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**RECOMMENDED NEW TAKEOVER OFFER FOR ATC ALLOYS LIMITED BY ALMONTY INDUSTRIES INC.**

**Highlights:**

- **ATC Alloys recommends New Offer for ATC Alloys under which Almonty will offer to acquire all of the shares in ATC**
- **The New Offer is unanimously recommended by the Directors of ATC, in the absence of a superior proposal**
- **Certain Shareholders of ATC have entered into pre-bid acceptance agreements in respect to 17.1% of ATC's issued shares**
- **Almonty to raise at least US\$5.5 million**

Perth and Toronto – 26 July 2016 ATC Alloys Limited (ASX:ATA) (“ATC”) and Almonty Industries Inc. (TSX-V:AII) (“Almonty”) previously announced on 31 May 2016 that ATC and Almonty had entered into a Binding Heads of Agreement (“HOA”) pursuant to which Almonty agreed to make a recommended off-market takeover offer under the Australian Corporations Act 2001 (Cth) (“Corporations Act”) for all of the issued, and to be issued, shares of ATC (the “Original Offer”). Under the Original Offer, ATC shareholders were to receive one (1) new Almonty share in the form of CHESS Depository Interests (“CDI’s”) to be listed on the Australian Securities Exchange (“ASX”) for every 10.38 ATC Alloys shares held.

ATC and Almonty have agreed that the Original Offer is abandoned and will no longer proceed and instead a new off-market takeover offer (“New Offer”) will be made by Almonty under the Corporations Act for the same ATC shares as were covered by the Original Offer. The New Offer is on similar terms to the Original Offer with the key amendments being as follows:

- Consideration for ATC will be in the form of one (1) new fully paid common share in Almonty (to be listed on the TSX Venture exchange (“TSX-V”) without an ASX listing) for every 10.38 ATC Alloys shares held.<sup>1</sup>
- The New Offer is conditional upon, among other things, Almonty raising at least US\$5.5 million pursuant to equity, debt or hybrid capital raising or any combination of those types of capital raising (instead of an additional listing on ASX).
- The New Offer is not conditional on the underwritten capital raising of A\$5.25 million, which was a condition of the Original Offer.

The HOA has been terminated and the Original Offer has been abandoned due to the inability for Almonty to fulfil the defeating condition that ASX approval be obtained for the quotation of Almonty shares via CDIs on the ASX following completion of the Original Offer. Despite Almonty’s best efforts, that defeating condition cannot be fulfilled under the terms of the Original Offer due to the anticipated inability for the merged group to satisfy ASX’s working capital requirements forming part of the ASX admission tests.

The New Offer involves significantly less preparation time than the Original Offer due to the removal of

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<sup>1</sup> If the number of ATC shares held by an ATC shareholder means that their aggregate entitlement to Almonty shares is not a whole number, any fractional entitlement will be rounded up to the nearest whole number.

the ASX listing condition.

The full terms of the New Offer are set out in a new Binding Heads of Agreement signed between Almonty and ATC (“New HOA”).

### **Directors’ Recommendation**

The Directors of ATC unanimously recommend that all ATC shareholders ACCEPT the New Offer in the absence of a superior proposal. All of the ATC Directors that hold ATC shares have entered into pre-bid acceptance agreements in relation to all ATC shares owned or controlled by them.

### **ATC Shareholder Support**

ATC has entered into pre-bid acceptance agreements with a number of ATC shareholders, including all members of the ATC Board of Directors that hold shares in ATC, and other major shareholders in respect of a total of 17.1% of ATC’s issued shares. Under the pre-bid acceptance agreements these shareholders have agreed to accept the New Offer within three business days of receiving the New Offer, subject to receipt of a superior proposal.

### **New Offer conditions**

The New Offer is subject to the following conditions as set out in the New HOA , none of which have been satisfied at the date of this announcement:

- 90% minimum acceptance condition;
- as mentioned above, Almonty receiving cleared funds to the value of at least US\$5.5 million pursuant to equity, debt or hybrid capital raising or any combination of those types of capital raising;
- at least 75% (by value) of the ATC AU\$0.05 Convertible Notes are converted into ATC Alloys shares prior to completion of the New Offer and the remainder of such Convertible Notes are redeemed;
- at least 75% (by value) of the ATC AU\$0.25 Convertible Notes are cancelled in consideration for convertible notes in Almonty and the remainder of the ATC AU\$0.25 Convertible Notes are redeemed;
- consent of ATC’s secured lender (Siderian Resource Capital Limited);
- approval by the TSX-V for the quotation of the Almonty shares (comprising the New Offer consideration) on the TSX-V following completion of the New Offer;
- all regulatory approvals that are required, including but not limited to that of the TSX-V and ASIC;
- all other approvals necessary to allow the New Offer to occur;
- no materially adverse change occurs to the assets, liabilities, financial position, performance, profitability or prospects of ATC;
- no change in the laws of Vietnam, Canada or Australia occurs which, acting reasonably, would have a materially adverse effect on ATC’s material assets located in Vietnam;
- prior to making the New Offer, Almonty has received written confirmation from the holders of 19.3% of the ATC Shares on issue that they intend to accept into the Bid; and
- from the date of this announcement to the end of the New Offer period, no prescribed occurrence (as is standard for a transaction of this nature) occurs in respect of ATC.

The New HOA contains customary deal protection and exclusivity arrangements, including no-shop and no-talk provisions and notification rights in the event of a competing proposal and break fees payable by ATC to Almonty if ATC or the majority of its directors accept or recommend a proposal superior to the New Offer.

Further details of the New Offer will be contained in Almonty’s Bidder’s Statement which will be dispatched to ATC shareholders in due course.

