited, which holds 312,781 Shares and two Convertible Notes with face value of $25,000 convertible at the lower of $0.05 or the lowest issue price prior to the maturity date, and one convertible note with a face value of $85,000 which is convertible at $0.01 per share. Mr Featherby also personally holds 69,000 Shares.
2. Mr Ball is a director of Ochre Capital Management Pty Limited, which holds 312,781 Shares and two Convertible Notes with face value of $25,000 convertible at the lower of $0.05 or the lowest issue price prior to the maturity date, and one convertible note with a face value of $85,000 which is convertible at $0.01 per share. Mr Ball is also a beneficiary of Balmoral Dreams Pty Limited ATF Chestnut Ventures Super Fund, which holds 47,080 Shares. Mr Ball is also a director of STB Projects Pty Limited which holds 20,000 Shares. A related party of Mr Ball, Ms Michelle Ball also holds 120,000 Shares.

Principal Activities

The principal activity of the Consolidated Entity has been involvement in the production of ferrotungsten in Vietnam. As advised during the previous financial year the group made the decision to suspend production runs conducted by the joint venture. This arose from a dispute over the management of the plant.

The dispute is ongoing with the matter to be resolved either through negotiation or court proceedings. A review of the activities has required the directors to assess whether they had control of ATCHK and/or ATCV for accounting purposes. After careful analysis it was deemed that for accounting purposes, the Company cannot demonstrate control of either ATCHK or ATCV from the start of the financial year. Therefore a decision was made to deconsolidate those two subsidiaries. The Company still holds 60%, the net fair value of those subsidiaries, but on deconsolidation recognised this holding as having nil value.

Currently, the Company is in the process of seeking to resolve the dispute which may result in regaining control for accounting purposes and unlocking the potential value that still remains with the Company's shareholding in those subsidiaries.

Change of management

The Company underwent a change of management during the year, including the appointment of Mr Nathan Featherby, Mr Saxon Ball and Mr Nicholas Halliday as directors of the Company and the appointment and resignation of Ms Carol New as a director and company secretary, and the resignation of Mr Michael Bourne. Additionally, Mr Trent Franklin was appointed as Company Secretary.

Almonty Industries

As jointly announced on 31 May 2016, the Company and Almonty Industries, Inc. (**Almonty**) entered into a binding Heads of Agreement pursuant to which Almonty agreed to make a recommended off-market takeover offer under the Corporations Act 2001 (Cth) for all of the issued, and to be issued, shares of ATC. Under the offer, ATC shareholders were to receive one new Almonty share for every 10.38 ATC shares held.

On 27 July 2016, a new takeover offer for the Company by Almonty was announced (**New Offer**). The New Offer was on substantially the same terms as the original offer save that it would no longer involve a secondary listing by Almonty on the ASX.

However, on 23 September 2016 the Company announced that it had received notice from Almonty that it had terminated the binding Heads of Agreement pursuant to which Almonty had conditionally agreed to make the New Offer. The termination was due to the dispute between the Company and Guangyu (George) Chen (the controller of 40% of the shares in ATCHK) being deemed a materially adverse change in relation to the Company.

Almonty Promissory Notes

On 1 August 2016, Almonty provided $150,000 to the Company in short term loans repayable on the earlier of 12 months from the date of provision of the funds or the date which the Company and Almonty complete a business combination. On 23 August 2016, a further $250,000 was provided to the Company on the same terms as the original $150,000. Interest is accrued at the rate of 5% per annum.

Convertible Note Interest Settlement

On 12 July 2016, 6,107,928 ordinary shares were issued to Convertible Noteholders in lieu of interest due on Convertible Notes as at 30 June 2016.

On 16 January 2017, 10,090,309 ordinary shares were issued to Convertible Noteholders in lieu of interest due on Convertible Notes as at 31 December 2016.

These share issue were disclosed in Appendix 3B; that were lodged with ASX on 12 July 2016 and 16 January 2017 (respectively).

Siderian Resource Capital Limited Forbearance

As announced to the market on 1 July 2016, Siderian Resource Capital Limited (**Siderian**) agreed to extend the forbearance period of the secured loan to ATC to 30 September 2016.

On 17 October 2016, the Company received notice from Siderian, that the forbearance had ceased and that monies outstanding under the loan arrangements, in the amount of US$1,812,128.52, were payable by 21 October 2016, failing which an event of default would occur, thereby entitling Siderian to commence enforcement proceedings.

The Company and Siderian engaged in negotiations throughout the November and December, 2016, and as a result, Siderian extended its forbearance period to 31 March 2017, in consideration for the Company making a payment of A$500,000 against the outstanding monies. On 7 April 2017, the Company announced that it finalised an agreement to further extend the forbearance under its loan arrangements with Siderian to 31 January 2018.

Regarding current repayment terms, please refer to subsequent events on page 10 and note 22 on page 45.

Capital Raising

On 18 November 2016, the Company announced an underwritten entitlements issue and issued a prospectus to shareholders. However, the underwriter to the entitlements issue terminated the underwriting agreement on the basis that the quotation of the shares to be issued had not been obtained by the applicable deadline. Accordingly, on 19 December 2016 the Company cancelled that entitlements issue.

Joint Venture

As previously announced, the Company raised concerns in relation to its ATC Ferro-Tungsten Joint Venture in Vietnam (**Joint Venture**) with its 40% joint venture partner, Mr Guangyu (George) Chen (**Chen**). The Company raised particular concerns in relation to the operation and performance of the ferrotungsten operation, the amount of "off-spec" ferrotungsten produced and various related party transactions. As a result, the Company ceased production pending a full review of operations.

On 23 September 2016, the Company announced following a review of the operation and performance of its Joint Venture under the control and administration of Chen that it had sought to remove Chen from all offices held in the Joint Venture and as operator (**Removal Action**). Chen disputed the Removal Action and attempts to enforce compliance in Vietnam in September 2016 were unsuccessful with Chen who at that time denied access to the ATC Ferro-tungsten Plant in Vietnam to ATC representatives accompanied by Vietnamese officials seeking to enforce the Removal Actions.

On 18 January 2017, the Company announced that it had entered into a Heads of Agreement (**HOA**) to end its dispute with Chen. Under the terms of the HOA, it was proposed that Chen would acquire an additional 35% of the Joint Venture from the Company for consideration comprising of US$2,000,000 together with forgiveness of all loans owed by the Joint Venture to Mr Chen and all fees and other debts owed by the Joint Venture to Chen (**Sale Transaction**). It was intended that upon settlement Chen would hold a 75% interest in the Joint Venture and the Company would hold a 25% interest in the Joint Venture.

Accordingly, on 20 April 2017 at an extraordinary general meeting the Shareholders of the Company approved the proposed sale of 35% of the Company's shareholding ATCHK in order to allow Chen to acquire an additional 35% of ATCHK.

On 30 June 2017, the Company announced it had received notice from Chen that settlement of the Sale Transaction would be delayed. Please refer to subsequent events on page 9 and 10 and note 22 on page 45.

Review and Results of Operations

The operating loss after tax for the ended 30 June 2017 was $8,601,716 (2016: $16,605,395). The results have been impacted by, the one-off discontinued operation.

Financial Position

The net liabilities of the Consolidated Entity have decreased from $15,379,103 at 30 June 2016 to $8,324,932 at 30 June 2017. This increase is largely due to the following factors:

- Decrease in cash reserves of $211,292 due to fund the business
- Decrease in Trade and other receivables of $586,715 as a result of deconsolidation
- Decrease in other assets of $230,909 due to settlement of the debt.
- Decrease in investments of $189,756 due to fund the business
- Decrease in payables and provisions of $6,205,302 as a result of deconsolidation
- Increase in subscription deposits advanced of $720,000 due to raising funds
- Decrease in financial liabilities of $2,813,981 as a result of deconsolidation

The Consolidated Entity's working capital, being current assets less current liabilities is $(8,336,438) at 30 June 2017.

Significant Changes in the State of Affairs

During the year there were no changes in the state of affairs of the Consolidated Entity other than those referred to in Principal Activities or notes thereto.

Subsequent Events

Subsequent to year end the following material subsequent events occurred.

Joint Venture

Further to the Company's announcement on 30 June 2017, having obtained shareholder approval for the Company's proposed sale of 35% of its 75% shareholding in ATCHK, the proposed buyer and the Company's minority joint venture partner, Mr Guangyu (George) Chen (**Chen**) (**Sale Transaction**) indefinitely delayed the Sale Transaction.

Whilst the Company was looking forward to the progression and resolution of the Sale Transaction with Chen, due to Chen's unilateral refused to proceed with the Sale Transaction, the Company has been exploring other options in respect of its shareholding in ATCHK.

As the majority shareholder in ATCHK, the Company has served a disenfranchisement notice on Chen (**ATC Disenfranchisement Notice**) for, among other things, failing to:

- maintain proper and complete accounting and financial records of ATC-HK and its wholly owned Vietnamese subsidiary ATCV;
- provide to the Company reconciliations and other financial reports as required relating to ATC-HK and ATCV; and
- procure that profits were available for distribution to its shareholder.

It is alleged in the Company that each of these failures resulted in a material breach by Chen of its obligations pursuant to the joint venture agreement between Chen and the Company.

The effect of the ATC Disenfranchisement Notice was the immediate suspension of Chen's rights as a shareholder in ATC-HK. In response to the ATC Disenfranchisement Notice, Chen sought to serve a disenfranchisement notice on the Company (**Chen Disenfranchisement Notice**), in addition to a statement of claim against the Company (**Chen Statement of Claim**), seeking an order from the High Court of the Hong Kong Special Administrative Region Court of First Instance, that the ATC Disenfranchisement Notice was void and invalid and that the Chen Disenfranchisement Notice is valid and effective. The Company has engaged Hong Kong legal counsel to act on its behalf in relation to the Chen Disenfranchisement Notice and Chen Statement of Claim.

Capital Raising

As at the date of this report, the Company is well advanced in preparations for an underwritten capital raising, intended to raise up to A$3 million.

Siderian facility

Continuing discussions are being held Siderian, in relation to the repayment of the Company's debt. Under a further forbearance arrangement which is currently being finalised by the Company and Siderian, the parties have negotiated that Siderian will not issue any notice or exercise any of its rights to call on the Company's debt to it until the earlier to occur of 31 October 2018 or the occurrence of an Event of Default as defined under the forbearance arrangement.

The new forbearance arrangement (**Forbearance**) will involve the following conditions:

(a) the Company must pay to Siderian, on or before 31 January 2018, an amount in United States dollars which is the equivalent of:
   (i) A$1,000,000; plus
   (ii) 50% of the amount raised under the abovementioned Capital Raising over and above A$2,000,000
   (**Siderian Amount**).

(b) On the day after Siderian receives the Siderian Amount, the interest rate payable by the Company on its debt to Siderian will reduce to 0% for the period until 31 October 2018.

(c) Until the Company repays all of the money remaining outstanding to Siderian, if the Company:
   (i) undertakes any form of debt or equity raising;
   (ii) disposes of any assets;
   (iii) recovers any money in relation to proceedings taken against any shareholder or officer of ATCHK and ATCV; or
   (iv) undertakes a similar transaction,
   it must, subject to paragraph (d) immediately following, upon receipt of the gross proceeds, repay half of those gross proceeds (in US$) up to the amount of the remaining indebtedness of the Company to Siderian.

(d) Once the amount outstanding reduces to no less than US$300,000, the Company may, subject to compliance with the ASX Listing Rules and the Corporations Act, elect to repay such outstanding monies by the issue of fully paid ordinary shares to that value.

Environmental Regulation
The Directors are not aware of any environmental law that is not being complied with by the Consolidated Entity.

The Company's indirect investment in ATCV, is subject to all aspects of the Vietnam environmental regulations as set out in the Commitment Agreement on Environmental Protection. The extent of compliance with the provisions of that agreement is unknown, given the dispute with the joint venture.

Future Developments
Information on the likely developments in the operation of the Consolidated Entity and the expected results of those operations have not been included in this report because the Directors believe it would be likely to result in unreasonable prejudice to the Consolidated Entity.

As set out in this report, the Company remains in dispute with Chen, essentially as to whether Chen should continue as operator and as an officer of either ATCHK and ATCV. There is no dispute as to either ATC's 60% ownership or Mr Chen's 40% ownership of ATCHK or ATCHK's 100% ownership of ATCV. As Mr Chen has commenced legal action against the Company in Hong Kong, the Company and its Hong Kong legal counsel are continuing to explore all possible avenues to resolve the Dispute.

Share Options

<u>Unissued shares</u>
As at the date of this report the Company had on issue the following options to acquire ordinary fully paid shares:

Description	Number	Exercise Price	Expiry Date	Grant Date
Unlisted Options	300,000	$0.58	31/07/2018	31/07/2015

Option holders do not have any right, by virtue of the option, to participate in any share issue of the Company nor any entitlement to vote at a meeting of shareholders. No options were exercised during the year.

On 27 November 2016, 2,791,431 unlisted options expired.
On 9 March 2017, 9,663,150 unlisted options expired.

No options were exercised in the year.

Dividends
No dividend has been paid since the end of the financial period and no dividend is recommended for the current year.

Proceedings on behalf of the Company

No person has applied to the Court under section 237 of the Corporations Act 2001 for leave to bring proceedings on behalf of the Company, or to intervene in any proceedings to which the Company is a party, for the purpose of taking responsibility on behalf of the Company for all or part of those proceedings. No proceedings have been brought or intervened in on behalf of the Company with leave of the Court under section 237 of the Corporations Act 2001.

Remuneration Report - Audited

This report outlines the remuneration arrangements in place for ATC's directors and its senior management for the financial year ended 30 June 2017. The prescribed details for each person covered by this report are detailed below under the following headings:

- Key management personnel
- Remuneration policy
- Relationship between the remuneration policy and company performance
- Remuneration of key management personnel
- Key terms of executive service agreements or consultancy agreements

Key management personnel

The directors and other key management personnel of the Consolidated Entity during or since the end of the financial year were:

Mr Patrick Burke (Chairman)
Mr Nathan Featherby (Non-Executive Director) appointed 18 November 2016
Mr Saxon Ball (Non-Executive Director) appointed 23 December 2016
Mr Nicholas Halliday (Non-Executive Director) appointed 10 March 2017
Mr M Bourne (Executive Director) – resigned 16 December 2016
Ms C New (Executive Director/Company Secretary) - resigned as director on 18 November 2016 and resigned as company secretary 1 February 2017
Mr Trent Franklin (Company Secretary) – appointed 1 February 2017

Company performance, shareholder wealth and key management personnel remuneration

The Company's remuneration policy has been designed to align key management personnel objectives with shareholder and business objectives by providing remuneration packages comprising of a fixed remuneration component and an options component. The Board believes the remuneration policy for its key management personnel to be appropriate and effective to attract and retain people with the necessary qualifications, skills and experience to assist the company in achieving its desired results. Due to the size of the company a remuneration committee has not been formed.

