

# QUARTERLY ACTIVITIES REPORT

## 30 September 2018

ATC Alloys Limited ('ATA' or 'the Company') is pleased to present its quarterly activities and cash flow report for the quarter ending 30 September 2018.

### Operations

#### ATC Ferrotungsten Plant, Vietnam

During the quarter, ATC Alloys Limited (**Company**) provided an update in relation to its non-renounceable entitlements issue to raise up to \$5,072,093 (before costs) (**Entitlement Issue**).

The Company was 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 resolved to cancel the Entitlement Issue and withdraw the offer of securities in relation to the Entitlement Issue.

The Company advised that the Entitlement Issue was therefore now closed and that the timetable for the Entitlement Issue is no longer in effect.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 Company's prospectus dated 10 August 2018 in relation to the Entitlement Issue (**Prospectus**).

The Company also lodged a supplementary prospectus with ASIC. The supplementary prospectus has now formally withdrawn the Entitlement Issue.

All application monies received by the Company pursuant to the Entitlement Issue were refunded to shareholders who took up their entitlements.

As a result of the cancellation of the Entitlements Issue, the Company withdrew a number of resolutions that were proposed to be put forward at the Company's 2017 Annual general Meeting held on 5 September 2018 (**Resolutions**). These Resolutions were subject and conditional on completion of the Entitlements Issue. As the Entitlement Issue has been cancelled, the Company determined that it was no longer appropriate to consider these Resolutions at the 2017 annual general meeting.

The Company is presently considering arrangements to commence a new non-renounceable entitlement issue (**Capital Raising**). The Company will make further disclosures about the details of the Capital Raising in due course once they are finalised. Completion of the Capital Raising is conditional on the Company receiving written confirmation from ASX in respect of lifting the suspension from trading of the Company's shares on ASX. The Company will work closely with ASX to satisfy any conditions required in respect of ASX providing conditional approval in relation to lifting the suspension.

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

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 any remaining issues of the Dispute and have also been addressing the best way to manage the Joint Venture moving forward and maintain transparency in the operations and management of the Ferrotungsten Plant in

Vietnam (**Plant**). Mr John Chegwidden was also appointed as a Non-Executive Director on 11 September 2018, to work with the Company and joint venture party and with the Vietnam Operation.

### **Secured Loan**

The Company further advises that throughout the quarter, it continued discussions with its secured lender, Siderian Resource Capital Limited ('Siderian'), in relation to the repayment of the Company's debt to Siderian.

**By order of the board**

**ATC Alloys Limited**

## Appendix 5B

# Mining exploration entity and oil and gas exploration entity quarterly report

Introduced 01/07/96 Origin Appendix 8 Amended 01/07/97, 01/07/98, 30/09/01, 01/06/10, 17/12/10, 01/05/13, 01/09/16

**Name of entity**

**ATC ALLOYS LIMITED**

**ABN**

88 118 738 999

**Quarter ended ("current quarter")**

30 September 2018

<b>Consolidated statement of cash flows</b>	<b>Current quarter \$A'000</b>	<b>Year to date (3 months) \$A'000</b>
<b>1. Cash flows from operating activities</b>		
1.1 Receipts from customers	-	-
1.2 Payments for		
(a) exploration & evaluation	-	-
(b) development	-	-
(c) production	-	-
(d) staff costs	-	-
(e) administration and corporate costs	(72)	(72)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	-	-
1.5 Interest and other costs of finance paid	-	-
1.6 Income taxes paid	-	-
1.7 Research and development refunds	-	-
1.8 Other (provide details if material)	-	-
<b>1.9 Net cash from / (used in) operating activities</b>	<b>(72)</b>	<b>(72)</b>

<b>2. Cash flows from investing activities</b>		
2.1 Payments to acquire:		
(a) property, plant and equipment	-	-
(b) tenements (see item 10)	-	-
(c) investments	-	-
(d) other non-current assets	-	-

## Mining exploration entity and oil and gas exploration entity quarterly report

<b>Consolidated statement of cash flows</b>		<b>Current quarter \$A'000</b>	<b>Year to date (3 months) \$A'000</b>
2.2	Proceeds from the disposal of:		
	(a) property, plant and equipment	-	-
	(b) tenements (see item 10)	-	-
	(c) investments	-	-
	(d) other non-current assets	-	-
2.3	Cash flows from loans to other entities	-	-
2.4	Dividends received (see note 3)	-	-
2.5	Other (provide details if material)	-	-
<b>2.6</b>	<b>Net cash from / (used in) investing activities</b>	<b>-</b>	<b>-</b>

