

2 November 2018

ATA RESOLVES DISPUTE WITH JOINT VENTURE PARTNER

ATC Alloys Limited (**ATA** or the **Company**) is pleased to announce that it has resolved its dispute with its joint venture partner Mr Chen (George) (Guangyu) (**Mr Chen**).

On 23 September 2016, the Company announced that following a review of the operation and performance of its incorporated joint venture between the Company as 60% owner and Mr Chen as 40% owner of Asia Tungsten Products Co., Ltd (**ATPHK or Joint Venture**) under the operatorship of its 40% Joint Venture partner, Mr Chen, the Company and Mr Chen had commenced a dispute in relation to the management of the Joint Venture (**Dispute**).

Since this time, the Company and Mr Chen have explored a range of options in pursuit of a resolution of the Dispute. The Company and Mr Chen have now for the benefit of both parties amicably resolved the Dispute and the parties have subsequently executed a deed of release to release the other from all possible actions and liability in relation to the Dispute.

As a result of the resolution of the Dispute the legal representatives of Mr Chen have filed a consent summons with the High Court of Hong Kong effectively discontinuing the proceedings in Hong Kong.

The resolution of the Dispute follows the appointment of Mr Chen to the board of the Company as a non-executive director on 11 September 2018. Since his appointment the Company and Mr Chen have worked closely to resolve the Dispute and have also been together addressing the best way to operate and manage the ATPHK owned Ferrotungsten Plant in Vietnam (**Plant**)

Resolution of the dispute now allows for the recommencement of ferrotungsten smelting operations at the Plant. Over the last few weeks the Board has been working towards recommissioning the Plant with the plan to undertake third party contract processing operations, whereby the Company effectively processes tungsten concentrate on behalf of third parties for a set fee. Whilst contract processing for third-parties generally will not generate the same return as self-processing and smelting ATPHK's own purchased tungsten concentrate has done in the past, the Company and ATPHK considers this is the best conservative approach to adopt until ATPHK has sufficient operating capital and the Plant can generate sufficient capital to allow for continuous self-processing and smelting. During this time the Joint Venture will work hard to reduce and minimise unnecessary costs and increase efficiencies at the Plant so as to be in a strong position when a decision is made to self-process and smelt ferrotungsten.

The Company is in discussions with a number of previous and potential contract processing customers and is also in discussions with a number of parties in relation to an unsecured loan facility which will allow the Company and ATPHK to pay for any initial costs required to recommission the Plant for contract processing operations. The Company will keep the market informed in relation to the recommissioning and operations of the Plant.

Additionally, as announced to the market on 26 February 2018, the Company has agreed to acquire the remaining 40% ownership of ATPHK from Mr Chen (**Transaction**) and subsequently executed a sale and purchase agreement on 3 July 2018. Upon completion of the Transaction the

Company will own 100% of the ATPHK and its Vietnamese subsidiary Asian Tungsten Products Vietnam Limited (**ATCVN**), meaning the Company will acquire 100% ownership of the Ferrotungsten Plant. Resolution of the Dispute was one of the conditions precedent to the Transaction and the board is pleased that this has now been satisfied.

As announced to the market on 4 September 2018, the Company is also in the process of arranging the preparation of an independent expert report in relation to the Transaction and will keep the market updated as the Transaction progresses.

Commenting on the resolution of the Dispute, Imants Kins, the Company's non-executive Chairman said:

"Resolution of the dispute with our joint venture partner George Chen is exciting news and allows the Company to focus on resuming operations of our 60% owned Ferrotungsten Plant in Vietnam. Since George Chen's and John Chegwiddden's appointment to the board, the Board have been working extremely hard on resolving this dispute which has restricted the Company's operation for over two years. On behalf of the Company I would like to thank George for his cooperative and constructive contribution to the Board since his appointment in early September. With such creative forces working collectively within the Board I am confident about the Company's future."

"This is the best outcome for all parties involved. We are confident in George's experience as operator of the Ferrotungsten Plant and he will play an important role in helping the joint venture unlock the potential of the plant and improve its efficiencies."

"Along with the resumption of operations in Vietnam, the Board is now heavily focussed on completing the transaction to acquire 100% ownership of the Ferrotungsten Plant in Vietnam. The aim is to transform the Company into a significant player in ferrotungsten and explore other growth opportunities."

For Further Information, Contact

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