



13 August 2018

Dear Shareholder,

ATC ALLOYS LTD – NON-RENOUCEABLE 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 Offer (**Prospectus**) with ASIC and ASX on 10 August 2018. A copy of the Prospectus is available on the ASX website (ASX:ATA).

The Offer is being made to all shareholders (**Shareholders**) of the Company named on its register of members at 5:00 P.M. 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 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 Offers	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 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

ATC Alloys Ltd
ABN 88 118 738 999
ASX ATA

Address
Level 11, 52 Phillip Street Sydney
GPO Box 552

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

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.

Ineligible Shareholder

A Shareholder who has a registered address outside Australia and New Zealand (**Ineligible Shareholder**) will not be eligible to participate in the Offer.

You are not eligible to participate in the Offer and you will not be sent a copy of the Prospectus or the Entitlement and Acceptance Form. The decision has been made pursuant to Listing Rule 7.7.1(a) of the ASX Listing Rules after taking into consideration the costs of complying with legal and regulatory requirements in jurisdictions outside of Australia and New Zealand compared with the small number of Ineligible Shareholders and the number and value of New Shares and New Options to which they would otherwise be entitled.

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