<b>3.</b>	<b>Cash flows from financing activities</b>		
3.1	Proceeds from issues of shares	-	-
3.2	Proceeds from issue of convertible notes	-	-
3.3	Proceeds from exercise of share options	-	-
3.4	Transaction costs related to issues of shares, convertible notes or options	-	-
3.5	Proceeds from borrowings	126	126
3.6	Repayment of borrowings	(55)	(55)
3.7	Transaction costs related to loans and borrowings	-	-
3.8	Dividends paid	-	-
3.9	Other (provide details if material)	-	-
<b>3.10</b>	<b>Net cash from / (used in) financing activities</b>	<b>71</b>	<b>71</b>

<b>4.</b>	<b>Net increase / (decrease) in cash and cash equivalents for the period</b>		
4.1	Cash and cash equivalents at beginning of period	2	2
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(72)	(72)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	-	-
4.4	Net cash from / (used in) financing activities (item 3.10 above)	71	71
4.5	Effect of movement in exchange rates on cash held	-	-
<b>4.6</b>	<b>Cash and cash equivalents at end of period</b>	<b>1</b>	<b>1</b>

5. <b>Reconciliation of cash and cash equivalents</b> at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts	Current quarter \$A'000	Previous quarter \$A'000
5.1 Bank balances	1	2
5.2 Call deposits	-	-
5.3 Bank overdrafts	-	-
5.4 Other (provide details)	-	-
<b>5.5 Cash and cash equivalents at end of quarter (should equal item 4.6 above)</b>	<b>1</b>	<b>2</b>

6. <b>Payments to directors of the entity and their associates</b>	Current quarter \$A'000
6.1 Aggregate amount of payments to these parties included in item 1.2	-
6.2 Aggregate amount of cash flow from loans to these parties included in item 2.3	-
6.3 Include below any explanation necessary to understand the transactions included in items 6.1 and 6.2	

7. <b>Payments to related entities of the entity and their associates</b>	Current quarter \$A'000
7.1 Aggregate amount of payments to these parties included in item 1.2	-
7.2 Aggregate amount of cash flow from loans to these parties included in item 2.3	-
7.3 Include below any explanation necessary to understand the transactions included in items 7.1 and 7.2	

## Mining exploration entity and oil and gas exploration entity quarterly report

8. <b>Financing facilities available</b> <i>Add notes as necessary for an understanding of the position</i>	Total facility amount at quarter end \$A'000	Amount drawn at quarter end \$A'000
8.1 Loan facilities	2,700	2,700
8.2 Credit standby arrangements	-	-
8.3 Other (please specify)		
8.4 Include below a description of each facility above, including the lender, interest rate and whether it is secured or unsecured. If any additional facilities have been entered into or are proposed to be entered into after quarter end, include details of those facilities as well.		

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9. <b>Estimated cash outflows for next quarter</b>	\$A'000
9.1 Exploration and evaluation	-
9.2 Development	-
9.3 Production	-
9.4 Staff costs	-
9.5 Administration and corporate costs	50
9.6 Other (provide details if material)	-
<b>9.7 Total estimated cash outflows</b>	<b>50</b>

10. <b>Changes in tenements (items 2.1(b) and 2.2(b) above)</b>	Tenement reference and location	Nature of interest	Interest at beginning of quarter	Interest at end of quarter
10.1 Interests in mining tenements and petroleum tenements lapsed, relinquished or reduced	N/A			
10.2 Interests in mining tenements and petroleum tenements acquired or increased	N/A			

**Compliance statement**

- 1 This statement has been prepared in accordance with accounting standards and policies which comply with Listing Rule 19.11A.
- 2 This statement gives a true and fair view of the matters disclosed.



Sign here: .....  
(Director/Company secretary)

Date: 5 September 2019

Print name: John Chegwidden

**Notes**

1. The quarterly report provides a basis for informing the market how the entity's activities have been financed for the past quarter and the effect on its cash position. An entity that wishes to disclose additional information is encouraged to do so, in a note or notes included in or attached to this report.
2. If this quarterly report has been prepared in accordance with Australian Accounting Standards, the definitions in, and provisions of, AASB 6: Exploration for and Evaluation of Mineral Resources and AASB 107: Statement of Cash Flows apply to this report. If this quarterly report has been prepared in accordance with other accounting standards agreed by ASX pursuant to Listing Rule 19.11A, the corresponding equivalent standards apply to this report.
3. Dividends received may be classified either as cash flows from operating activities or cash flows from investing activities, depending on the accounting policy of the entity.