



22 November 2016

Dear Convertible Noteholder

ATC ALLOYS LTD – NON-RENOUCEABLE ENTITLEMENT ISSUE

ATC Alloys Ltd (ACN 118 738 999) (**Company**) has announced a 1:1 pro rata non-renounceable entitlement issue (**Entitlement Issue** or **Offer**) of up to approximately 164,547,538 fully paid ordinary shares in the capital of the Company (**Shares**) to raise approximately \$1,645,475 before costs. The price of Shares issued under the Offer (**New Shares**) is \$0.01 each. The Company lodged a prospectus for the Offer (**Prospectus**) with ASIC and ASX on 18 November 2016.

The Offer is being made to all shareholders (**Shareholders**) and convertible noteholders (**Convertible Noteholders**) of the Company named on its register of members at 5:00pm on 24 November 2016 (**Record Date**), whose registered address is in Australia or New Zealand.

Under the Offer eligible Shareholders will be offered one (1) New Share for every one (1) Share held at the Record Date and eligible Convertible Noteholders will be offered one (1) New Share for every one (1) Share that would be held by Convertible Noteholders if the face value of their convertible notes had been converted at its relevant conversion price, with any fractional entitlements being rounded up.

Each New Share will rank equally with all Shares already on issue. The Offer can be accepted any time up to the closing date of 8 December 2016.

The Entitlement Issue is fully underwritten by Somers and Partners Pty Ltd (**Underwriter**). The Company must pay the Underwriter an underwriting fee of 6% of the total value of the underwritten securities. Subject to agreements with sub-underwriters, the Underwriter will pass on a fee, in either Shares or cash, to sub-underwriters however this will be limited so that no person or entity will increase their holding in the Company to an amount in excess of 19.99% of all the Shares on issue as a result of the underwriting fee.

Funds raised under the Offer are proposed to be used for part payment of outstanding monies under loan arrangements with Siderian Resources Capital Limited, expenses to be incurred in resolving its dispute with the Company's Vietnamese Ferro Tungsten Joint Venture partner, expenses of the Offer and general working capital and administration costs.

Following completion of the Offer, the Company will have issued approximately 164,547,538 New Shares resulting in total Shares on issue of approximately 277,223,910.

Ineligible Convertible Noteholder

The Company has decided that it is unreasonable to make the Offer to Convertible Noteholders outside of Australia and New Zealand having regard to:

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ASX ATA

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- 1 the small number of Convertible Noteholders with addresses outside of these countries;
- 2 the number and value of Convertible Notes they hold; and
- 3 the cost of complying with the legal requirement and the requirements of the regulatory authorities in each of the countries concerned.

The Entitlement Issue is therefore not extended to you and you will not receive a copy of the Prospectus and Entitlement and Acceptance Form. This decision has been made pursuant to ASX 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 to which they would otherwise be entitled.

If you have any queries regarding the Entitlement Issue, please contact your financial adviser or Ms Carol New, the Company Secretary, on +61 8 9320 5220 or via email at: info@atcalloys.com.au.

Yours sincerely



Carol New
Company Secretary