

4 July 2018

Acquisition Update

Execution of Share Sale Agreement

ATC Alloys Limited (**ATA** or the **Company**) is pleased to provide an update in relation its proposed acquisition from its joint venture Mr George (Guangyu) Chen of Mr Chen's 40% shareholding in Asia Tungsten Products Co Limited (**ATCHK**) (**Acquisition**).

As previously announced, the Company entered into a Heads of Agreement to acquire Mr Chen's 40% shareholding in ATCHK. Completion of the Acquisition will end the ongoing dispute with its joint venture partner, Mr Chen and will restructure the Vietnamese Ferro-Tungsten producing joint venture (**Joint Venture**). The Acquisition will result in the Company's ownership of the Vinh Bao Ferro-Tungsten plant increasing to 100%.

The Company and Mr Chen have now executed the share sale agreement (**SPA**) required to facilitate the Acquisition, on the following terms and conditions:

- (a) The Company will provide to Mr Chen, as consideration:
 - (i) A\$800,000 in cash;
 - (ii) A\$3,000,000 in fully paid ordinary shares in the Company, issued upon completion of the Transaction, at an issue price of A\$0.001 per share; and
 - (iii) A\$2,400,000 deferred consideration, to be paid twenty four (24) months following completion in fully paid ordinary shares in the Company.

- (b) The Acquisition will be subject to the following conditions precedent which must be satisfied prior to completion:
 - (i) the Company obtaining all relevant approvals in respect of the Acquisition;
 - (ii) the Company completing a capital raising and raising a minimum of A\$3,000,000;
 - (iii) the Company receiving written confirmation from ASX in respect of lifting the suspension from trading of the Company's shares;
 - (iv) the Company having paid a sum of \$A1,500,000 to its secured lender Siderian Resource Capital (**Siderian**), and the Company and Siderian entering into a deed, releasing the Company, Mr Chen, ATCHK and Asia Tungsten Vietnam Limited with respect to any claims against them; and
 - (v) the legal representatives of Mr Chen and the Company having signed and filed a consent summons to discontinue proceedings with the High Court of Hong Kong,(together, the **Conditions Precedent**).

- (c) Completion is intended to occur five (5) business days after the Conditions Precedent are satisfied, or such other date as Mr Chen and the Company may agree (**Completion**). At the date of this announcement, no components of the Conditions Precedent have been satisfied.

- (d) Upon Completion, the Company will release Mr Chen in respect of any money owing to the Company or any claims made before Completion (the cause of action for which accrues before Completion) by the Company in respect of the Joint Venture.
- (e) Upon Completion, Mr Chen will release the Company in respect of any money owing to Mr Chen before completion or any claims mad before Completion (the cause of action for which accrues before Completion) by Mr Chen in respect of the Joint Venture.
- (f) Upon Completion, the Company and Mr Chen releasing ATCHK and its subsidiaries in respect of any money owing to the Company and Mr Chen (as the case may be) or any claims made before Completion (the cause of action for which accrues before Completion) by the Company or Mr Chen in respect of the various agreements between the Company, Chen, ATCHK and its subsidiaries.

The SPA also includes a number of terms relating to warranties, covenants and conditions as are customary for a SPA of this nature.

Upon Completion, the Company will procure the appointment of Mr Chen and Mr John Chegwidde (a previous director of the Company) as non-executive directors of the Company. Additionally, upon Completion, the Company will enter an executive services agreement with Mr Chen personally, on mutually agreed terms.

The Company will keep the market informed as the Acquisition progresses. The Company looks forward to the restructure of the Joint Venture and the re-commencement of production at the Vinh Bao ferro-tungsten plant.

Yours faithfully,



Nathan Featherby
Executive Director