

13 August 2018



Dear Shareholder,

ATC ALLOYS LTD – NON-RENOUNCEABLE ENTITLEMENTS ISSUE

ATC Alloys Ltd (ACN 118 738 999) (**Company**) has announced a non-renounceable entitlement issue of thirty-six (36) Shares for every one (1) Share held by Eligible Shareholders at an issue price of \$0.001 per share, to raise up to \$5,072,093 (**Entitlement Offer**) before costs. The price of Shares issued under the Offer (**New Shares**) is \$0.001 each.

The Company lodged a prospectus for the Entitlement Offer (**Prospectus**) with ASIC and ASX on 10 August 2018. A copy of the Prospectus is available on the ASX website (ASX:ATA).

The Entitlement Offer is being made to all shareholders (**Shareholders**) of the Company named on its register of members at 5:00pm on 16 August 2018 (**Record Date**), whose registered address is in Australia or New Zealand (each an **Eligible Shareholder**).

Under the Entitlement Offer Eligible Shareholders will be offered thirty-six (36) New Shares for every one (1) shares held at the Record Date, with any fractional entitlements being rounded up.

Each New Share will rank equally with all fully paid ordinary shares in the capital of the Company already on issue (each a **Share**). The Entitlement Offer can be accepted any time up to 5.00 P.M. on the closing date of 7 September 2018 (**Closing Date**).

Following the Closing Date, assuming that all New Shares the subject of the Entitlement Offer are subscribed for, the Company will issue approximately 5,072,093,316.

Purpose of the Offer

The purpose of the Entitlement Offer is to raise up to \$5,072,093 before costs. The funds raised from the Entitlement Offer are planned to be used in accordance with the table set out below:

Proceeds of the Entitlement Offer	Minimum subscription to A\$3 million	Subscription to A\$5.072 million
Current operations, repayment of creditors, procurement of tungsten feedstock, general working capital and administration costs	300,000	1,472,093
Resolution of Chen Transaction & associated legal costs	200,000	200,000
Chen Transaction (Consideration)	800,000	800,000
Expenses of the Entitlement Offer and associated transactions	200,000	400,000
Repayment of Siderian Facility	1,500,000	2,200,000
Total	\$3,000,000	\$5,072,093

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The Entitlement Offer is partially conditionally underwritten by Pinnacle Corporate Finance Pty Ltd (**Underwriter**) to the amount of \$1,000,000 (**Underwritten Amount**). In consideration for that commitment, the Company has agreed to provide to the Underwriter the following consideration:

- a management fee of 1.0% of the total amount raised by the Underwriter in the Entitlement Issue;
- an underwriting fee of 5.0% of the Underwritten Amount; and
- a capital raising fee of 5.0% of the amount of shortfall placed (in excess of the Underwritten Amount) by the Underwriter.

The underwriting is subject to the satisfaction of various conditions, as described more fully in the Prospectus, including in particular the receipt of applications from Eligible Shareholders in respect of their entitlements and shares in excess of their entitlements of at least \$3 million in aggregate.

Eligibility

As an Eligible Shareholder, we look forward to extending the Entitlement Offer to you. You should read the Prospectus carefully and seek professional investment advice before deciding what course of action to take.

The Prospectus and Entitlement & Acceptance Form will be issued to Eligible Shareholders in paper form or as electronically where Eligible Shareholders have requested to receive notices by email.

A copy of the Prospectus is available on the ASX website (ASX:ATA). Eligible Shareholders will be mailed a Prospectus together with an Entitlement and Acceptance Form. Your entitlement will be set out on the personalised Entitlement and Acceptance Form accompanying the Prospectus.

For the purpose of calculating each Eligible Shareholders' entitlement fractions of entitlements have been rounded up to the nearest whole number of New Shares.

Actions required of Eligible Shareholders

There are a number of actions Eligible Shareholders may take:

- You may wish to accept all of your rights to subscribe for New Shares pursuant to the Prospectus (**Entitlement**).
- You may wish to accept all of your rights to subscribe for New Shares pursuant to the Entitlement and apply for additional shares under the shortfall offer.
- You may wish to accept part of your Entitlement.
- You may do nothing. If you choose to do nothing with your Entitlements, while you will continue to hold the same number of Shares, your interest in the Company will be diluted and you will receive no value for your Entitlement.

You should read the Prospectus carefully and seek professional investment advice before deciding what course of action to take.

Key Dates and Rights Issue Timetable*

Lodgement of Notice of Meeting with ASX	23 July 2018
Notice of Meeting sent to Shareholders	23 July 2018
Announcement of Offers	10 August 2018
Lodgement of Prospectus with ASIC	10 August 2018
Lodgement of Prospectus and Appendix 3B with ASX	10 August 2018
Notice sent to Shareholders	13 August 2018
Ex Date	15 August 2018

Record Date for determining Entitlements	16 August 2018
Dispatch of Offer documents to eligible Shareholders	20 August 2018
Opening Date for Entitlement Offer	20 August 2018
Shareholder Meeting	22 August 2018
Last day to extend Offer Period	4 September 2018
Closing Date for Entitlement Offer	7 September 2018
Shares quoted on a deferred settlement basis	10 September 2018
ASX notified of under subscriptions	11 September 2018
Issue Date of Entitlement Offer	14 September 2018

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

If you have any queries regarding the Entitlement Issue, please contact your financial adviser or the share registry within Australia on 1300 850 505 or if outside Australia on +61 3 9415 4000.

Yours faithfully,
ATC Alloys Limited
Trent Franklin
Company Secretary