

4 September 2018

Entitlement Issue Prospectus Update

ATC Alloys Limited (**Company**) wishes to provide an update in relation to its non-renounceable entitlements issue to raise up to \$5,072,093 (before costs) as set out in the Company's prospectus dated 10 August 2018 (**Prospectus**) (**Entitlement Issue**).

As at the date of this announcement, the Company has been unable to receive conditional approval from the ASX in respect of lifting the suspension from trading of the Company's shares on ASX. As a result, the Board has resolved to cancel the Entitlement Issue and withdraw the offers of securities in relation to the Entitlement Issue.

The Company advises that the Entitlement Issue is therefore now closed and that the timetable for the Entitlement Issue is no longer in effect. Accordingly, no securities have been or will be issued under the Prospectus.

The Company has also lodged a supplementary prospectus with ASIC and it will be released to the market immediately following this announcement. The supplementary prospectus will formally withdraw the Entitlement Issue.

All application monies received by the Company pursuant to the Entitlement Issue will be refunded by cheque by 14 September 2018 to all shareholders who took up their entitlements.

As a result of the cancellation of the Entitlement Issue, the Company is withdrawing a number of resolutions that were proposed to be put forward at the Company's 2017 Annual General Meeting which is due to be held on 5 September 2018 (**2017 AGM**). These resolutions include:

- Resolution 5 – Approval to conduct Entitlements Issue;
- Resolution 6 – Issue of shares to director – Patrick Burke;
- Resolution 7 – Issue of shares to Enrizen Capital Pty Ltd;
- Resolution 8 – Issue of shares to Ochre Group Holdings Limited
- Resolution 9 – Issue of shares to Somers and Partners Pty Ltd
- Resolution 10 – Issue of shares to former director – Nicholas Halliday;
- Resolution 11 – Issue of shares to director – Saxon Ball
- Resolution 12 – Issue of shares to director – Nathan Featherby
- Resolution 13 – Reduction in conversion price for convertible notes
- Resolution 14 – Issue of shares to George Chen
- Resolution 15 – Issue of shares to John Chegwidan
- Resolution 16 – Issue of shares to unrelated creditors
- Resolution 17 – Issue of shares to Siderian Resource Capital Limited; and
- Resolution 18 – Issue of Shares to director – Imants Kins,

(collectively, the **Resolutions**).

These Resolutions were subject to and conditional upon completion of the Entitlement Issue. As the Entitlement Issue has been cancelled, the Company has determined that it is no longer appropriate for its shareholders to consider these Resolutions at the 2017 AGM.

The Company is presently considering arrangements to commence a new non-renounceable entitlement issue and will announce further details in due course. Additionally, the Company is in the process of arranging the preparation of an independent expert report in relation to its proposed acquisition of the remaining 40% of its ferro-tungsten producing joint venture, Asia Tungsten Products Co Limited (**ATCHK**) from its joint venture partner, Mr George Chen (**Transaction**) as announced to the market on 26 February 2018. Upon completion of the Transaction the Company will own 100% of ATCHK and its Vietnamese subsidiary (Asia Tungsten Products Vietnam Limited), which owns the ferro tungsten production facility in Vietnam. The independent expert report will be presented to shareholders in due course to consider in connection with replacement resolutions required to implement the Transaction and the associated capital raising.

The Company is working closely with Mr Chen in relation to completing the Transaction. The Company will keep the market informed as the Transaction progresses.

Yours faithfully,

Nathan Featherby
Executive Director