The tables below set out summary information about the Consolidated Entity's earnings and movements in shareholder wealth for the four years to 30 June 2017:

Consolidated	**30 June 2017**	**30 June 2016**	**30 June 2015**	**30 June 2014**
Revenue	1,748,052	8,738,009	19,272,701	21,445,821
Net gain (loss) before tax	(8,601,716)	(16,605,395)	(35,314,024)	(6,072,132)
Net gain (loss) after tax	(8,601,716)	(16,605,395)	(35,314,024)	(6,072,132)
Share price at start of year	$0.02	$0.02	$0.04	$0.02
Share price at end of year	$0.02	$0.02	$0.02	$0.04
Interim dividend	-	-	-	-
Final dividend	-	-	-	-
Basic earnings per share (cents)	(6.86)	(14.78)	(130.61)	(24.00)

Relationship between the remuneration policy and company performance

Remuneration is reviewed on an annual basis, taking into consideration a number of performance indicators. While no performance based remuneration component has been built into key management personnel remuneration packages it is envisaged that as the Consolidated Entity further progresses, consideration will be given to this component of remuneration.

Remuneration of key management personnel

The directors (both executive and non-executive) and senior management of the entity received remuneration during the period commencing 1 July 2016 and ending 30 June 2017 based on the following agreements.

Key terms of employment contracts

Consultancy Agreement for Services of Mr Patrick Burke

The Company is party to a Consultancy Agreement pursuant to which Patrick Burke's services are provided as a Director. The Agreement provided for fees of $5,000 per month until terminated. Mr Burke has been accruing fees under this agreement since March 2016.

Consultancy Agreement for Services of Mr Michael Bourne

The Company was party to a Consultancy Agreement pursuant to which Michael Bourne provided operational services to the Company. The Agreement provided for fees of $10,000 per month and was terminable by either party on one month's notice. Michael Bourne resigned from the Company on 16 December 2016 and accordingly this agreement was terminated.

Consultancy Agreement for Services of Ms Carol New

The Company was, during the financial year, a party to a Consultancy Agreement pursuant to which Carol New provided finance and company secretarial services to the Company. The Agreement provided for fees of $10,000 per month and was terminable by either party on one month's notice. Ms New resigned as director on 18 November and resigned as company secretary 1 February 2017, following which the agreement with Ms New was terminated.

Enrizen One Company Secretarial Services Agreement

The Company is party to an Agreement pursuant to which Enrizen Accounting Pty Ltd will provide company secretarial and accounting services to the Company, with Trent Franklin acting as Company Secretary. The Agreement provides for fees of $8,000 per month. The term of the Agreement is 12 months as an initial term and upon completion of the initial term the agreement continues for successive periods of six months (each, an Additional Term). If either party wishes to terminate this agreement at the end of the Initial Term or an Additional Term, it must provide no less than 60 days, but no more than 90 days, written notice of termination, otherwise, this engagement will continue for a further Additional Term, unless otherwise agreed between the parties.

Remuneration of non-executive directors

The total amount paid to non-executive directors is determined by the board from time to time for presentation to and resolution by shareholders at the Annual General Meeting. The current maximum aggregate remuneration paid to non-executive directors is fixed at $300,000.

The non-executive directors are paid a set amount per year. The non-executive directors may receive consultant's fees through related entities for services rendered on a commercial basis

Key management personnel compensation disclosures

Key management personnel are remunerated under the terms of executive services agreements (ESA) or consultancy agreements. Total remuneration obligation is detailed on the following table:

2017	Short-term Benefits	Post-employment Benefits	Other Long-term Benefits	Share based Payment		Total	Total Remuneration Represented by Options	Performance Related
Key Management Person	Salary & commissions	Super annuation	Other	Equity	Options			
	$	$	$	$	$	$	%	%
P Burke	85,000	-	-	-	-	85,000	-	-
M Bourne (resigned)	43,000	-	-	-	-	43,000	-	-
C New (resigned)	71,500	-	-	-	-	71,500	-	-
N Featherby and S Ball[(1)]	220,000	-	-	-	-	220,000	-	-
N Halliday	-	-	-	-	-	-	-	-
	419,500	-	-	-	-	419,500		

1. Consultancy agreements is made with Ochre Capital Management Pty Ltd, of which Mr Featherby and Mr Ball are both directors and shareholders of its parent company, Ochre Group Holdings Limited.

2016	Short-term Benefits	Post-employment Benefits	Other Long-term Benefits	Share based Payment		Total	Total Remuneration Represented by Options	Performance Related
Key Management Person	Salary & commissions	Super-annuation	Other	Equity	Options			
	$	$	$	$	$	$	%	%
P Burke	120,000	-	-	-	-	120,000	-	-
M Bourne	142,845	-	-	-	-	142,845	-	-
C New	166,000	-	-	-	-	166,000	-	-
M Warren	308,758	-	-	-	-	308,758	-	-
J Chegwidden	30,000	-	-	-	-	30,000	-	-
J. Arbuckle	85,000	-	-	-	-	85,000	-	-
M McQuade	211,030	14,912	-	-	-	225,942	-	-
Chen Guang Yu[(1)]	602,707	-	-	-	-	602,707	-	-
	1,666,340	14,912	-	-	-	1,681,252		

1. The amount is in dispute

Directors' Report Continued

Key management equity holdings

Options

Options over ordinary shares held by key management personnel at balance date are:

30 June 2017	Balance at beginning of period *	Granted as remuneration	Exercised/ Expired	Net change due to directors' resignations	Net Change Other	Balance at end of period
P Burke	100,000	-	(100,000)	-	-	-
M Warren (resigned)	200,000	-	-	(200,000)	-	-
J Chegwidden (resigned)	380,000	-	-	(380,000)	-	-
M McQuade (resigned)	13,334	-	-	(13,334)	-	-
C New (resigned)	-	-	-	-	-	-
N Featherby	-	-	-	-	-	-
N Halliday	-	-	-	-	-	-
S Ball	-	-	-	-	-	-

30 June 2016	Balance at beginning of period *	Granted as remuneration	Exercised/ Expired	Net change due to directors' resignations	Net Change Other	Balance at end of period
P Burke	-	-	-	-	100,000	100,000
M Warren	-	-	-	-	200,000	200,000
J Chegwidden	180,000	-	-	-	200,000	380,000
M McQuade	13,334	-	-	-	-	13,334

* Balance after 50:1 consolidation undertaken in March 2016.

Shareholdings

Shares held by key management personnel at balance date are:

	Balance 1 July 2016	Balance as commencing as director	Convertible Notes Converted/Interest	Net change due to directors' resignations	Net Change Other	Balance 30 June 2017
Mr P Burke	474,017	-	67,215	-	-	541,232
Mr N Featherby	-	-	-	-	69,000	69,000
Mr N Featherby and Mr S Ball[1]	-	-	-	-	312,781	312,781
Mr N Halliday	-	-	-	-	-	-
Mr M Warren[2]	656,257	-	-	(656,257)	-	-
Mr J Chegwidden[3]	1,618,995	-	-	(1,618,995)	-	-
Mr M McQuade[4]	186,317	-	-	(186,317)	-	-
Ms C New	45,833	-	-	(45,833)	-	-
Mr G Chen	40,000	-	-	-	(40,000)	-

	Balance 1 July 2015	Received as Remune-ration	Convertible Notes Converted	Net change due to directors' resignations	Net Change Other	Balance 30 June 2016
Mr P Burke	-	-	-		474,017	474,017
Mr M Warren[1]	-	-	-		656,257	656,257
Mr J Chegwidden[2]	618,995	-	-		1,000,000	1,618,995
Mr M McQuade[3]	186,317	-	-		-	186,317
Ms C New	45,833	-	-		-	45,833
Mr G Chen	40,000	-	-		-	40,000

* Balance after 50:1 consolidation undertaken in March 2016.

1. Shares held by Ochre Capital Management Pty Ltd, of which Mr Featherby and Mr Ball are both directors and shareholders in its parent company, Ochre Group Holdings Limited.
2. Shares held at date of resignation on 24 June 2016.
3. Shares held at date of resignation on 16 December 2015.
4. Shares held at date of termination on 2 May 2016.

Convertible Notes

Convertible Notes with a maturity date of 1 July 2018 and a coupon rate of 12% held by key management personnel at balance date are:

	Balance 1 July 2016	Received as Remune-ration	Net change due to directors' resignations	Net Change Other	Balance 30-Jun-17
Mr P Burke	25,000	-	-	-	25,000
Mr N Featherby and Mr S Ball[1]	-	-	-	135,000	135,000
Mr M Warren	50,000	-	(50,000)	-	-
Mr J Chegwidden	50,000	-	(50,000)	-	-

1. Convertible Notes held by Ochre Capital Management Pty Ltd, of which Mr Featherby and Mr Ball are both directors and shareholders in its parent company, Ochre Group Holdings Limited of $135,000.

	Balance 1 July 2015	Received as Remune-ration	Net change due to directors' resignations	Net Change Other	Balance 30 June 2016
Mr P Burke	-	-		25,000	25,000
Mr M Warren	-	-		50,000	50,000
Mr J Chegwidden	-	-		50,000	50,000

Related Party Transactions

Balances and transactions between the Company and its subsidiaries, which are related parties of the Company, have been eliminated on consolidation and are not disclosed in this note. Details of transactions between the Consolidated Entity and other related parties are disclosed below:

Equity interests in subsidiaries

Details of the percentage of ordinary shares held in subsidiaries are disclosed in note 27 to the financial statements.

End of Remuneration Report

Directors' Report Continued

Officers' Indemnities and Insurance

During the year the Company paid an insurance premium to insure certain officers of the Company. The officers of the Company covered by the insurance policy include the Directors named in this report.

The Directors' and Officers' Liability Insurance provides cover against all costs and expenses that may be incurred in defending civil or criminal proceedings that fall within the scope of the indemnity and that may be brought against the officers in their capacity as officers of the Company or a related body corporate.

The insurance policy does not contain details of the premium paid in respect of individual officers of the Company. Disclosure of the nature of the liability cover and the premium paid is subject to a confidentiality clause under the insurance policy.

The Company has entered into an agreement with the Directors and certain officers to indemnify these individuals against any claims and related expenses which arise as a result of work completed in their respective capabilities.

Neither the Company nor any of its related bodies corporate have provided any insurance for any auditor of the Company or a related body corporate.

Non-Audit Services

No non-audit services were provided by Crowe Horwath during the period.

Auditor's Independence Declaration

A copy of the Auditor's Independence Declaration as required under section 307C of the Corporations Act 2001 is set out on page 57.

This Director's Report incorporating the Remuneration Report is signed in accordance with a resolution of the Directors.

Corporate Governance

The directors of ATC are committed to maintaining high standards of corporate governance. To the extent they are applicable the Company has adopted the ASX Corporate Governance Principles and Recommendations 3rd Edition as published by ASX Corporate Governance Council.

Good corporate governance practices will evolve with the changing circumstances of a company and must be tailored to meet those circumstances.

Further information about the Company's corporate governance practices is set out on the Company's website at www.atcalloys.com.

Patrick Burke
Chairman
7 December 2017

Consolidated Statement of Profit or Loss and Other Comprehensive Income
For The Year Ended 30 June 2017

	Note	2017 $	2016 $
Revenue			
Revenue		-	-
Cost of Sales		-	-
Gross Profit		**-**	**-**
Other Income			
Interest	2	1,749,767	2,490
Profit/(loss) on disposal of asset		(1,715)	17,828
Total revenue and other income		**1,748,052**	**20,318**
Administrative expenses		(197,366)	(762,748)
Auditor's remuneration		(63,143)	-
Consultancy fees		(235,300)	(426,093)
Depreciation		(4,726)	(6,705)
Directors' fees		33,617	(535,204)
Employee benefits expenses		(64,110)	(265,310)
Finance costs		(1,159,466)	(1,301,945)
Foreign exchange gains/(losses)		(856,753)	987,489
Impairment of property, plant and equipment		-	-
Inventory write down		-	-
Impairment of investments		(5,327)	-
Provision for loan to related parties		(921,370)	-
Insurance		(41,384)	-
Investments Gain/Loss		(36,375)	-
Legal fees		(427,898)	(108,793)
Occupancy costs		(7,772)	(44,736)
Travel and marketing expense		(34,214)	(82,962)
Gain (Loss) before income tax expense		**(2,273,535)**	**(2,526,689)**
Income tax expense	4	-	-
Gain (Loss) for the year from continuing operations		**(2,273,535)**	**(2,526,689)**
Gain (Loss) for the year from discontinued operations	18	(6,328,181)	(14,078,706)
Gain (Loss) for the year		**(8,601,716)**	**(16,605,395)**
Other comprehensive income			
Items that may be reclassified subsequently to profit and loss:			
Foreign currency translation difference		1,988,475	(718,428)
Total comprehensive income for the year		**(6,613,241)**	**(17,323,823)**
Gain (Loss) attributable to:			
Members of the parent entity		(8,601,716)	(10,300,230)
Non-controlling interest		-	(6,305,165)
		(8,601,716)	**(16,605,395)**
Total comprehensive income attributable to:			
Members of the parent entity		(8,601,716)	(10,734,332)
Non-controlling interest		1,988,475	(6,589,491)
		(6,613,241)	**(17,323,823)**
Loss per share			
Basic and diluted (cents per share)	17	(6.86)	(14.78)

The above statement of consolidated profit or loss and other comprehensive income should be read in conjunction with the attached notes.

Consolidated Statement of Financial Position
As At 30 June 2017

	Note	2017 $	2016 $
Current assets			
Cash and cash equivalents	5	1,358	212,650
Trade and other receivables	6	1,874	588,589
Other assets	8	22,010	252,918
Total current assets		**25,242**	**1,054,157**
Non-current assets			
Property, plant and equipment	9	1,262	27,703
Investments	10	10,244	200,000
Total non-current assets		**11,506**	**227,703**
Total assets		**36,748**	**1,281,860**
Current liabilities			
Trade and other payables	11	1,126,343	5,339,707
Provisions	12	-	1,991,938
Subscription deposits advanced		720,000	-
Financial liabilities	13	6,515,337	9,329,318
Total current liabilities		**8,361,680**	**16,660,963**
Total liabilities		**8,361,680**	**16,660,963**
Net assets		**(8,324,932)**	**(15,379,103)**
Equity			
Issued capital	14	67,154,632	66,550,183
Reserves	15	30,600	(316,084)
Accumulated losses		(75,510,164)	(68,540,239)
Parent interest		(8,324,932)	(2,306,140)
Non-controlling interest		-	(13,072,963)
Total equity		**(8,324,932)**	**(15,379,103)**

The above consolidated balance sheet should be read in conjunction with the attached notes.

