

17 June 2019

PROCESSING RUN UPDATE

ATC Alloys (**ATC** or the **Company**) is pleased to advise that it has successfully completed the previously announced contract processing run at its 60% owned Ferrotungsten Plant in Vinh Bao Vietnam (**Plant**).

As announced to the market on 7 May 2019, ATC undertook a low risk contract processing run over the last month, designed to demonstrate the continuing good operating condition of the Plant and to ensure that the Plant remains well maintained. The Company is now pleased to advise the following results from the processing run.

The Plant ran continuously for 17 days, without incident, and without any events that can be regarded as outside of the ordinary, only normal adjustments and maintenance that can be expected in processing runs of this nature. Both the Plant and personnel operated to the operating standards required. The Ferrotungsten Liner was in good condition and was further bolstered and enhanced during the run.

Approximately 180metric tonnes (**mt**) of tungsten concentrate (W03 65% grade) was processed, at a rate of approximately 12mt per day, producing approximately 10mt of Ferrotungsten (**FeW**) per day. A total of 150mt of FeW (average grade 75.6% W) was produced from the run. The FeW has now been transported to the contract processor's warehouse.

There were no environmental, government concerns or issues which arose from the run, and there does not appear to be any major maintenance requirements or upgrades required before commencement of another production run.

The Company thanks Mr Chen and his team for their efforts in providing a successful production run. The production run confirms that the Plant remains a world class facility, with a highly skilled operating team.

As previously announced to the market, the Company has agreed to acquire the remaining 40% ownership of ATCHK from Mr Chen (**Proposed Transaction**). Upon completion of the Proposed Transaction the Company will own 100% of the ATCHK and its Vietnamese subsidiary ATCVN, meaning the Company will acquire 100% ownership of the Plant. The Company has continued these negotiations with Mr George Chen with respect to consolidating 100% ownership of the Plant under ATC Alloys. The confirmation of the continuing operation and demonstrated capability of the Plant, was one of the conditions precedent to the Proposed Transaction and the board is pleased that this has now been satisfied.

Negotiations between the Company and Mr Chen are ongoing. The Company is optimistic about the Proposed Transaction and anticipates concluding the Proposed Transaction and confirming the material terms with Mr Chen within the coming weeks.

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 Proposed Transaction, along with any required shareholder and regulatory approvals. The Company will keep the market informed as the Proposed Transaction progresses.

The Company also intends to continue working with its Joint Venture partner Mr Chen and is planning another contract processing run as soon as possible to maintain good order operation condition of the Plant, keep workers engaged and to keep local authorities confident of the Plant's future success. The Company will also keep the market informed with respect to any further processing runs commencing at the Plant.

By order of the Board
ATC ALLOYS LIMITED