

18 January 2017

## Heads of Agreement signed with Joint Venture Partner

### Resolution of dispute and Joint Venture Restructure

ATC Alloys Limited (**ATA** or the **Company**) (ASX:ATA) is pleased to advise that it has entered into a Heads of Agreement to end its current dispute with its joint venture partner, Mr Guangyu (George) Chen, and to restructure its Vietnamese Ferro-Tungsten Joint Venture (**Joint Venture**).

Under the terms of the Heads of Agreement, Mr Chen will acquire an additional 35% of the Joint Venture from the Company for consideration comprising US\$2,000,000 together with forgiveness of all loans owed by the Joint Venture to Mr Chen and all fees and other debts owed by the Joint Venture to Mr Chen. Upon settlement, which shall occur on or before 31 March 2017, Mr Chen will hold a 75% interest in the Joint Venture and the Company will hold a 25% interest in the Joint Venture. The parties will enter into a new Joint Venture Agreement upon settlement. Further material terms of the Heads are set out in the Annexure.

Whilst the Company's interest in the Joint Venture will be reduced from 60% to 25% it will retain its ongoing involvement in the operation of the Joint Venture and this will be confirmed in the new Joint Venture Agreement to be entered between Chen and the Company.

Director, Mr Nathan Featherby, stated "I am very pleased that we have been able to work with Mr Chen to overcome recent difficulties and agree a path forward which will be of mutual benefit. We are fully committed to the Joint Venture and see great benefit for ATC shareholders going forward. In addition, ATA will continue to review and assess opportunities consistent with its overall acquisition and growth objectives."

The Company will seek to have its securities removed from suspension and recommence trading on ASX as soon as possible.

For further information please contact:

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### Annexure

The material terms of the Heads of Agreement are as follows:

- Chen will acquire an additional 35% of the Joint Venture from the Company for consideration comprising US\$2,000,000 together with forgiveness of all loans owed by the Joint Venture to Mr Chen and all fees and other debts owed by the Joint Venture to Mr Chen. Upon settlement, which shall occur on or before 31 March 2017, Mr Chen will hold a 75% interest in the Joint Venture and the Company will hold a 25% interest in the Joint Venture.
- Chen shall pay a deposit of US\$500,000 to an escrow agent within 7 days. The deposit shall be forfeited by Chen in the event that, following satisfaction of the pre-conditions, he fails to settle. Upon settlement, the deposit shall form part of the US\$2,000,000 consideration.
- Settlement is subject to a number of pre-conditions as set out below:
  - each party releases the other from all claims;
  - forgiveness of all loans owed by the Joint Venture to ATA and Mr Chen;
  - the parties entering into formal documentation including a new Joint Venture Agreement;
  - ATA obtaining all regulatory and shareholder approvals and the parties being satisfied that everything has been done under the terms of the existing joint venture agreement and under all applicable laws to give legal effect to the transaction and other terms of the Heads of Agreement, including, if necessary, ATA making any public statement reasonably required by Chen;
  - third parties subscribing for or acquiring not less than US\$2,000,000 in either ATA equity or debt (through the issue of ATA securities or the acquisition of existing ATA securities on issue), of which \$500,000 must be committed within 7 days;
  - ATA receiving written confirmation from ASX in respect of lifting the suspension from trading of ATA's shares on ASX, conditional only upon settlement; and
  - repayment of all outstanding debt owed by ATA to Siderian Resource Capital Limited (**Siderian**) and a release of every security held by Siderian over ATA and its related bodies corporate including the Joint Venture.
- The Heads of Agreement is governed by the Law of Hong Kong.