Consolidated Statement of Changes in Equity
For The Year Ended 30 June 2017

	Members of parent entity			Attributable to owners of the parent	Non-controlling interest	Total Equity
	Issued Capital	**Reserves**	**Accumulated Losses**			
	$	**$**	**$**	**$**	**$**	**$**
Balance at 1 July 2015	62,728,007	636,033	(58,956,159)	4,407,881	(6,483,472)	(2,075,591)
Loss for the period	-	-	(10,300,230)	(10,300,230)	(6,305,165)	(16,605,395)
Other comprehensive income	-	-	-	-	-	-
FX translation differences	-	(434,102)	-	(434,102)	(284,326)	(718,428)
Total comprehensive income for the period	**-**	**(434,102)**	**(10,300,230)**	**(10,734,332)**	**(6,589,491)**	**(17,323,823)**
Transactions with owner, directly recognised in equity						
Issues of shares	4,238,958	-	-	4,238,958	-	4,238,958
Cost of share issues	(416,782)	-	-	(416,782)	-	(416,782)
Issue of options	-	-	-	-	-	-
Expiry of options	-	(716,150)	716,150	-	-	-
Financial asset revaluation	-	10,000	-	10,000	-	10,000
Share based payments	-	188,135	-	188,135	-	188,135
Balance at 30 June 2016	**66,550,183**	**(316,084)**	**(68,540,239)**	**(2,306,140)**	**(13,072,963)**	**(15,379,103)**
Balance at 1 July 2016	66,550,183	(316,084)	(68,540,239)	(2,306,140)	(13,072,963)	(15,379,103)
Deconsolidation	-	-	-	-	13,072,963	13,072,963
FX translation differences	-	1,988,475	-	1,988,475	-	1,988,475
Loss for the period	-	-	(8,601,716)	(8,601,716)	-	(8,601,716)
Other comprehensive income	-	-	-	-	-	-
Reclassify FX reserve to Retained Earnings	-	(683,958)	683,958	-	-	-
Total comprehensive income for the period	**-**	**1,304,517**	**(7,917,758)**	**(6,613,241)**	**-**	**(6,613,241)**
Transactions with owner, directly recognised in equity						
Issues of shares	604,449	-	-	604,449	-	604,449
Cost of share issues	-	-	-	-	-	-
Issue of options	-	-	-	-	-	-
Expiry of options	-	(947,833)	947,833	-	-	-
Financial asset revaluation	-	(10,000)	-	(10,000)	-	(10,000)
Balance at 30 June 2017	**67,154,632**	**30,600**	**(75,510,164)**	**(8,324,932)**	**-**	**(8,324,932)**

The above consolidated statement of changes in equity should be read in conjunction with the attached notes.

Consolidated Statement of Cash Flow
For The Year Ended 30 June 2017

	Note	2017 $	2016 $
Cash flows from operating activities			
Receipts from customers		-	9,412,981
Payments to suppliers and employees		(1,152,370)	(11,785,265)
Payments for deferred exploration		-	(222,195)
Interest and other income received		541	4,282
Net cash used in operating activities	**20(c)**	**(1,151,829)**	**(2,590,197)**
Cash flows from investing activities			
Payments for property, plant and equipment		-	(35,112)
Proceeds from sale of asset		-	1,094,000
Proceeds from sale of investments		140,976	1,094,000
Net cash used in investing activities		**140,976**	**1,058,888**
Cash flows from financing activities			
Proceeds from issue of equity securities		-	3,461,408
Payments for share issue costs		-	(118,703)
Proceeds from borrowings		1,368,169	1,740,000
Repayment of borrowings		(500,000)	(3,293,136)
Financing costs		-	(237,281)
Interest expense		-	(498,684)
Net cash (used in)/provided by financing activities		**868,169**	**1,053,604**
Net increase in cash and cash equivalents		(142,684)	(477,705)
Cash and cash equivalents at beginning of period		212,650	688,430
Foreign currency translation difference		-	-
Deconsolidation		(68,608)	-
Effects of exchange rate changes on the balance of cash held in foreign currencies		-	1,925
Cash and cash equivalents at end of period	**20(a)**	**1,358**	**212,650**

The above consolidated cash flow statement should be read in conjunction with the attached notes.

1. Significant accounting policies

1.1 Statement of Compliance

These financial statements are general purpose financial statements which have been prepared in accordance with the Corporations Act 2001, Accounting Standards and Interpretations, and comply with other requirements of the law.

Accounting Standards include Australian Accounting Standards. Compliance with Australian Accounting Standards ensures that the financial statements and notes of the company and the Group comply with International Financial Reporting Standards ('IFRS'). Material accounting policies adopted in the preparation of this financial report are presented below. They have been consistently applied unless otherwise stated.

The financial statements comprise the consolidated financial statements and notes of ATC Alloys Limited (ATC, Company or Parent Entity) and controlled entities (**Consolidated Entity** or **Group**). The controlled entities comprise BigHill Resources Limited, noting that Asia Tungsten Products Co. Limited (**ATCHK**) and its subsidiary Asia Tungsten Products Vietnam Limited (**ATCV**) were deconsolidated in the year due to loss of control. ATC is a company limited by shares, domiciled and incorporated in Australia.

The financial statements were authorised for issue by the directors on 7 December 2017.

1.2 Basis of preparation

This financial report has been prepared on an accruals basis and is based on historical cost, except for certain non-current assets and financial instruments that are measured at revalued amounts or fair values, as explained in the accounting policies below. Historical cost is generally based on the fair values of the consideration given in exchange for assets. All amounts are presented in Australian dollars, unless otherwise noted.

Going Concern

The accounts have been prepared on the going concern basis, which contemplates continuity of normal business activities and the realisation of assets and settlements of liabilities in the ordinary course of business. Whilst the Consolidated Entity incurred an operating loss of $8,601,716 for the year ended 30 June 2017 (2016: loss of $16,605,395), this was due to the deconsolidation of two subsidiaries.

The net current liabilities of the Consolidated Entity at 30 June 2017 was $8,336,438 (2016: $15,606,806 and the net cash outflows from operating activities during the year was $1,151,829 (2016: $2,590,197).

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 the US$1.84 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.

1. Significant accounting policies continued

1.2 Basis of preparation continued
Going Concern continued

The directors have prepared a cash flow forecast, which indicates that the Consolidated Entity will have sufficient cash flows to meet all commitments and working capital requirements for the 12 month period from the date of signing this financial report. The Directors believe it is appropriate to prepare these accounts on a going concern basis because:

- In August September 2016, the Company sought to remove Mr Chen as operator and from all offices held in its Vietnam Ferro Tungsten Joint Venture. The attempts to enforce compliance in Vietnam in September were unsuccessful and the parties remain in dispute, essentially as to whether Mr Chen should continue as operator and as an officer of the Joint Venture. Whilst there is a dispute with Mr Chen over the operations of the subsidiaries, 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. Accordingly, whilst this is being resolved. The Company from September 2016 has ceased providing financial support to its 60% owned subsidiary ATCHK and its wholly owned subsidiary ATCV.
- The Group has been extending the forbearance period with Siderian Resource Capital Limited, the Company's secured lender, has extended the forbearance period to 31 January 2018 under a revised repayment schedule: AUD$1 million following completion of the upcoming capital raising and 50% of thanye proceeds over A$2,000,000; 50% of any further moneys received from disposal of assets, further capital raisings, or other transactions and the balance by 31 October 2018 and subject to receipt of the first two items, nil interest until 31 October 2018.
- This Company is proposing to raise additional funds via an underwritten entitlement issue offer, with the prospectus expected to be lodged with the ASX and ASIC within the coming weeks to raise up to approximately A$3 million at $0.001 per share. The entitlement issue is proposed to be jointly underwritten by DJ Carmichael Pty Ltd and Somers and Partners Pty Limited (**Underwriters**). The underwriting is subject to a limited number of termination events, being an event occurs which is the result of a potential takeover of ATC, the removal of ATC from the Official List of the ASX or the continuance of suspension from quotation of the securities of the Company on ASX at the time payment is required of the shortfall by the Underwriter to the Company pursuant to the underwriting.
- At the date of this report, the Company is not in receipt of any statutory demands from its creditors.
- As at 30 June 2017 the entity have convertible notes with a face value of $3.83 million outstanding. These notes can be converted into ordinary shares in ATC at fixed terms as disclosed in note 13, and redeemable in cash at maturity date being 1 July 2018.
- The Company is in the process of negotiating with Almonty Industries Inc. in relation to the extension of the repayment term for the promissory notes with total face value of $400,000.

The Group is actively trying to resolve the legal matters in relation to the dispute with Chen, the Consolidated Entity intends to assess all options to maximize the value realisation for its shareholders.

Should the Consolidated Entity not achieve the matters set out above, there is material uncertainty whether it would continue as a going concern and therefore whether it would realise its assets and extinguish its liabilities in the normal course of business and at the amounts stated in the financial statements. The financial statements do not include any adjustment relating to the recoverability or classification of recorded asset amounts or to the amounts or classifications of liabilities that might be necessary should the Consolidated Entity not be able to continue as a going concern.

1. Significant accounting policies continued

The following significant accounting policies have been adopted in the preparation and presentation of the financial report:

1.3 Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company (its subsidiaries) (referred to as 'the Consolidated Entity' in these financial statements). Control is achieved where the Company has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. When control; ceases with entities they are deconsolidated, from the date control ceases. The fair value of the investment remaining in the entity is recognised. Any gain or loss on deconsolidation is recognised in accordance with standards in the profit or loss or equity as required.

Where necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with those used by other members of the Consolidated Entity. In preparing the consolidated financial statements, all inter-company balances and transactions between entities in the Consolidated Entity have been eliminated in full on consolidation.

Non-controlling interests, being the equity in a subsidiary not attributable, directly or indirectly, to a parent, are reported separately within the equity section of the consolidated balance sheet and statement of profit or loss and other comprehensive income. The non-controlling interests in the net assets comprise their interests at the date of the original business combination and their share of changes in equity since that date.

1.4 Goods and services tax

Revenues, expenses and assets are recognised net of the amount of GST except:

- Where the GST incurred on the purchase of goods and services is not recoverable from the taxation authority, in which case the GST is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable; and
- Receivable and payable are stated with the amount of GST included.

The amount of GST recoverable from the taxation authority is included as part of the receivables in the Balance Sheet. The amount of GST payable to the taxation authority is included as part of the payables in the Balance Sheet.

Cash flows are included in the Cash Flows Statement on a gross basis and the GST component of cash flows arising from investing and financing activities, which is recoverable from, or payable to, the taxation authority are classified as operating cash flows.

1.5 Fair Value of Assets and Liabilities

The Group measures some of its assets and liabilities at fair value on either a recurring or non-recurring basis, depending on the requirements of the applicable Accounting Standard.

Fair value is the price the Group would receive to sell an asset or would have to pay to transfer a liability in an orderly (ie unforced) transaction between independent, knowledgeable and willing market participants at the measurement date.

As fair value is a market-based measure, the closest equivalent observable market pricing information is used to determine fair value. Adjustments to market values may be made having regard to the characteristics of the specific asset or liability. The fair values of assets and liabilities that are not traded in an active market are determined using one or more valuation techniques. These valuation techniques maximise, to the extent possible, the use of observable market data.

1. Significant accounting policies continued

1.5 Fair Value of Assets and Liabilities continued

To the extent possible, market information is extracted from either the principal market for the asset or liability (ie the market with the greatest volume and level of activity for the asset or liability) or, in the absence of such a market, the most advantageous market available to the entity at the end of the reporting period (ie the market that maximises the receipts from the sale of the asset or minimises the payments made to transfer the liability, after taking into account transaction costs and transport costs).

For non-financial assets, the fair value measurement also takes into account a market participant's ability to use the asset in its highest and best use or to sell it to another market participant that would use the asset in its highest and best use.

The fair value of liabilities and the entity's own equity instruments (excluding those related to share-based payment arrangements) may be valued, where there is no observable market price in relation to the transfer of such financial instruments, by reference to observable market information where such instruments are held as assets. Where this information is not available, other valuation techniques are adopted and, where significant, are detailed in the respective note to the financial statements.

Valuation techniques

In the absence of an active market for an identical asset or liability, the Group selects and uses one or more valuation techniques to measure the fair value of the asset or liability, The Group selects a valuation technique that is appropriate in the circumstances and for which sufficient data is available to measure fair value. The availability of sufficient and relevant data primarily depends on the specific characteristics of the asset or liability being measured. The valuation techniques selected by the Group are consistent with one or more of the following valuation approaches:

Market approach: valuation techniques that use prices and other relevant information generated by market transactions for identical or similar assets or liabilities.

Income approach: valuation techniques that convert estimated future cash flows or income and expenses into a single discounted present value.

Cost approach: valuation techniques that reflect the current replacement cost of an asset at its current service capacity.

Each valuation technique requires inputs that reflect the assumptions that buyers and sellers would use when pricing the asset or liability, including assumptions about risks. When selecting a valuation technique, the Group gives priority to those techniques that maximise the use of observable inputs and minimise the use of unobservable inputs. Inputs that are developed using market data (such as publicly available information on actual transactions) and reflect the assumptions that buyers and sellers would generally use when pricing the asset or liability are considered observable, whereas inputs for which market data is not available and therefore are developed using the best information available about such assumptions are considered unobservable.

1. Significant accounting policies continued

1.6 Foreign Currency Transactions and Balances

Functional and presentation currency

The functional currency of each of the Consolidated Entity's entities is measured using the currency of the primary economic environment in which that entity operates. The consolidated financial statements are presented in Australian dollars which is the parent entity's functional and presentation currency.

Transactions and balances

Foreign currency transactions are translated into functional currency using the exchange rates prevailing at the date of the transaction. Foreign currency monetary items are translated at the year-end exchange rate. Non-monetary items measured at historical cost continue to be carried at the exchange rate at the date of the transaction. Non-monetary items measured at fair value are reported at the exchange rate at the date when fair values were determined.

Exchange differences arising on the translation of monetary items are recognised in the statement of comprehensive income, except where deferred in equity as a qualifying cash flow or net investment hedge.

Exchange differences arising on the translation of non-monetary items are recognised directly in equity to the extent that the gain or loss is directly recognised in equity, otherwise the exchange difference is recognised in the statement of comprehensive income.

Group companies

The financial results and position of foreign operations whose functional currency is different from the Consolidated Entity's presentation currency are translated as follows:

- assets and liabilities are translated at year-end exchange rates prevailing at the end of the reporting period;
- income and expenses are translated at average exchange rates for the period; and
- retained earnings are translated at the exchange rates prevailing at the date of the transaction.

Exchange differences arising on translation of foreign operations are transferred directly to the Group's foreign currency translation reserve in the statement of financial position. These differences are recognised in the other comprehensive income in the period in which the operation is disposed.

1. Significant accounting policies continued

1.7 New, revised or amending Accounting Standards and Interpretations adopted

The group has adopted all of the new, revised or amending Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') that are mandatory for the current reporting period. The adoption of these Accounting Standards and Interpretations did not have any significant impact on the financial performance or position of the group during the financial year.

Any new, revised or amending Accounting Standards or Interpretations that are not yet mandatory have not been early adopted.

New Accounting Standards and Interpretations not yet mandatory or early adopted

Australian Accounting Standards and Interpretations that have recently been issued or amended but are not yet mandatory, have not been early adopted by the group for the annual reporting period ended 30 June 2017. The group's assessment of the impact of these new or amended Accounting Standards and Interpretations, most relevant to the group, are set out below.

