

QUARTERLY ACTIVITIES REPORT 30 September 2019

ATC Alloys Limited ('ATA' or 'the Company') is pleased to present its quarterly activities and cash flow report for the quarter ending 30 September 2019.

Operations

ATC Ferrotungsten Plant, Vietnam

As previously reported ATC Alloys Limited's 60% owned Ferrotungsten Plant in Vinh Bao, Vietnam recommenced production of ferrotungsten during the June 2019 quarter, carrying out a low risk contract processing run over May & June 2019 at the Vietnam Plant to demonstrate the continuing good operating condition of the Plant and ensure that the Plant remains operational and well maintained. In excess of 100mt of good quality ferrotungsten was produced. During the September 2019 quarter the Company packaged and dispatched the finished goods back to the customers warehouse. The contract processing fees were received by ATC Vietnam and used to continue supporting the local Vietnam costs including maintaining the plant and local employee costs.

During the September Quarter the Joint Venture partner continued to carry out maintenance and upgrades to the facility. The JV Partner also commenced negotiation with various possible concentrate suppliers and with the contract customers with the aim to carry out a further contract processing run in November 2019.

A Government and environment inspection of the Vietnam plant in July 2019 confirmed the plant and operational processes are in good order.

The Ferrotungsten market continues to be still stable, and with the ATC Alloys plant one of only two plants remaining in operation through the world, this continues to provide opportunities for continue processing.

Corporate

The Company has continued to work towards new funding arrangements and re-quotations on the ASX, including completing the outstanding annual reports, and lodging of draft notice of meeting with the ASX for approval. The Company also signed a mandate with Pulse capital for the support and management of the capital raising. The Company also raised \$175,000 in loan funds from Ferntree capital for working capital.

The Company continued to work towards the possible buy out of the joint venture partner's (George Chen) 40% share in the Joint venture, and has contracted a firm to carry out the independent expert's report and valuation.

The Company 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 2019

| Consolidated statement of cash flows | Current quarter \$A'000 | Year to date (3 months) \$A'000 |
|---|----------------------------|---------------------------------------|
| 1. Cash flows from operating activities | | |
| 1.1 Receipts from customers | - | - |
| 1.2 Payments for | | |
| (a) exploration & evaluation | - | - |
| (b) development | - | - |
| (c) production | - | - |
| (d) staff costs | - | - |
| (e) administration and corporate costs | (172) | (172) |
| 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) GST Refund | - | - |
| 1.9 Net cash from / (used in) operating activities | (172) | (172) |
| 2. Cash flows from investing activities | | |
| 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

| Consolidated statement of cash flows | | Current quarter \$A'000 | Year to date (3 months) \$A'000 |
|---|---|------------------------------------|--|
| 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) | - | - |
| 2.6 | Net cash from / (used in) investing activities | - | - |

| | | | |
|-------------|---|------------|------------|
| 3. | Cash flows from financing activities | | |
| 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 | 262 | 262 |
| 3.6 | Repayment of borrowings | (90) | (90) |
| 3.7 | Transaction costs related to loans and borrowings | - | - |
| 3.8 | Dividends paid | - | - |
| 3.9 | Other (provide details if material) | - | - |
| 3.10 | Net cash from / (used in) financing activities | 172 | 172 |

| | | | |
|------------|--|----------|----------|
| 4. | Net increase / (decrease) in cash and cash equivalents for the period | | |
| 4.1 | Cash and cash equivalents at beginning of period | 1 | 1 |
| 4.2 | Net cash from / (used in) operating activities (item 1.9 above) | (172) | (172) |
| 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) | 172 | 172 |
| 4.5 | Effect of movement in exchange rates on cash held | - | - |
| 4.6 | Cash and cash equivalents at end of period | 1 | 1 |

| 5. Reconciliation of cash and cash equivalents 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 | 1 |
| 5.2 Call deposits | - | - |
| 5.3 Bank overdrafts | - | - |
| 5.4 Other (provide details) | - | - |
| 5.5 Cash and cash equivalents at end of quarter (should equal item 4.6 above) | 1 | 1 |

| 6. Payments to directors of the entity and their associates | 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. Payments to related entities of the entity and their associates | 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. Financing facilities available <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 | 2,942 | 2,942 |
| 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. Estimated cash outflows for next quarter | \$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) | - |
| 9.7 Total estimated cash outflows | 50 |

| 10. Changes in tenements (items 2.1(b) and 2.2(b) above) | 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: 31 October 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.