## **Advisors**

Almonty is being advised by Norton Rose Fulbright, as Australian legal adviser.

ATC Alloys is being advised by Somers and Partners Pty Ltd (“Somers and Partners”) as financial adviser and Steinepreis Paganin as legal adviser.

## **About Almonty**

The principal business of Toronto, Canada-based Almonty Industries Inc. is the mining, processing and shipping of tungsten concentrate from its Los Santos Mine in western Spain, its Wolfram Camp Mine in north Queensland, Australia and its Panasqueira mine in Portugal as well as the development of the Sangdong tungsten mine in Gangwon Province, Korea and the Valtreixal tin/tungsten project in north western Spain. The Los Santos Mine was acquired by Almonty in September 2011 and is located approximately 50 kilometres from Salamanca in western Spain and produces tungsten concentrate. The Wolfram Camp Mine was acquired by Almonty in September 2014 and is located approximately 130 kilometres west of Cairns in northern Queensland, Australia and produces tungsten and molybdenum concentrate. The Panasqueira mine, which has been in production since 1896, is located approximately 260 kilometres northeast of Lisbon, Portugal, was acquired in January 2016 and produces tungsten concentrate. The Sangdong mine, which was historically one of the largest tungsten mines in the world and one of the few long-life, high-grade tungsten deposits outside of China, was acquired in September 2015 through the acquisition of a 100% interest in Woulfe Mining Corp. Almonty owns 51% of, and also has an irrevocable option to acquire a 100% ownership interest in, the Valtreixal tin-tungsten project in north-western Spain. Further information about Almonty’s activities may be found at [www.almonty.com](http://www.almonty.com) and under Almonty’s profile at [www.sedar.com](http://www.sedar.com).

## **About ATC Alloys**

ATC is listed on the ASX under the symbol “ATA”. ATC has a 60% joint venture interest in the Vinh Bao Ferrotungsten plant in Vietnam, one of the largest and most advanced ferrotungsten plants outside of China.

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capabilities. These statements and information are based on management's beliefs, estimates and opinions on the date that statements are made and reflect Almonty's current expectations.

Forward-looking statements are subject to known and unknown risks, uncertainties and other factors that may cause the actual results, level of activity, performance or achievements of Almonty to be materially different from those expressed or implied by such forward-looking statements, including but not limited to: any specific risks relating to fluctuations in the price of ammonium para tungstate ("APT") from which the sale price of Almonty's tungsten concentrate is derived, actual results of mining and exploration activities, environmental, economic and political risks of the jurisdictions in which Almonty's operations are located and changes in project parameters as plans continue to be refined, forecasts and assessments relating to Almonty's business, risks relating to production forecasts and estimates from the ATC ferrotungsten plant, credit and liquidity risks, ATC shareholders acceptance of the takeover bid under the New Offer, completion of the US\$5.5 million financing on reasonable terms, hedging risk, competition in the mining industry, risks related to the market price of Almonty's shares, the ability of Almonty and ATC to retain key management employees or procure the services of skilled and experienced personnel, risks related to claims and legal proceedings against Almonty and any of its operating mines, risks relating to unknown defects and impairments, risks related to the adequacy of internal control over financial reporting, risks related to governmental regulations, including environmental regulations, risks related to international operations of Almonty, risks relating to exploration, development and operations at Almonty's tungsten mines, the ability of Almonty and ATC to obtain and maintain necessary permits, the ability of Almonty and ATC to comply with applicable laws, regulations and permitting requirements, lack of suitable infrastructure and employees to support Almonty's mining operations, uncertainty in the accuracy of mineral reserves and mineral resources estimates, production estimates from Almonty's mining operations and ATC's ferrotungsten plant, inability to replace and expand mineral reserves, uncertainties related to title and indigenous rights with respect to mineral properties owned directly or indirectly by Almonty, the ability of Almonty to obtain adequate financing, the ability of Almonty to complete permitting, construction, development and expansion, challenges related to global financial conditions, risks related to future sales or issuance of equity securities, differences in the interpretation or application of tax laws and regulations or accounting policies and rules and acceptance of the TSX-V of the listing of Almonty shares on the TSX-V.

Forward-looking statements are based on assumptions management believes to be reasonable, including but not limited to, no material adverse change in the market price of ammonium para tungstate (APT), the continuing ability to fund or obtain funding for outstanding commitments, expectations regarding the resolution of legal and tax matters, no negative change to applicable laws, the ability to secure local contractors, employees and assistance as and when required and on reasonable terms, the ability to sell the ferrotungsten produced (if any) from ATC's operations and such other assumptions and factors as are set out herein. Although Almonty has attempted to identify important factors that could cause actual results, level of activity, performance or achievements to differ materially from those contained in forward-looking statements, there may be other factors that cause results, level of activity, performance or achievements not to be as anticipated, estimated or intended. There can be no assurance that forward-looking statements will prove to be accurate and even if events or results described in the forward-looking statements are realized or substantially realized, there can be no assurance that they will have the expected consequences to, or effects on, Almonty. Accordingly, readers should not place undue reliance on forward-looking statements and are cautioned that actual outcomes may vary.

Investors are cautioned against attributing undue certainty to forward-looking statements. Almonty cautions that the foregoing list of material factors is not exhaustive. When relying on Almonty's forward-looking statements and information to make decisions, investors and others should carefully consider the foregoing factors and other uncertainties and potential events.

Almonty has also assumed that material factors will not cause any forward-looking statements and information to differ materially from actual results or events. However, the list of these factors is not exhaustive and is subject to change and there can be no assurance that such assumptions will reflect the actual outcome of such items or factors.

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