AASB 9 Financial Instruments
This standard is applicable to annual reporting periods beginning on or after 1 January 2018. The standard replaces all previous versions of AASB 9 and completes the project to replace IAS 39 'Financial Instruments: Recognition and Measurement'. AASB 9 introduces new classification and measurement models for financial assets. A financial asset shall be measured at amortised cost, if it is held within a business model whose objective is to hold assets in order to collect contractual cash flows, which arise on specified dates and solely principal and interest. All other financial instrument assets are to be classified and measured at fair value through profit or loss unless the entity makes an irrevocable election on initial recognition to present gains and losses on equity instruments (that are not held-for-trading) in other comprehensive income ('OCI'). For financial liabilities, the standard requires the portion of the change in fair value that relates to the entity's own credit risk to be presented in OCI (unless it would create an accounting mismatch). New simpler hedge accounting requirements are intended to more closely align the accounting treatment with the risk management activities of the entity. New impairment requirements will use an 'expected credit loss' ('ECL') model to recognise an allowance. Impairment will be measured under a 12-month ECL method unless the credit risk on a financial instrument has increased significantly since initial recognition in which case the lifetime ECL method is adopted. The standard introduces additional new disclosures. The group will adopt this standard from 1 July 2018 but the impact of its adoption is yet to be assessed by the group.

1. Significant accounting policies continued

1.7 New, revised or amending Accounting Standards and Interpretations adopted continued

New Accounting Standards and Interpretations not yet mandatory or early adopted continued

AASB 15 Revenue from Contracts with Customers
This standard is applicable to annual reporting periods beginning on or after 1 January 2018. The standard provides a single standard for revenue recognition. The core principle of the standard is that an entity will recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. The standard will require: contracts (either written, verbal or implied) to be identified, together with the separate performance obligations within the contract; determine the transaction price, adjusted for the time value of money excluding credit risk; allocation of the transaction price to the separate performance obligations on a basis of relative stand-alone selling price of each distinct good or service, or estimation approach if no distinct observable prices exist; and recognition of revenue when each performance obligation is satisfied. Credit risk will be presented separately as an expense rather than adjusted to revenue. For goods, the performance obligation would be satisfied when the customer obtains control of the goods. For services, the performance obligation is satisfied when the service has been provided, typically for promises to transfer services to customers. For performance obligations satisfied over time, an entity would select an appropriate measure of progress to determine how much revenue should be recognised as the performance obligation is satisfied. Contracts with customers will be presented in an entity's statement of financial position as a contract liability, a contract asset, or a receivable, depending on the relationship between the entity's performance and the customer's payment. Sufficient quantitative and qualitative disclosure is required to enable users to understand the contracts with customers; the significant judgements made in applying the guidance to those contracts; and any assets recognised from the costs to obtain or fulfil a contract with a customer. The group will adopt this standard from 1 July 2018 but the impact of its adoption is yet to be assessed by the group.

AASB 16 Leases
This standard is applicable to annual reporting periods beginning on or after 1 January 2019. The standard replaces AASB 117 ‘Leases’ and for lessees will eliminate the classifications of operating leases and finance leases. Subject to exceptions, a ‘right-of-use’ asset will be capitalised in the statement of financial position, measured as the present value of the unavoidable future lease payments to be made over the lease term. The exceptions relate to short-term leases of 12 months or less and leases of low-value assets (such as personal computers and small office furniture) where an accounting policy choice exists whereby either a ‘right-of-use’ asset is recognised or lease payments are expensed to profit or loss as incurred. A liability corresponding to the capitalised lease will also be recognised, adjusted for lease prepayments, lease incentives received, initial direct costs incurred and an estimate of any future restoration, removal or dismantling costs. Straight-line operating lease expense recognition will be replaced with a depreciation charge for the leased asset (included in operating costs) and an interest expense on the recognised lease liability (included in finance costs). In the earlier periods of the lease, the expenses associated with the lease under AASB 16 will be higher when compared to lease expenses under AASB 117. However EBITDA (Earnings Before Interest, Tax, Depreciation and Amortisation) results will be improved as the operating expense is replaced by interest expense and depreciation in profit or loss under AASB 16. For classification within the statement of cash flows, the lease payments will be separated into both a principal (financing activities) and interest (either operating or financing activities) component. For lessor accounting, the standard does not substantially change how a lessor accounts for leases. The group will adopt this standard from 1 July 2019 but the impact of its adoption is yet to be assessed by the group.

1. Significant accounting policies continued

1.8 Comparative Figures

When required by Accounting Standards, comparative figures have been adjusted to conform to changes in presentation for the current financial year.

2. Revenue & other income

	2017 $	2016 $
Interest – related parties	1,749,226	-
Interest – others	541	4,282
Total revenue & other income	1,749,767	4,282

Revenue is measured at the fair value of the consideration received or receivable. The interest income from related parties has been capitalised in the year, and fully been provided for based collectability.

Interest income

Interest income is recognised on an accrual basis. This year includes interest from the 60% owned subsidiaries which has been deconsolidated in the financial year.

3. Expenses

	2017 $	2016 $
Depreciation and amortisation - Expensed	4,726	6,705
Total	4,726	6,705

4. Income Tax Expense

Major components of income tax expense for the years ended 30 June 2017 and 30 June 2016 are:

(a) Reconciliation of income tax expense to prima facie tax payable	**2017**	**2016**
Operating gain (loss) before income tax	**(8,601,717)**	**(16,605,395)**
Prima facie income tax (benefit)/expense at 27.5% (2016: 28.5%) on operating profit/(loss)	(2,365,472)	(4,732,538)
Add tax effect of:		
Non-deductible expenses	-	66,904
Tax losses and temporary differences not recognised	2,365,472	4,665,634
Non temporary differences	-	-
Income tax attributable to operating (loss)/profit	-	-

Directors are of the view that there is insufficient probability that the Group will derive sufficient income in the foreseeable future to justify booking the tax losses and temporary differences as deferred tax assets and deferred tax liabilities.

b) There is no amount of tax benefit recognised in equity as the tax effect of temporary differences has not been booked

(c) Tax losses unrecognised net deferred tax assets

The below is at the tax rate of 27.5% (2016: 28.5%)		
Unused tax losses	14,583,059	15,113,352
Deductible temporary differences	(2,109,246)	845,607
Capital raising costs	125,102	184,551
Accruals	9,625	-
Total	12,864,765	16,143,510

4. Income Tax Expense continued

4.1 Key Estimate – Taxation

Balances disclosed in the financial statements and the notes thereto, related to taxation, are based on the best estimates of directors. These estimates take into account both the financial performance and position of the company as they pertain to current income taxation legislation, and the directors understanding thereof. No adjustment has been made for pending or future taxation legislation. The current income tax position represents that directors' best estimate as the Consolidated Entity is subject to income taxes in Australia and jurisdictions where it has foreign operations.

The income tax expense (revenue) for the year comprises current income tax expense (income) and movements in deferred tax.

Current income tax expense charged to the profit or loss is the tax payable on taxable income measured at the amounts expected to be paid to (recovered from) the relevant taxation authority.

Deferred tax assets and liabilities are calculated at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled and their measurement also reflects the manner in which management expects to recover or settle the carrying amount of the related asset or liability.

Deferred tax assets including unused tax losses are recognised only to the extent that it is probable that future taxable profit will be available against which the benefits of the deferred tax asset can be utilised.

Where temporary differences exist in relation to investments in subsidiaries, branches, associates, and joint ventures, deferred tax assets and liabilities are not recognised where the timing of the reversal of the temporary difference can be controlled and it is not probable that the reversal will occur in the foreseeable future.

Current tax assets and liabilities are offset where a legally enforceable right of set-off exists and it is intended that net settlement or simultaneous realisation and settlement of the respective asset and liability will occur. Deferred tax assets and liabilities are offset where: (a) a legally enforceable right of set-off exists; and (b) the deferred tax assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities where it is intended that net settlement or simultaneous realisation and settlement of the respective asset and liability will occur in future periods in which significant amounts of deferred tax assets or liabilities are expected to be recovered or settled.

The group has applied the "stand-alone taxpayer approach" in determining the appropriate amount of current taxes to allocate to members of the tax consolidation group. The tax funding agreement provides each member of the tax consolidated group to pay a tax equivalent amount to or from the parent in accordance with their current tax liability or current tax asset. Such amounts are reflected in amounts receivable from or payable to the parent company in their accounts and are settled as soon as practicable after lodgement of the consolidated return and payment of the tax liability.

The deferred taxes are allocated to members of the tax consolidated group in accordance with the principles of AASB 112.

5. Cash and cash equivalents

	2017 $	2016 $
Cash at bank and on hand	1,358	212,650

Cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash. Bank overdrafts are shown within borrowings in current liabilities on the balance sheet.

Interest is on a variable rate. The group is not sensitive to interest rate movement.

6. Trade and other receivables

Trade receivables are recognised initially at fair value and subsequently measured at amortised cost, less provision for impairment loss. Trade receivables are due for settlement no more than 120 days from the date of recognition.

The Group does not have any material credit risk exposure to any receivable, other than related parties which has been fully impaired.

The following table details the Group's trade and other receivables exposed to credit risk with ageing analysis and impairment provided for. Amounts are considered as 'past due' when the debt has not been settled within the terms and conditions agreed between the Group and the customer or counter party to the transactions. Receivables that are past due are assessed for impairment by ascertaining solvency of the debtors and are provided for where there are specific circumstances indicating that the debt may not be fully repaid to the Group.

The balances of receivables that remain within initial trade terms (as detailed in the table) are considered to be of high credit quality.

2017	Gross Amount	Past Due And Impaired	Past due but not impaired (days overdue)				Within Initial trade terms
			<30	31 – 60	61 – 90	90 - 150	
	$	$	$	$	$	$	$
Trade and term receivables	1,874	-	-	-	-	-	1,874
Other receivables	-	-	-	-	-	-	-
Related party loans	24,902,789	(24,902,789)	-	-	-	-	-
	24,904,664	(24,902,789)	-	-	-	-	1,874

2016	Gross Amount	Past Due And Impaired	Past due but not impaired (days overdue)				Within Initial trade terms
			<30	31 – 60	61 – 90	90 - 150	
	$	$	$	$	$	$	$
Trade and term receivables	334,349	(152,781)	-	-	-	-	181,568
Other receivables	772,480	(365,459)	-	-	-	-	407,021
	1,106,829	(518,240)	-	-	-	-	588,589

6. Trade and other receivables (continued)

Related party loans
The Group has provided a Loan to Asia Tungsten Products Co. Limited (**ATCHK**) over past years which was eliminated on consolidation in prior years. The elimination is not reflected on deconsolidation.

	2017	2016
	$	$
Loan receivable - HK	24,902,789	-
Less: provision for impairment	(24,902,789)	-
	-	-
Movement in loans		
Opening balance	-	-
Recognised on deconsolidation	-	-
Loan provided	1,778,123	-
Foreign exchange adjustment	(856,753)	-
Impairment taken to profit or loss	(921,370)	-
Closing balance	-	-

6.1 Key judgements – impairment

The impairment has been based on the followings:

- no repayment in the year.
- interest not paid.
- net deficiency of the entity.
- Losses being generated.

7. Inventory

Inventories are stated at the lower of cost or net realisable value. Costs of inventories are determined on a first-in-first-out basis. Net realisable value represents the estimated selling price for inventories less all estimated costs of completion and costs necessary to make the sale.

All inventory in subsidiaries was fully written down in prior years with an impairment of $4,593,534.

8. Other assets

	2017	2016
	$	$
Current		
Prepayments	22,009	252,919

9. Property Plant and Equipment

	2017 $	2016 $
Property Plant and Equipment at cost	94,235	8,511,675
Less: accumulated Depreciation	(92,974)	(8,483,972)
	1,262	27,703

Reconciliations

Reconciliations of the written down values at the beginning and end of the current and previous financial year are set out below:

Opening Written Down Value	27,703	5,906,821
Depreciation	(4,726)	(594,973)
Impairment losses	-	(5,482,761)
Additions	-	35,112
Disposals	(21,715)	25,103
Deconsolidation	-	-
FX adjustment	-	188,607
	1,262	27,703

Each class of property, plant and equipment is carried at cost or fair value as indicated less, where applicable, any accumulated depreciation and impairment losses.

Freehold land and buildings carried at fair value

On 11 March 2008, the Company acquired a house at Nullagine for a total cost of $27,911. The property was sold in the year.

Plant and equipment

Plant and equipment are measured on the cost basis. The carrying amount of plant and equipment is reviewed annually be directors to ensure it is not in excess of the recoverable amount from these assets. The recoverable amount is assessed on the basis of the expected net cash flows that will be received from the asset's employment and subsequent disposal. The expected net cash flows have been discounted to their present values in determining recoverable amounts.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the group and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the income statement during the financial period in which they are incurred.

9. Property Plant and Equipment continued

Depreciation

Depreciation is provided on plant and equipment and is calculated on a straight line basis so as to write off the net cost of each asset over its expected useful life. The following estimated useful lives are used in the calculation of depreciation:

Office furniture and equipment	3-5 years
Computer equipment	3 years
Plant and equipment	5 – 30 years
Buildings, Leasehold Land & Improvements	3 –50 years

The asset's residual values and useful lives are reviewed, and adjusted if appropriate, at each balance sheet date. An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing proceeds with the carrying amount. These gains and losses are included in the income statement. When revalued assets are sold, amounts included in the revaluation reserve relating to that asset are transferred to retained earnings.

9.1 Key Judgements – Furnace Liner

The Company undertook an assessment in June 2016 of the furnace ferrotungsten liner and it was determined that only 20 tonnes of ferrotungsten material was required to line the furnace and to maintain the furnace in an operable state. The ferrotungsten material in excess of the required 20 tonnes has been treated as inventory.

9.2 Key Judgements - Impairment losses recognised in the year 2016

During the prior year, the carrying values of all property, plant and equipment, and the liner were fully impaired which resulted in an impairment loss of $5,482,761 which has been recognised in profit or loss. Impairment was as a result of the ongoing concerns over the operation of the plant by the 40% joint venture partner.

10. Investments

On 15 December 2015, the Company received 5,000,000 shares in Tungsten Mining NL as part of consideration of its sale of tungsten tenements.

	2017 $	2016 $
Opening Investments at fair value	200,000	190,000
Additions - cost	-	-
Revaluation	(12,406)	10,000
Disposal proceeds	(140,975)	-
Gain/(loss) on disposal	(36,375)	-
Closing	**10,244**	**200,000**

Fair value is based on the bid price of the listed entity at year end. Impairments are recognised in the profit and loss.

The investment is in Asia Tungsten Products Co. Limited (ATCHK) of which 60% is held. In prior years it was controlled and thus eliminated on consolidation. Original cost was $1,009,305 which was fully impaired in past years.

Available for sale at cost		
Opening	-	-
Deemed cost on deconsolidation	1,009,306	
Adjustment to fair value on deconsolidation	(1,009,306)	
Closing	**-**	**-**

11. Trade and other payables

	2017 $	2016 $
Unsecured:		
Trade and other payables	1,126,343	5,339,707

Trade and other payables are non-interest bearing usually settled on 30 day terms. Included in trade and other payables as at 30 June 2016 is an amount of $1,356,074 which relates to interest accrued relating to the director Chen Guangyu. Details of the loan is included in note 13.

12. Provisions

	2017 $	2016 $
Provision for amounts owed under processing agreement	-	1,934,164
Provision for annual leave	-	57,774
Total provisions	-	1,991,938

The provision for amounts owed under processing agreement relates to 58,208kg W ferrotungsten not delivered as part of a tolling contract. The value of the ferrotungsten at 30 June 2016 is $1,934,164. Payment of this amount was pending negotiations with the counter party. The balance was deconsolidated on loss of control in the year.

The provision for annual leave represents annual leave entitlements as 30 June 2016.

Provision is made for benefits accruing to employees in respect of wages and salaries, annual leave and long service leave when it is probable that settlement will be required and they are capable of being measured reliably.

Provisions made in respect of employee benefits expected to be settled within 12 months, are measured at their nominal values using the remuneration rate expected to apply at the time of settlement.

Provisions made in respect of employee benefits which are not expected to be settled within 12 months are measured as the present value of the estimated future cash outflows to be made by the company in respect of services provided by employees up to the reporting date. Annual leave entitlement for geological staff are capitalised to Exploration and Evaluation.

Provisions are recognised when the Group has a present obligation, the future sacrifice of economic benefits is probable, and the amount of the provision can be measured reliably.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at reporting date, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows.

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, the receivable is recognised as an asset if it is probable that recovery will be received and the amount of the receivable can be measured reliably.

13. Financial liabilities short-term

	2017 $	2016 $
Secured Debt facilities – Siderian Capital (i)	2,385,652	2,297,103
Unsecured Loan – George Chen (ii)	-	3,573,976
Secured Convertible Notes (iii)	3,830,000	3,640,000
Cost of notes to be amortised	(100,316)	(181,761)
Promissory Notes (iv)	400,000	-
Total financial liabilities	6,515,337	9,329,318

(i) The debt facility was provided by Siderian Resource Capital Limited and was due to be repaid including all outstanding interest and charges on 20 April 2017as per the agreed terms in the latest Forbearance letter dated 30 March 2017. Interest is payable at 17%. Loan is secured by the ferrotungsten liner and other company assets. The loan in currently being re-negotiated with potential terms included in subsequent events.

(ii) This loan is a shareholder loan provided by Joint Venture partner Guangyu Chen to the Hong Kong subsidiary. This was deconsolidated during the year. Interest was charged at 6.8% p.a.

(iii) The secured convertible notes rank second to the secured debt facility and attract an interest rate of 12% and mature on 1 July 2018. These notes can be repaid in cash at maturity or converted at the relevant conversion rate to ordinary shares at the holders' discretion:

- 37 Notes totalling $1,770,000 are convertible at $0.25 per share;
- 31 Notes totalling $1,320,000 are convertible at $0.05 per share;
- 12 Notes totalling $300,000 are convertible at the lower of $0.05 per share and the lowest issue price of any shares issued prior to maturity date;
- 10 Notes totalling $250,000 are convertible at the lower of $0.05 per share and the lowest issue price of any shares issued prior to maturity date or the price implied by any corporate action;
- 1 Notes totalling $50,000 are convertible at the lower of $0.025 per share and the lowest issue price of any shares issued prior to maturity date; and
- 3 Notes totalling $140,000 are convertible at the lower of $0.01 per share and the lowest issue price of any shares issued prior to maturity date or the price implied by any corporate action;

Interest on the convertible notes is payable in ordinary shares at six monthly intervals.

(iv) These promissory notes were provided by Almonty Industries Inc and were due to be repaid including all outstanding interest on 29 July 2017 for the principal amount of $150,000 and 18 August 2017 for the principal amount of $250,000. The Company is in the process of negotiating an extension for the repayment term.

Financial Liabilities

Non-derivative financial liabilities (excluding financial guarantees) are subsequently measured at amortised cost using the effective interest rate method.

14. Issued capital

	2017	2016
140,891,481 fully paid ordinary shares (2016: 106,568,444)	67,154,632	66,550,183

The company has issued capital amounting to $423,202 (16,198,237 shares) in lieu of convertible note interest and $181,248 (18,124,800 shares) in satisfaction of outstanding debt.

Fully paid ordinary shares	2017		2016	
	No.	$	No.	$
Balance at the beginning of financial year	106,568,444	66,550,183	25,936,370	62,728,007
Issued 31 July 2015	-	-	86,216	64,662
Issued 20 August 2015	-	-	614,071	153,518
Issued 27 August 2015	-	-	201,841	50,460
Issued 9 December 2015	-	-	18,664,683	933,234
Issued 10 December 2015	-	-	41,393,467	2,069,673
Issued 14 December 2015	-	-	8,000,000	400,000
Issued 17 December 2015	-	-	2,568,000	128,400
Issued 22 December 2015	-	-	600,000	30,000
Issued 4 January 2016	-	-	570,000	28,500
Issued 15 January 2016	-	-	3,233,552	145,510
Issued 9 February 2016	-	-	1,900,000	95,000
Issued 1 March 2016	-	-	2,500,000	125,000
Issued 24 March 2016	-	-	244	-
Issued 20 April 2016	-	-	300,000	15,000
Issued 12 July 2016	6,107,928	199,118	-	-
Issued 16 January 2017	28,215,109	405,331	-	-
	140,891,481	67,154,632	106,568,444	66,966,964
Less cost of capital	-	-	-	(416,781)
Balance at the end of financial year	**140,891,481**	**67,154,632**	**106,568,444**	**66,550,183**

Ordinary shares have the right to receive dividends as declared by the board and, in the event of winding up the company, to participate in the proceeds from the sale of all surplus assets in proportion to the number of and amounts paid up on shares held. Ordinary shares entitle the holder to one vote either in person or by proxy at a meeting of the company.

14. Issued capital continued

Options on Issue

The following reconciles the outstanding share options at the beginning and end of the financial year. Each option entitles the holder to one fully paid ordinary share in the Company.

	2017		2016	
Description	**No.**	**$**	**No.**	**$**
Balance at the beginning of financial year	12,754,581	978,433	4,768,362	1,506,448
Granted during the financial year	-	-	9,886,219	284,033
Cancelled during the financial year	-	-	(1,500,000)	(95,898)
Expired during the financial year	(12,454,581)	(947,833)	(400,000)	(716,150)
Balance at the end of financial year	300,000	30,600	12,754,581	978,433
Exercisable at the end of financial year	300,000		12,754,581	

Shares under Option or Issued on Exercise of Options

Details of unissued shares or interests under option as at 30 June 2017 are:

Number of Ordinary Shares under Option	Class of Shares	Original Exercise Price of Options	Modified Exercise Price of Options	Expiry Date of Option
300,000	Ordinary	$0.0116	$0.58	31 July 2018

15. Reserves

	2017	2016
	$	$
Options Reserve	30,600	978,433
Financial Asset Revaluation Reserve	-	10,000
Foreign Currency Translation Reserve	-	(1,304,517)
	30,600	(316,084)

The options reserves comprise share based payment made to directors, consultants and key management personnel refer note 25.

The financial asset revaluation reserve in 2016 relates to the revaluation of 5,000,000 shares held in Tungsten Mining NL received as part consideration for the sale of exploration tenements.

The foreign currency translation reserve represents exchange differences as at balance date on translation of foreign subsidiaries.

16. Capital management

The Consolidated Entity's objectives when managing capital are to safeguard their ability to continue as a going concern, so that they may continue to provide returns for shareholders and benefits for other stakeholders.

Due to the nature of the Consolidated Entity's activities, the Consolidated Entity does not have ready access to credit facilities, with the primary source of funding being debt financing and equity raisings. Therefore, the focus of the Consolidated Entity's capital risk management is capital raising to meet costs. The Consolidated Entity's strategy is to ensure appropriate liquidity is maintained to meet anticipated operating requirements, with a view to sourcing debt financing and initiating appropriate capital raisings as required. The working capital position of the Consolidated Entity and the parent entity at 30 June 2017 and 30 June 2016 are as follows:

	2017 $	**2016 $**
Current assets	25,242	1,054,157
Current liabilities	(8,361,680)	(16,660,963)
Working capital position	(8,336,438)	(15,606,806)

17. Earnings per share

	2017 Cents per share	**2016 Cents per share**
Basic and diluted gain (loss) per share from continuing and discontinued operations	(6.86)	(14.78)

Basic and Diluted Earnings per Share
The earnings and weighted average number of ordinary shares used in the calculation of basic earnings per share are as follows:

	2017 $	**2016 $**
Gain (Loss) used in the calculation of basic and diluted EPS as per income statement	(8,601,717)	(10,300,230)
	No.	**No.**
Weighted average number of ordinary shares for the purposes of basic and diluted earnings per share	125,324,375	69,708,496

18. Discontinued Operations

The directors has assessed that they no longer control the investment in Hong Kong and Vietnam. Deconsolidation occurred from 1 July 2016.

Therefore in financial year 2017, there is a discontinuation of operations due to the deconsolidation. The comparatives are required to be adjusted to reflect the effect of the discontinuation. The comparatives also include the effect of the sale of its exploration assets in order to reduce cash outflows.

	2017 $	2016 $
Profit for the year from discontinued operations		
Revenue	-	8,754,085
Expenses – discontinued operations in Hong Kong and Vietnam	(6,328,181)	(22,680,608)
Expenses – discontinued exploration activities	-	(152,183)
Gain (Loss) before tax	(6,328,181)	(14,078,706)
Attributable income tax expense	-	-
Gain (Loss) for the year from discontinued operations (attributable to parent entity)	(6,328,181)	(14,078,706)
Cash flows from discontinued operations		
Net cash outflows from operating activities	-	(675,514)
Net cash inflows from investing activities	-	1,094,000
Net cash inflows from financing activities	-	353,129
Net cash inflows/(outflows)	-	771,615
Assets held by discontinued operations	-	14,708,230
Liabilities of discontinued operations	-	-

18.1 Key judgements – JV legal dispute
The directors had to apply judgement in assessing whether for accounting purposes the group had control of the two overseas subsidiaries.

Control is in place when ATC is exposed, or has rights to variable returns and has the ability to affect those returns through its power over the investment. The directors assessed that they have not had the ability to use its power to affect an investor return.

Power is where there is the existing right that gives the ability to direct the relevant activities, being the activities that affect investee's returns. There are numerous reasons such as inability to obtain information, JV party conducting activities that went against agreed plans, not have access to the company stamp which is required to execute documents. Whilst the Group owns 60% and has the right to dividends, it has been demonstrated that the directors have not been able to substantively direct the activities of the two subsidiaries.

19. Contingent Liabilities and Contingent Events

The Board of Directors believe that there are no contingent liabilities or capital equipment commitments up to or subsequent to the 30th June 2017 for either the parent company or its Australian subsidiary.

Key Judgment – JV legal dispute
The directors are in dispute with the JV partner as outlined in subsequent events. They are not aware of any costs or payments, or cash inflows/outflows that may occur when the legal matters are resolved.

Key Judgment – Environmental Issues
Balances disclosed in the financial statements and notes thereto are not adjusted for any pending or enacted environmental legislation, and the directors understanding thereof. At the current stage of the company's development and its current environmental impact the directors believe such treatment is reasonable and appropriate.

20. Auditor's Remuneration

Amounts received or due and received for:

An audit or review of the financial report of the Consolidated Entity

	2017 $	2016 $
Crowe Horwath Sydney	50,000	-
Bentleys Audit and Corporate (WA) Pty Ltd	-	82,500
Poon & Tong Hong Kong	-	5,469
KPMG Vietnam	-	39,018
	50,000	126,987

21. Notes to the cash flow statement

a) Reconciliation of cash and cash equivalents

For the purposes of the cash flow statement, cash and cash equivalents includes cash on hand and in banks. Cash and cash equivalents at the end of the financial year as shown in the cash flow statement is reconciled to the related items in the balance sheet as follows

	2017 $	2016 $
Cash and cash equivalents	1,358	212,650

Cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities on the balance sheet.

b) Non-cash financing and investing activities

No non-cash financing and investing activities transactions took place during the financial year.

21. Notes to the cash flow statement continued

c) Reconciliation of loss for the period to net cash flows from operating activities

	2017 $	2016 $
Gain (Loss) for the period	(8,601,716)	(16,605,395)
Non-cash items		
Impairment of asset	-	5,512,247
Write down of inventory	-	4,595,534
Depreciation	4,726	621,035
Provision for non-recovery	-	153,693
Provision for loan to related parties	921,370	-
Share based payments	-	189,841
Finance costs	1,169,442	145,510
Net foreign exchange (gain)/loss	846,776	(742,361)
(Gain) Loss for the year from discontinued operations	6,328,181	-
Interest income	(1,749,226)	-
Employee benefits expenses	62,076	-
Written-off Administrative expenses	(25,055)	-
(Profit)/loss on disposal of asset	1,715	-
Investments Gain/Loss	33,453	-
Impairment of investments	5,327	-
Movements in working capital		
(Increase)/decrease in assets:		
Trade and other receivables	39,172	(556,345)
Inventory	-	(231,836)
Exploration	-	1,200,000
Increase/(decrease) in liabilities		
Trade and other payables	(130,296)	1,265,905
Deferred revenue	-	(30,753)
Provisions	(57,774)	1,892,728
	(1,151,829)	(2,590,197)

22. Subsequent Events

Subsequent to year end the following material subsequent events occurred:

Joint Venture

After the Company obtained shareholder approval for the its proposed sale of the majority of its shareholding in its ferrotungsten joint venture, Asia Tungsten Products Co Limited (**ATCHK**), the proposed buyer and the Company's minority joint venture partner, Mr Guangyu (George) Chen (**Chen**) (**Sale Transaction**) indefinitely delayed the Sale Transaction.

The Company has been exploring other options in respect of finalising the dispute with Chen and the proposed Sale Transaction.

As the majority shareholder in ATCHK, the Company served a disenfranchisement notice on Chen (**ATC Disenfranchisement Notice**) for, among other things, failing to:

- maintain proper and complete accounting and financial records of ATCHK and its wholly owned Vietnamese subsidiary Asia Tungsten Products Vietnam Limited (**ATCV**);
- provide to the Company reconciliations and other financial reports as required relating to ATCHK and ATCV; and
- procure that ATCV's profits were available for distribution.

It is alleged in the Company that each of these failures resulted in a material breach of Chen's obligations pursuant to the joint venture agreement between Chen and the Company.

The effect of the ATC Disenfranchisement Notice was the immediate suspension of Chen's rights as a shareholder in ATC-HK. In response to the ATC Disenfranchisement Notice, Chen sought to serve a disenfranchisement notice on the Company (**Chen Disenfranchisement Notice**), in addition to a statement of claim against the Company (**Chen Statement of Claim**), seeking an order from the High Court of the Hong Kong Special Administrative Region Court of First Instance, that the ATC Disenfranchisement Notice is void and invalid and that the Chen Disenfranchisement Notice is valid and effective. The Company has engaged Hong Kong legal counsel to act on its behalf in relation to the Chen Disenfranchisement Notice and the Chen Statement of Claim.

Capital Raising

As at the date of this report, the Company is well advanced in preparations for an underwritten capital raising, intended to raise up to A$3 million.

22. Subsequent Events continued

Siderian facility

The Company further advises that it has been continuing discussions with its secured lender, Siderian Resource Capital Limited (**Siderian**), in relation to the repayment of the Company's debt to Siderian. Under a further forbearance arrangement which is currently being finalised by the Company and Siderian, the parties have negotiated that Siderian will not issue any notice or exercise any of its rights to call on the Company's debt to it until 31 October 2018 or the earlier occurrence of an Event of Default as defined under the forbearance arrangement.

The new forbearance arrangement (**Forbearance**) will involve the following conditions:

(e) the Company must pay to Siderian, on or before 31 January 2018, an amount in United States dollars which is the equivalent of:
  (i) A$1,000,000; plus
  (ii) 50% of the amount raised under the Company's proposed Rights Issue over and above A$2,000,000
  (**Siderian Amount**).

(f) On the day after Siderian receives the Siderian Amount, the interest rate payable by the Company on its debt to Siderian will reduce to 0% for the period until 31 October 2018.

(g) Until the Company repays all of the money remaining outstanding to Siderian, if the Company:
  (i) undertakes any form of debt or equity raising;
  (ii) disposes of any assets;
  (iii) recovers any money in relation to proceedings taken against any shareholder or officer of ATCHK and ATCV; or
  (iv) undertakes a similar transaction,

  it must, upon receipt of the gross proceeds, repay half of those gross proceed (in US$) to Siderian.

(h) Once the amount outstanding reduces to no less than US$300,000, the Company may, subject to compliance with the ASX Listing Rules and the Corporations Act, elect to repay such outstanding monies by the issue of fully paid ordinary shares to that value.

23. Financial Instruments

(a) Financial Risk Management

The Consolidated Entity's financial instruments consist mainly of deposits with banks, and accounts receivable and payable, loan being non-derivative financial instruments.

Derivatives are not currently used by the Consolidated Entity for hedging purposes.

(i) Treasury Risk Management

The board meets on a regular basis to analyse currency and interest rate exposure and to evaluate treasury management strategies in the context of the most recent economic conditions and forecasts.

(ii) Financial Risks

The main risks the Consolidated Entity is exposed to through its financial instruments are interest rate risk, liquidity risk and credit risk.

Interest rate risk

The Consolidated Entity's exposure to market risk for changes in interest rates is minimised with all borrowings at a fixed interest rate.

A sensitivity analysis has not been completed as impact on current year results and equity is likely to be insignificant given the fixed nature of interest.

Liquidity risk

Liquidity risk arises from the possibility that the Consolidated Entity might encounter difficulty in settling its debts or otherwise meeting its obligations related to financial liabilities, refer Note 13. The Group manages this risk through the following mechanisms:

- preparing forward looking cash flow analysis in relation to its operational, investing and financing activities;
- negotiating with creditors, payment terms;
- obtaining funding from a variety of sources;
- managing credit risk related to financial assets; and
- comparing the maturity profile of financial liabilities with the realisation profile of financial assets.

The following table details the Consolidated Entity's expected maturity for its financial liabilities. The table has been drawn up based on the undiscounted contractual maturities of the financial liabilities. The Consolidated Entity expects to meet its obligations from the raising of capital.

30-Jun-17	Weighted Average effective interest rate %	Less than 1 month $	1-12 months $	1 to 5 years $	Total $
Non-interest bearing – Trade payables	-	1,126,343	-	-	1,126,343
Non-interest bearing – Advanced Subscription	-	720,000	-	-	720,000
Fixed interest rate – Convertible Notes	12.0	-	3,729,684	-	3,729,684
Fixed interest rate – Promissory Notes	5.0	-	400,000	-	400,000
Fixed interest rate – Siderian Loan	17.0	-	2,385,652	-	2,385,652
		1,846,343	6,615,337	-	8,361,680

23. Financial Instruments continued

(a) Financial Risk Management continued

(ii) Financial Risks continued

Credit risk

The maximum exposure to credit risk, excluding the value of any collateral or other security, at balance date to recognised financial assets, is the carrying amount, net of any provisions for impairment of those assets, as disclosed in the balance sheet and notes to the financial statements.

The Consolidated Entity does not have any material credit risk exposure to any single receivable or group of receivables under financial instruments entered into by the economic entity.

Credit risk related to balances with banks is managed in accordance with Board approvals. The following table provides information regarding the credit risk relating to cash based on Standard & Poor's counterparty credit ratings.

	2017	**2016**
	$	**$**
Cash and cash equivalents		
- AA Rated	1,358	152,896
- Indovina Bank Vietnam (not listed)	-	59,754
	1,358	212,650

Foreign Exchange Risk

Exposure to foreign exchange risk may result in the fair value or future cash flows of a financial instrument fluctuating due to movement in foreign exchange rates of currencies in which the Consolidated Entity holds instruments which are other than the AUD functional currency of the Consolidated Entity.

The Group has loan with subsidiaries and Siderian in $US dollars. The value at year end, including interest was:

	2017
	$US
- Loan to subsidiaries	19,155,225
- Loan from Siderian	1,835,043

The affect of a change in exchange rate by $0.01 is $209,903.
The maturity is noted at note 22

23. Financial Instruments continued

(b) Fair Value Estimation

The fair value of the financial assets and financial liabilities must be estimated for recognition and measurement or for disclosure purposes. All financial assets and financial liabilities of the Consolidated Entity at the balance date are recorded amounts approximating their carrying amount.

The fair value of financial instruments traded in active markets is based on quoted market prices at the reporting date. The quoted market price used for financial assets held by the Consolidated Entity is the current bid price.

The carrying value less impairment provision of trade receivables and payables are assumed to approximate their fair values due to their short-term nature.

Fair value hierarchy
AASB 13 requires the disclosure of fair value information by level of the fair value hierarchy, which categorises fair value measurements into one of three possible levels based on the lowest level that an input that is significant to the measurement can be categorised into as follows:

Level 1

Measurements based on quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date.

Level 2

Measurements based on inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly

Level 3
Measurements based on unobservable inputs for the asset or liability.

The fair values of assets and liabilities that are not traded in an active market are determined using one or more valuation techniques. These valuation techniques maximise, to the extent possible, the use of observable market data. If all significant inputs required to measure fair value are observable, the asset or liability is included in Level 2. If one or more significant inputs are not based on observable market data, the asset or liability is included in Level 3.

The Group would change the categorisation within the fair value hierarchy only in the following circumstances:

(i) if a market that was previously considered active (Level 1) became inactive (Level 2 or Level 3) or vice versa; or

(ii) if significant inputs that were previously unobservable (Level 3) became observable (Level 2) or vice versa.

When a change in the categorisation occurs, the Group recognises transfers between levels of the fair value hierarchy (i.e. transfers into and out of each level of the fair value hierarchy) on the date the event or change in circumstances occurred.

The only asset with a Fair Value is the investments at note 10. They were valued using category 1.

23 Financial Instruments continued

(c) Interest Rate Risk

The Consolidated Entity's exposure to interest rate risk, which is the risk that a financial instruments value will fluctuate as a result of changes in market interest rates, and the effective weighted average interest rate for each class of financial assets and financial liabilities comprises:

Consolidated	Weighted Average effective interest rate	interest rate	interest rate	interest bearing	Total
2017	**%**	**$**	**$**	**$**	**$**
Financial Assets					
Cash and cash equivalents		1,358	-	-	1,358
Trade and other receivables		-	-	1,874	1,874
		1,358	-	1,874	3,233
Financial Liabilities - Current					
Trade and other payables		-	-	1,126,343	1,126,343
Subscription deposits advanced		-	-	720,000	720,000
Convertible notes	12.0	-	3,729,684	-	3,729,684
Promissory Notes	5.0	-	400,000	-	400,000
G Chen loan	6.8	-	-	-	-
Siderian loan	17.0	-	2,385,652	-	2,385,652
		-	6,515,337	1,846,343	8,361,680

Consolidated	Weighted Average effective interest rate	interest rate	interest rate	interest bearing	Total
2016	**%**	**$**	**$**	**$**	**$**
Financial Assets					
Cash and cash equivalents	2.0	212,650	-	-	212,650
Trade and other receivables		-	-	588,589	588,589
		212,650	-	588,589	801,239
Financial Liabilities - Current					
Trade and other payables		-	-	5,339,707	5,339,707
Convertible notes	12.0	-	3,458,239	-	3,458,239
G Chen loan	6.8	-	3,573,976	-	3,573,976
Siderian loan	15.0	-	2,297,103	-	2,297,103
		-	9,329,318	5,339,707	14,669,025

All financial assets, trade and other payables and other liabilities are expected to be settled within 12 months. The carrying amount of all financial assets and financial liabilities approximate their fair values.

24. Share-based payments

The following share-based payments were made during the financial year 2017:

Date	Shares	Options	Purpose of Issue
12 July 2016	6,107,928	-	In lieu of interest due on convertible notes.
16 January 2017	10,090,309	-	In lieu of interest due on convertible notes.
16 January 2017	18,124,800	-	In lieu of satisfaction of outstanding debt

The following share-based payments were made during the financial year 2016:

Date	Shares	Options	Purpose of Issue
31 July 2015(1)	86,216	86,216	In lieu of cash for capital raising fees
31 July 2015(1)	-	300,000	Under terms of Deed of Termination
31 July 2015(1)	-	7,600,000	Convertible note costs
20 August 2015(1)	3,518	-	Interest on convertible notes
27 August 2015(1)	460	-	Interest on convertible notes
2 September 2015(1)	-	400,000	Convertible note costs
9 December 2015(1)	2,000,000	-	In lieu of cash for director fees
17 December 2015(1)	1,368,000	-	In lieu of cash for capital raising fees
15 January 2016(1)	145,510	-	Interest on convertible notes
20 April 2016	300,000	-	In lieu of cash for capital raising fees

(1)The quantity of shares or options is adjusted for 50:1 share consolidation on 24 March 2016.

Set out below are the summary of options granted in prior year:

Options series	Number	Grant date	Expiry date	Exercise price $	Fair value at grant date $
27/11/2016 - $2.75(1)	571,389	27/05/2014	27/11/2016	2.75	N/A
27/11/2016 - $2.75	2,791,431	27/05/2014	27/11/2016	2.75	0.356
09/03/2017(a) - $0.75(1)	86,216	31/07/2015	09/03/2017	0.75	N/A
09/03/2017(a) - $0.75	7,600,000	31/07/2015	09/03/2017	0.75	0.020
09/03/2017(b) - $0.75	400,000	02/09/2015	09/03/2017	0.75	0.018
31/07/2018 - $0.58	300,000	31/07/2015	31/07/2018	0.58	0.102

(1)The value of these free attaching options is intrinsic in the shares that were issued.

Reconciliation of the outstanding share options at the beginning and end of the financial year:

Consolidated Description	2017 No.	2016 No.
Balance at the beginning of the financial year	12,754,581	4,768,365
Granted during the financial year	-	9,886,216
Cancelled during the financial year	-	(1,500,000)
Expired during the financial year	(12,454,581)	(400,000)
Balance at the end of financial year	300,000	12,754,581
Exercisable at the end of the financial year	300,000	12,754,581

Share based payments are shown in the Statement of Changes in Equity under the Reserves heading and are included in the director remuneration line in the Income Statement and the Issued Capital line in the Equity section of the Balance Sheet and under Convertible Notes.

Options hold no voting or dividend rights, and are not transferable. During the year 400,000 (post consolidation) options expired and 1,500,000 (post consolidation) options issued on 31 July 2015 were forfeited as vesting condition were not met.

24. Share-based payments continued

Key Judgements - Share based payment transactions
The Company measures the cost of equity-settled transactions with employees by reference to the fair value of the equity instruments at the date at which they are granted. The fair value is determined by an external valuation using a Black-Scholes option pricing model, using the assumptions detailed above.

The weighted average remaining contractual life of options outstanding at year end was 0.08 years (2016: 0.66 years). Historical volatility has been the basis for determining expected share price volatility as it is assumed that this is indicative of future movements.

Inputs into the model	**31/07/2018**
	$0.58
Grant date share price	$0.24
Exercise price	$0.35
Expected volatility	55.00%
Options life years	3.00
Dividend yield	0.00%
Risk-free interest rate	1.97%

Equity-settled share-based payments with employees and others providing similar services are measured at the fair value of the equity instrument at the grant date. Fair value is measured by use of a binomial model. The expected life used in the model has been adjusted, based on management's best estimate, for the effects of non-transferability, exercise restrictions, and behavioural considerations.

The fair value determined at the grant date of the equity-settled share-based payments is expensed on a straight-line basis over the vesting period, based on the consolidated entity's estimate of shares that will eventually vest.

The above policy is applied to all equity-settled share-based payments that were granted after 7 November 2002 that vested after 1 January 2005.

For cash-settled share-based payments, a liability equal to the portion of the goods or services received is recognised at the current fair value determined at each reporting date.

25. Related party transactions

Balances and transactions between the Company and its subsidiaries, which are related parties of the Company, have been eliminated on consolidation and are not disclosed in this note. Details of transactions between the Consolidated Entity and other related parties are disclosed below:

Equity interests in subsidiaries

Details of the percentage of ordinary shares held in subsidiaries are disclosed in note 27 to the financial statements.

25. Related party transactions continued

Trading transactions

During the year, the Company entered into the following trading transactions with related parties. The amounts below relating to trading transactions are including GST where applicable:

(i) Rowan Hall Pty Ltd (Rowan), an entity controlled by Mr Patrick Burke, received $85,000 (2016: $136,500) in relation to corporate advisory services provided to the Company. As at balance date the Company owed $40,250 (2016: $23,000) to Rowan.

(ii) Ochre Group Holdings Limited (OGH), an entity associated with Mr Nathan Featherby and Saxon Ball, received $220,000 (2016: $Nil) in relation to corporate advisory services provided to the Company. As at balance date the Company owed $146,500 (2016: $Nil) to OGH.

(iii) Enrizen Accounting Pty Ltd (EA), an entity associated with Trent Franklin, received $66,900 (2016: Nil) in relation to company secretarial and accounting services provided to the Company. As at balance date the Company owed $73,590 (2016: $Nil) to EA.

(iv) Enable Finance Pty Ltd, (EF) an entity associated with Trent Franklin, received $1,433 (2016: $Nil) in relation to administration services to the Company. As at balance date the Company owed $1,576 (2016: $Nil) to EF.

(v) Enrizen Pty Ltd, (EPL) an entity associated with Trent Franklin, received $3,000 (2016: $Nil) in relation to insurance services to the Company. As at balance date the Company owed $3,300 (2016: $Nil) to EPL.

(vi) Enrizen Lawyers Pty Ltd, (EL) an entity associated with Trent Franklin, received $23,249 (2016: $Nil) in relation to legal services provided to the Company. As at balance date the Company owed $25,574 (2016: $Nil) to EL.

(vii) New Consulting Services Pty Ltd, (NC) an entity associated with Carol New, received $71,500 (2016: $182,600) in relation to finance and company secretarial services provided to the Company. As at balance date the Company owed $26,250 (2016: $40,600) to NC. Ms New resigned as director on 18 November and resigned as company secretary 1 February 2017, following which the agreement with Ms New was terminated.

(viii) Custom OH&S Management, (CO) an entity associated with Michael Bourne, received $43,000 (2016: $157,130) in relation to operational services provided to the Company. As at balance date the Company owed $Nil (2016: $15,400) to CO. Michael Bourne resigned from the Company on 16 December 2016 and accordingly this agreement was terminated

Loan to related party

The Group has provided Loan to Asia Tungsten Products Co. Limited which was eliminated as part of consolidation in prior year; while, the Company has fully impaired the loan in current year. The details of loans are disclosed in note 6.

