

# Recommended Takeover Offer for ATC Alloys Limited by Almonty Industries Inc.

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[ATC Alloys Limited](#) (ASX:ATA) ("ATC") and [Almonty Industries Inc.](#) (TSX-V:All) ("Almonty") jointly announce that ATC and Almonty have entered into a Binding Heads of Agreement ("HOA") pursuant to which Almonty has agreed to make a recommended off-market takeover offer under the Corporations Act 2001 (Cth) for all of the issued, and to be issued, shares of ATC (the "Offer").

This Smart News Release features multimedia. View the full release here: <http://www.businesswire.com/news/home/20160530005312/en/>

Under the Offer, ATC shareholders will receive one (1) new Almonty share in the form of CHES Depository Interests ("CDI") to be listed on the Australian Securities Exchange ("ASX") for every 10.38 ATC Alloys shares held.<sup>1</sup> Based on an Almonty share price of CA\$0.37<sup>2</sup> and an exchange rate of CAD:AUD of 1.00:1.0659, the offer ratio implies a ATC share price of AU\$0.0411 per share, representing a 37.0% premium to ATC's last closing price of AU\$0.0300.

The acquisition will provide Almonty with ATC's interest in the ATC Ferrotungsten Project in Vietnam and thereby a downstream ferrotungsten production capability. The Offer provides ATC shareholders with ownership in a larger, diversified mining company with a portfolio of production, development and growth assets.

## Directors' Recommendation

The Directors of ATC unanimously recommend that all ATC shareholders ACCEPT the Offer in the absence of a superior proposal. All of the ATC Directors have entered into a pre-bid acceptance agreement 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 19.9% of ATC's issued shares. Under the pre-bid acceptance agreements these shareholders have agreed to accept the Offer within three business days of receiving the Offer, subject to receipt of a superior proposal.

Almonty does not currently hold any shares in ATC.

ATC Alloys Chairman Pat Burke said:

"The Offer provides ATC Alloys shareholders with ownership in Almonty's diversified production and development portfolio with strong financial resources and a Board and Management team with a proven track record of delivering shareholder returns."

Almonty's Chairman, President and CEO Lewis Black said:

"We are pleased to announce the Offer which will add a downstream ferrotungsten production capability to our existing world class portfolio of tungsten development and production assets. We anticipate that the ASX listing associated with the Transaction will promote enhanced trading liquidity and greater investor interest in Almonty."

## Offer conditions and Indicative timetable

The Offer is subject to the following conditions as set out in the HOA, including:

- 90% minimum acceptance condition;
- Completing an interim capital raising (the "Interim Fundraising") by way of a brokered private placement of common shares of Almonty at CA\$0.30 per Almonty share for minimum gross proceeds of CA\$1.5 million. