

QUARTERLY ACTIVITIES REPORT

31 December 2018

ATC Alloys Limited ('ATA' or 'the Company') is pleased to present its quarterly activities and cash flow report for the quarter ending 31 December 2018.

Operations

ATC Ferrotungsten Plant, Vietnam

During the quarter there were no production runs undertaken by the Joint Venture

On 23 September 2016, the Company announced that between the Company as 60% owner and Mr Chen as 40% owner of ATPHK (**Joint Venture**) under the operatorship of its 40% Joint Venture partner, Mr Chen, the Company and Mr Chen had commenced a dispute in relation to the management of the Joint Venture (**Dispute**).

Since this time, the Company and Mr Chen have together explored a range of options in pursuit of a successful resolution of the Dispute. The Company and Mr Chen have now successfully resolved the Dispute and the parties subsequently executed a deed of release to release the other from all possible actions and liability in relation to the Dispute. As a result of the resolution of the Dispute the legal representatives of Mr Chen filed a consent summons with the High Court of Hong Kong to effectively discontinuing the proceedings in Hong Kong.

The resolution of the Dispute also allowed 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 worked closely to address 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**) and commence operations to create cashflow to regain the value of the asset owned by Mr Chen and the Company.

Resolution of the dispute now allows for the resumption of the Joint Venture and can now allow the Company and Mr Chen to recommission the Plant and recommence operations. The Board has been working towards recommissioning the Plant with the plan to undertake third party contract processing operations, whereby the Company effectively processes material on behalf of third parties for a set contract processing fee. Whilst contract processing for third-parties does not generate the same return as self-manufacturing has done in the past, the Company considers this is the best conservative approach to adopt until the Plant can generate sufficient capital to allow for self-manufacturing. During this time the Joint Venture will work hard to reduce and minimise unnecessary costs and increase efficiencies at the Plant so as to be in a strong position when a decision is made to self-manufacture ferrotungsten.

The Company is in discussions with a number of previous and potential contract processing customers and is also in discussions with a number of parties in relation to an unsecured loan facility which will allow the Company to pay for any initial costs required to recommission the Plant for contract processing operations.

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")

31 December 2018

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	(48)	(120)
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)	-	-
1.9 Net cash from / (used in) operating activities	(48)	(120)
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	50	176
3.6	Repayment of borrowings	-	(55)
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	50	121

4.	Net increase / (decrease) in cash and cash equivalents for the period		
4.1	Cash and cash equivalents at beginning of period	1	2
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(48)	(120)
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)	50	121
4.5	Effect of movement in exchange rates on cash held	-	-
4.6	Cash and cash equivalents at end of period	3	3

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	3	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)	3	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	2,750	2,750
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: 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.