26. Key management personnel compensation

The aggregate compensation made to key management personnel of the Consolidated Entity is summarised below:

Compensation Type	2017 $	2016 $
Short-term benefits	419,500	1,666,340
Post-employment benefits	-	14,912
Total	419,500	1,681,252

Refer to the Remuneration Report contained in the Directors' Report for details of remuneration paid to each member of the Consolidated Entity's key management personnel and their options held and shareholdings. The remuneration is paid through contracts for services.

27. Controlled Entities

ATC Alloys Ltd controls the following percentages in its subsidiaries.

Name of Subsidiary (%)	Country of Incorporation	Percentage Owned 2017	2016
BigHill Resources Limited	Australia	100%	100%

Refer to note 18 where the Group discloses the loss of control of two entities during the year. They were Asia Tungsten Co., Limited based in Hong Kong, and Asia Tungsten Products Vietnam Limited in Vietnam, all owned at 60%.

28. Parent Entity Disclosures

The accounting policies of the parent entity, which have been applied in determining the financial information presented below, are the same as those applied in the consolidated financial statements. Refer to Note 1 for a summary of the significant accounting policies relating to the group.

	2017 $	2016 $
Financial Position		
Assets		
Current assets	21,242	4,585,737
Non-current assets	15,506	38,351,862
Total assets	36,748	42,937,599
Liabilities		
Current liabilities	8,361,680	7,280,383
Total liabilities	8,361,680	7,280,383
Equity		
Issued capital	67,154,632	66,550,183
Option reserve	30,600	978,433
Financial Asset Revaluation Reserve	-	10,000
FX reserve	659,300	(3,847,400)
Accumulated losses	(76,169,465)	(28,034,000)
Total Equity	(8,324,932)	35,657,216
Financial Performance		
Gain (Loss) for the year	(2,279,017)	(5,662,672)
Other comprehensive income	-	-
Total comprehensive income	(2,279,017)	(5,662,672)

Directors' Declaration

In accordance with a resolution of the directors of ATC Alloys Ltd, the directors of the company declare that:

1) the financial statements and notes, as set out on pages 18 to 55, are in accordance with the *Corporations Act 2001* and:

   (a) comply with Australian Accounting Standards, which, as stated in accounting policy Note 1 to the financial statements, constitutes compliance with International Financial Reporting Standards (IFRS); and

   (b) give a true and fair view of the financial position as at 30 June 2017 and of the performance for the year ended on that date of the Consolidated Entity;

2) in the directors' opinion there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable; and

3) the directors have been given the declarations required by s295A of the Corporations Act 2001 from the Chief Executive Officer and Chief Financial Officer.

Patrick Burke
Chairman

7 December 2017

Crowe Horwath Sydney
ABN 97 895 683 573
Member Crowe Horwath International
Level 15 1 O'Connell Street
Sydney NSW 2000 Australia
Tel +61 2 9262 2155
Fax +61 2 9262 2190
www.crowehorwath.com.au

The Board of Directors
ATC Alloys Limited
Level 11
52 Phillips Street
SYDNEY NSW 2000

Dear Board Members

ATC ALLOYS LIMITED

In accordance with section 307C of the Corporations Act 2001, I am pleased to provide the following declaration of independence to the Directors of ATC Alloys Limited.

As lead audit partner for the audit of the consolidated financial statements of ATC Alloys Limited for the year ended 30 June 2017, I declare that to the best of my knowledge and belief, that there have been no contraventions of:

(i) the auditor independence requirements of the *Corporations Act 2001* in relation to the review; and
(ii) any applicable code of professional conduct in relation to the review.

Yours faithfully

Crowe Horwath Sydney

CROWE HORWATH SYDNEY

L Russell

LEAH RUSSELL
Senior Partner

Dated this 7h day of December 2017.

Crowe Horwath Sydney
ABN 97 895 683 573
Member Crowe Horwath International

Audit and Assurance Services

Level 15 1 O'Connell Street
Sydney NSW 2000
Australia

Tel +61 2 9262 2155
Fax +61 2 9262 2190
www.crowehorwath.com.au

ATC Alloy Limited

Independent Auditor's Report to the Members of ATC Alloy Limited

Report on the Audit of the Financial Report

Audit Opinion

We have audited the financial report of ATC Alloy Ltd (the Company and its subsidiaries (the Group)), which comprises the consolidated statement of financial position as at 30 June 2017, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, and the directors' declaration.

In our opinion, the accompanying financial report of the Group is in accordance with the *Corporations Act 2001*, including:

(a) giving a true and fair view of the Group's financial position as at 30 June 2017 and of its financial performance for the year then ended; and
(b) complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of our report. We are independent of the Group in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of the Company, would be in the same terms if given to the directors as at the time of this auditor's report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our unqualified opinion.

Material Uncertainty Related to Going Concern

We draw attention to Note 1 in the financial report, which indicates that the Group incurred a net loss of $8,601,716 during the year ended 30 June 2017 and, as of that date, the Group had a net liability of $8,324,932 and the Group's current liabilities exceeded its total assets by $8,336,438. As stated in Note 1, these events or conditions, indicate that a material uncertainty exists that may cast significant doubt on the Group's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Emphasis of Matter – Contingent Liabilities

We draw attention to Note 19 of the financial report, which describes the contingent liabilities relating to the Group's investment in Asia Tungsten Products Co., Limited and Asia Tungsten Products Vietnam Limited. Our opinion is not modified in respect of this matter.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial report of the current period. These matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

In addition to the matters described in the Audit Opinion, Material Uncertainty Related to Going Concern, we have determined the matters described below to be the key audit matters to be communicated in our report.

Key Audit Matter	How we addressed the Key Audit Matter
Deconsolidation – refer to note 18	
The directors have assessed that during the year, the Group whilst owning 60% of the shares of Asia Tungsten Products Co., Limited and therefore 60% Asia Tungsten Products Vietnam Limited they did not control the entities. Control is evident when the Group has the right to variable returns, and has the ability to affect those returns through its power over the entities. There is power when there is the a practical right to direct the relevant activities. The assessment of control involves significant judgement. The key aspects that directors used for making the assessment were; ▪ Inability to affect returns from the entities ▪ Unable to practically direct the relevant activities	▪ We challenged managements judgements through obtaining and reviewing legal correspondence, minutes of meetings. ▪ Reviewed the substance of the relationship. ▪ Considered the ability of the Group to appoint directors.

Other Information

The directors are responsible for the other information. The other information comprises the information included in the Group's annual report for the year ended 30 June 2017, but does not include the financial report and our auditor's report thereon.

Our opinion on the financial report does not cover the other information and accordingly we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Directors for the Financial Report

The directors of the Company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the directors are responsible for assessing the ability of the Group to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

A further description of our responsibilities for the audit of the financial report is located at the Auditing and Assurance Standards Board website at: http://www.auasb.gov.au/auditors_files/ar2.pdf .This description forms part of our auditor's report.

Report on the Remuneration Report

Opinion on the Remuneration Report

We have audited the Remuneration Report included pages 14 to 16 of the directors' report for the year ended 30 June 2017.

In our opinion, the Remuneration Report of ATC Alloy Limited., for the year ended 30 June 2017, complies with section 300A of the Corporations Act 2001.

Crowe Horwath

Responsibilities

The directors of the Company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the Corporations Act 2001. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

Crowe Horwath Sydney

CROWE HORWATH SYDNEY

L Russell

LEAH RUSSELL
Senior Partner

Dated at Sydney this 7th day of December 2017

Additional ASX Information
As at 6 December 2017

The Company's ordinary shares are quoted by the Australian Stock Exchange Limited.

The Home Branch is Perth and the ASX code is ATA.

Options over ordinary shares and convertible notes convertible into ordinary shares in the Company are not quoted on the ASX.

Holders of classes of equity securities

Class	Number on issue	Exercise price	Expiry date	Number of holders
Shares				
Ordinary	140,891,481	-	-	1,540
Options				
ATAAM	300,000	$0.58	31/07/2018	1
Convertible Notes				
Face Value $50,000 Coupon Rate 12%,	35	$0.25	01/07/2018	18
Face Value $25,000 Coupon Rate 12%	2	$0.25	01/07/2018	2
Face Value $50,000 Coupon Rate 12%	23	$0.05	01/07/2018	10
Face Value $25,000 Coupon Rate 12%	12	The lower of $0.05 and the lowest issue price of any shares prior to maturity date	01/07/2018	2
Face Value $25,000 Coupon Rate 12%	10	The lower of $0.05 and the lowest issue price of any shares prior to maturity date of the price implied by a corporate action	01/07/2018	3
Face Value $20,000 Coupon Rate 12%	6	$0.05	01/07/2018	4
Face Value $10,000 Coupon Rate 12%	2	$0.05	01/07/2018	2
Face Value $50,000 Coupon Rate 12%	1	The lower of $0.025 and the lowest issue price of any shares prior to maturity date of the price implied by a corporate action	01/07/2018	1
Face Value $85,000 Coupon Rate 12%	1	$0.01	01/07/2018	1
Face Value $30,000 Coupon Rate 12%	1	$0.01	01/07/2018	1
Face Value $25,000 Coupon Rate 12%	1	$0.01	01/07/2018	1

Distribution of holders of equity securities
Ordinary shares

Range	Number of shares	Number of holders
1 - 1,000	263,654	702
1,001 – 5,000	908,509	357
5,001 – 10,000	937,128	121
10,001 – 100,000	8,743,097	240
100,001 and over	130,039,093	120
	140,891,481	1,540

Additional ASX Information
As at 6 December 2017

Top 20 holders

No.	Shareholder	Number of shares	% of issued shares
1	SOMERS AND PARTNERS PTY LTD	26,441,813	18.77
2	JEMAYA PTY LTD <THE FEATHERBY FAMILY A/C>	8,802,358	6.25
3	HSBC CUSTODY NOMINEES (AUSTRALIA LIMITED)	8,729,773	6.20
4	PERTH SELECT SEAFOODS PTY LTD	4,331,857	3.07
5	CABBDEG INVESTMENTS PTY LTD	4,222,908	3.00
6	BAXCHANG PTY LTD <HUTCHINSON FAMILY S/F A/C>	4,116,539	2.92
7	AJAVA HOLDINGS PTY LTD	4,000,000	2.84
8	CHIFLEY PORTFOLIOS PTY LIMITED	3,805,366	2.70
9	MULLOWAY PTY LTD <JOHN HARTLEY POYNTON FM A/C>	3,660,690	2.60
10	MANICITI PTE LTD	3,631,137	2.58
11	MR JOHN PAUL WELBORN	3,115,071	2.21
12	INTERSTATE INVESTMENTS PTY LTD	2,702,510	1.92
13	CORREZE PTY LTD	2,650,039	1.88
14	CABBDEG INVESTMENTS PTY LTD	2,400,000	1.70
15	LAGUNDI PTY LTD <PREVELLY SUPER FUND A/C>	2,034,286	1.44
16	TARNEY HOLDINGS PTY LTD <DP & FL WADDELL FAMILY A/C>	2,000,000	1.42
17	AUSNOM PTY LTD <THE J & K CHEGS SHARE A/C>	1,734,254	1.23
18	BAXCHANG PTY LTD <THE HUTCHINSON FAMILY SUPER FU>	1,600,000	1.14
19	RAVINA QLD PTY LTD	1,553,804	1.10
20	CARPENDERS PARK PTY LTD <STAFF SUPER FUND A/C>	1,500,177	1.07
		93,032,582	**66.03**

Unmarketable parcels

The Company has 1,262 shareholdings which are less than a marketable parcel.

Voting rights

Voting rights of members are set out in Article 2.1 of the Company's Constitution.

Only holders of ordinary shares are entitled to vote, either in person or by proxy, attorney or corporate representative:

- on a show of hands, to one vote, and
- on a poll, to one vote for each share held.

Holders of options and convertible notes do not have a right to vote.

Substantial shareholders

As at 6 December 2017 there are 3 shareholders with a holding greater than 5%.

The following substantial shareholdings have been notified to the Company.

Name of shareholder	No. of shares held
Somers and Partners Pty Ltd	26,441,813
Jemaya Pty Ltd	8,802,358
HSBC Custody Nominees Australia Limited	8,729,773

Corporate Governance Statement

Introduction

Since the introduction of the ASX Corporate Governance Council's Principles of Good Corporate Governance and Best Practice Recommendations ("ASX Guidelines" or "the Recommendations"), the Company has sought to adopt systems of control and accountability as the basis for the administration of corporate governance. Some of these policies and procedures are summarised in this report. Commensurate with the spirit of the ASX Guidelines, the Company has followed each Recommendation where the Board has considered the Recommendation to be an appropriate benchmark for corporate governance practices, taking into account factors such as the size of the Company, the Board, resources available and activities of the Company. Where, after due consideration, the Company's corporate governance practices depart from the Recommendations, the Board has offered full disclosure of the nature of, and reason for, the adoption of its own practice.

The Board of the Company is committed to administering the policies and procedures with openness and integrity, pursuing the true spirit of corporate governance commensurate with the Company's needs.

Further information about the Company's corporate governance practices is set out on the Company's website at www.atcalloys.com . In accordance with the recommendations of the ASX, information published on the Company's website includes:

Environmental Policy
Audit Committee Charter
Board Charter
Code of Conduct for Directors, Senior Executive & Employees
Continuous Disclosure Policy
Ethics and Conduct Policy
Remuneration Committee Charter
Risk Management Statement
Shareholder Communications Policy
Directors Disclosure Obligations
Diversity Policy
Securities Trading Policy

Explanation for Departures from Best Practice Recommendations

During the 2017 financial year the Company has complied with the Corporate Governance Principles and the corresponding Best Practice Recommendations as published by the ASX Corporate Governance Council ("Corporate Governance Principles and Recommendations 3rd Edition") and has adopted the revised Principles and Recommendations taking effect from reporting periods beginning on or after 1 July 2016. Significant policies and details of any significant deviations from the principles are specified overleaf.

Corporate Governance Council Recommendation 1

Lay Solid Foundations for Management and Oversight

Role of the Board of Directors

The role of the Board is to increase shareholder value within an appropriate framework which safeguards the rights and interests of the Company's shareholders and to ensure the Company is properly managed.

In order to fulfil this role, the Board is responsible for the overall corporate governance of the Company including formulating its strategic direction, setting remuneration and monitoring the performance of Directors.

In complying with Recommendation 1.1 of the Corporate Governance Council, the Board has adopted a Board Charter which defines the roles and responsibilities expressly reserved to the Board and those delegated to management. A copy of the Board Charter is available on the Company's website.

Appointment and Election of Directors

The Board ensures that prior to appointing a director or recommending a new candidate for election as a director that appropriate checks are undertaken as to the person's character, experience, education, criminal record and bankruptcy history. Security holders will be provided with all relevant information in the Board's possession, relevant on a decision on whether or not to elect or re-elect a Director.

Written Agreements

The Company has a written agreement with each Director setting out the terms of their appointment.

Company Secretary

The Company Secretary is accountable directly to the Board, through the chair, on all matters to do with the proper functioning of the Board.

Diversity

The Board has adopted a diversity policy that details the purpose of the policy and the employee selection and appointment guidelines, consistent with the recommendations of the Corporate Governance Council. The Board believes that the adoption of an efficient diversity policy has the effect of broadening the employee recruitment pool, supporting employee retention, including different perspectives and is socially and economically responsible governance practice. As at 30 June 2017, there was no female occupied a board position.

The recommendations of the Corporate Governance Council relating to reporting require a Board to set measurable objectives for achieving diversity within the organisation, and to report against them on an annual basis. The Company has implemented measurable objectives as follows:

Measurable Objective	Objective Satisfied	Comment
Adoption and promotion of a Formal Diversity Policy	Yes	The Company has adopted a formal diversity policy which has been made publicly available via the ASX and the Company's website.
To ensure Company policies are consistent with and aligned with the goals of the Diversity Policy	Yes	The Company's selection, remuneration and promotion practices are merit based and as such are consistent with the goals of the Company's Diversity Policy.
To provide flexible work and salary arrangements to accommodate family commitments, study and self-improvement goals, cultural traditions and other personal choices of current and potential employees.	Yes	The Company will, where considered reasonable, and without prejudice, accommodate requests for flexible working arrangements.
To implement clear and transparent policies governing reward and recognition practices.	Yes	The Company grants reward and promotion based on merit and responsibility as part of its annual and ongoing review processes.
To provide relevant and challenging professional development and training opportunities for all employees.	Yes	The Company seeks to continually encourage self-improvement in all employees, irrespective of seniority, ability or experience, through external and internal training courses, regular staff meetings and relevant on job mentoring.

The Company has not implemented specific measurable objectives regarding the proportion of females to be employed within the organisation or implement requirements for a proportion of female candidates for employment and Board positions. The Board considers that the setting of quantitative gender based measurable targets is not consistent with the merit and ability based policies currently implemented by the Company.

The Board will consider the future implementation of gender based diversity measurable objectives when it is more appropriate to the size and nature of the Company's operations.

Board Processes

An agenda for Board meetings is determined to ensure certain standing information is addressed and other items which are relevant to reporting deadlines and or regular review are scheduled when appropriate. The agenda is regularly reviewed by the Chairman and Directors and the Company Secretary.

Evaluation of Senior Executive Performance

The Company has not complied with Recommendation 1.7 of the Corporate Governance Council as it has not undertaken a formal review of the performance of the Board and its committees, its individual Directors and senior executives for the year ended 30 June 2017.
Due to the current status of the Company, it is difficult for quantitative measures of performance to be established. As the Company progresses its current projects, the Board intends to follow established appropriate evaluation procedures. The Board as a whole assesses the performance of the chairman on an informal basis.

Corporate Governance Council Recommendation 2

Structure the Board to Add Value

Nomination Committee

The Board does not have a separate Nomination Committee comprising of a majority of independent Directors and as such does not comply with Recommendation 2.1 of the Corporate Governance Council. The selection and appointment process for Directors is carried out by the full Board. The Board considers that given the importance of Board composition it is appropriate that all members of the Board partake in such decision making. The Company does not have a Nomination Committee Charter.

Board Composition

The Constitution of the Company provides that the number of Directors shall not be less than three. There is no requirement for any shareholding qualification.

The membership of the Board, its activities and composition is subject to periodic review. The criteria for determining the identification and appointment of a suitable candidate for the Board shall include the quality of the individual, background of experience and achievement, compatibility with other Board members, credibility within the scope of activities of the Company, intellectual ability to contribute to Board discussions and physical ability to undertake Board duties and responsibilities.

Directors are initially appointed by the Board and are subject to re-election by shareholders at the next general meeting. In any event a minimum of one third of the Directors are subject to re-election by shareholders at each general meeting.

The Directors have been chosen for their particular expertise to provide the company with a competent and well-rounded decision-making body and which will assist the company and shareholders in meeting their objectives.

The term in office held by each Director in office at the date of this report is as follows and details of the professional skills and expertise of each of the Directors are set out in the Directors' Report.

Name	Position	Term in Office
Mr Patrick Burke	Executive Chairman	Appointed 8 September 2014
Mr Nathan Featherby	Non-Executive Director	Appointed 18 November 2016
Mr Saxon Ball	Non-Executive Director	Appointed 23 December 2016
Mr Nicholas Halliday	Non-Executive Director	Appointed 10 March 2017

The Directors meet frequently, both formally and informally, so that they maintain a thorough understanding of the Company's business and ensure that the Company's policies of corporate governance are adhered to.

Skills and Experience

The Board has considered the key skill sets that would be appropriate for the organisation in its present stage. Skill sets currently on the Company's Board include technical, financial, legal, managerial, corporate, and commercial.

Key skill sets for the Board include:

- mining, manufacturing and development;
- accounting and corporate finance;
- business and industry strategic planning;
- risk management;
- capital raising and IPO's

The Board currently comprises four members, an Executive Chairman, and three Non-executive Directors. The Chairman is Mr Burke, the Non-executive Director's are Mr Featherby, Mr Ball and Mr Halliday.

The Board has assessed the independence of its Directors according to the definition contained within the ASX Corporate Governance Guidelines and has concluded that at the date of this report none of the current Directors meets the recommended independence criteria.

At this stage of the Group's development the Board believes that there is an appropriate mix of skills, experience, expertise and diversity on the Board. In the coming years as the Group assesses development options additional expertise may be required and at that time further consideration will be given to ensuring the Board has an appropriate mix of skills and diversity.

Roles of Chairman and Chief Executive Officer (or equivalent)

The role of Chairman was exercised in an executive capacity by Mr Burke during the financial year. The Company did not have a Chief Executive Officer during the financial year and accordingly the Company does not comply with Recommendation 2.5 of the Corporate Governance Council.

Induction program

The Company has a program for inducting new Directors and provides appropriate professional development opportunities for Directors to develop and maintain the skills and knowledge needed to perform their roles as Directors effectively.

All Directors are encouraged to attend professional education courses relevant to their roles.

Independent Professional Advice and Access to Information

Each Director has the right to access all relevant information in respect of the Company and to make appropriate enquiries of senior management. Each Director has the right to seek independent professional advice at the Company's expense, subject to the prior approval of the Chairman, which shall not be unreasonably withheld or delayed.

Corporate Governance Council Recommendation 3

Act Ethically and Responsibly

The Board actively promotes ethical and responsible decision making.

Code of Conduct

The Board has adopted a Code of Conduct that applies to all employees, executives and Directors of the Company, and as such complies with Recommendation 3.1 of the Corporate Governance Council. This Code addresses expectations for conduct in accordance with legal requirements and agreed ethical standards. A copy of the Code is available on the Company's website.

Guidelines for Trading in Company Securities

The Board has committed to ensuring that the Company, its Directors and executives comply with their legal obligations as well as conducting their business in a transparent and ethical manner. The Board has adopted a procedure on dealing in the Company's securities by Directors, officers and employees which prohibits dealing in the Company's securities when those persons possess inside information.

The guidelines also provide that the acknowledgement of the Chairman or the Board should be obtained prior to trading. In the case of a Director, acknowledgement from the entire Board must be obtained prior to trading. A summary of the Guidelines are available on the Company's website.

The Company's policy restricts, notwithstanding exceptional circumstances, the trading in Company's securities by those individuals covered by the policy to trading windows that are open for 7 calendar days commencing 24 hours following the holding of a General Meeting of the Company, the release of annual, half yearly results and quarterly reports and after any other public announcement on the ASX.

Except where the Relevant Person is in possession of unpublished price sensitive information or the Company is in possession of unpublished price-sensitive information and notifies the Relevant Person they may not trade during all or part of the trading window.

Corporate Governance Council Recommendation 4

Safeguarding Integrity in Corporate Reporting

Audit Committee

The Company does not have a separate Audit Committee as suggested by Recommendations 4.1 of the Corporate Governance Council. The full Board currently carries out the function of an Audit Committee and believes that the Company is not of a sufficient size to warrant a separate committee and that the full Board is able to meet objectives of the best practice recommendations and discharge its duties in this area. The Board has adopted an Audit Committee Charter that is available on the Company's website, and functions in accordance with this document.

The Company's policy is to appoint external auditors who clearly demonstrate quality and independence. Performance of the external auditor is reviewed annually by the Board. Audit Partner rotation is as required by the Corporations Act 2001. The external auditor is requested to attend the annual general meeting and be available to answer shareholder questions about the conduct of the audit and the preparation and content of the audit report.

Financial Reporting

The Board relies on its Directors to monitor the internal controls within the Company. Financial performance is monitored on a regular basis by the Board, and is discussed by the Board at its Board meetings.

Before it approves the Company's financial statements for a financial period, the Board receives a declaration from the Chief Executive Office (or equivalent) and Chief Financial Officer that, in their opinion, the financial records of the entity have been properly maintained and that the financial statements comply with the appropriate accounting standards and give a true and fair view of the financial position and performance of the entity and that the opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively.

Corporate Governance Council Recommendation 5
Make Timely and Balanced Disclosure

Continuous Disclosure

The Board is committed to the promotion of investor confidence by providing full and timely information to all security holders and market participants about the Company's activities and to comply with the continuous disclosure requirements contained in the Corporations Act 2001 and the Australian Securities Exchange's Listing Rules. The Company has established written policies and procedures, designed to ensure compliance with the ASX Listing Rule Requirements, in accordance with Recommendation 5.1 of the Corporate Governance Council. A copy of the Company's Disclosure Policy is available on the Company's website.

Continuous disclosure is discussed at all regular Board meetings and on an ongoing basis the Board ensures that all activities are reviewed with a view to the necessity for disclosure to security holders.

In accordance with ASX Listing Rules the Company Secretary is appointed as the Company's disclosure officer.

Corporate Governance Council Recommendation 6
Respect the Rights of Security Holders

Communications

The Board fully supports security holder participation at general meetings as well as ensuring that communications with security holders are effective and clear. This has been incorporated into a formal Shareholder Communication Policy, in accordance with Recommendation 6.1 of the Corporate Governance Council. A copy of the policy is available on the Company's website.

In addition to electronic communication via the ASX website, the Company publishes all significant announcements together with all quarterly reports. These documents are available in both hardcopy on request and on the Company website at www.atcalloys.com
Security holders have the option to receive communications from, and send communications to, the Company and its security registry electronically.
Shareholders are able to pose questions on the audit process and the financial statements directly to the independent auditor who attends the Company Annual General Meeting for that purpose.

Corporate Governance Council Recommendation 7

Recognise and Manage Risk

Risk Management Policy

The Board has not formed a separate risk management committee.

The Board has adopted a Risk Management Policy, which is available on the Company's website that sets out a framework for a system of risk management and internal compliance and control, whereby the Board monitors the day-to-day management of risk. The Board is responsible for supervising management's framework of control and accountability systems to enable risk to be assessed and managed.

Risk management and the internal control system

The Board has responsibility for identifying, assessing, treating and monitoring risks.

In order to implement the Company's Risk Management Policy, it was considered important that the Company establish an internal control regime in order to:

- Assist the Company to achieve its strategic objectives;
- Safeguard the assets and interests of the Company and its stakeholders; and
- Ensure the accuracy and integrity of external reporting.

Key identified risks to the business are monitored on an ongoing basis, and at least annually, as follows:

- Business risk management

The Company manages its activities within budgets and operational and strategic plans.

- Internal controls

The Board has implemented internal control processes typical for the Company's size and stage of development. It ensures the proper functioning of internal controls and in addition it obtains advice from the external auditors as considered necessary.

- Financial reporting

Directors approve budgets for the Company and review performance against budgets at each Board Meeting.

- Environment and safety

The Company is committed to ensuring that sound environmental management and safety practices are maintained in its activities. This is achieved by training staff and ensuring that they are aware of and follow all legislative, Company and industry standards in relation to environmental management and safety practices.
The Company's risk management strategy is evolving and its development is an ongoing process. It is recognised that the level and extent of the strategy will develop with the growth of and changes in the Company's activities.
The Company has not yet developed a formal risk management and internal control system to identify and manage material business risks.

Risk Reporting

As the Board has responsibility for the monitoring of risk management it has not required a formal report regarding the material risks that have been identified and whether those risks are managed effectively therefore not complying with Recommendation 7.2 of the Corporate Governance Council. The Board believes that the Company's affairs are not of sufficient complexity to justify the implementation of a more formal system than that which is in place for identifying, assessing, monitoring and managing risk.

Material risk

Economic, Environmental and Social Sustainability Risks

The Company is focused on the production of ferrotungsten at its jointly owned production facility in Vietnam and operates in diverse physical environments. As a result there is some potential for material exposure to economic, environmental and social sustainability risks.

The Company is very aware of the potential for risk in this area and is committed to ensuring that sound environmental management and safety practices are carried out in its production activities.

ATC Alloys' underlying goals relating to environmental sustainability are to minimise any adverse impacts upon the environment resulting from the Company's activities.

The Company's activities are conducted in a manner that minimises our environmental "footprint" as much as possible, and are conducted strictly in accordance with all necessary permits and approvals from regulators.

The Company does not believe it is of a size that warrants an internal audit function. The Board acknowledges that it is responsible for the overall internal control framework, but recognizes that no cost effective internal control system will preclude all errors and irregularities. To assist in discharging this responsibility, the Board has instigated an internal control framework that deals with:

Financial reporting - there is a comprehensive budgeting system with an annual budget, updated on a regular basis approved by the Board. Monthly actual results are reported against these budgets.

Investment appraisal - the Company has clearly defined guidelines for capital expenditure including annual budgets, detailed appraisal and review procedures, levels of authority and due diligence requirements where businesses or assets are being acquired or divested.

Quality and integrity of personnel - the Company's policies are detailed in an approved induction manual. Formal appraisals are conducted annually for all employees.

Corporate Governance Council Recommendation 8

<u>Remunerate Fairly and Responsibly</u>

Remuneration Committee

The Board does not have a separate Remuneration Committee and as such does not comply with Recommendation 8.1 of the Corporate Governance Council. Remuneration arrangements for Directors are determined by the full Board. The Board is also responsible for setting performance criteria, performance monitors, share option schemes, superannuation, termination and retirement entitlements, and professional indemnity and liability insurance cover.

The Board considers that the Company is effectively served by the full Board acting as a whole in remuneration matters. All matters of remuneration continue to be decided upon in accordance with Corporations Act requirements, by ensuring that no Director participates in any deliberations regarding their own remuneration or related issues.

Distinguish Between Executive and Non-Executive Remuneration

The Company does distinguish between the remuneration policies of its Executive and Non-Executive Directors in accordance with Recommendation 8.2 of the Corporate Governance Council.

Executive Directors of the Company may receive remuneration which may include performance based components, designed to reward and motivate, which may include the granting of share options, subject to shareholder approval and vesting conditions relating to continuity of engagement.

Non-Executive Directors receive fees agreed on an annual basis by the Board, within total Non-Executive remuneration limits voted upon by shareholders at Annual General Meetings. In the current financial year, no Non-Executive Director received share options as remuneration.

This Policy was adopted by the ATC Alloys Ltd Board on 7 December 2017.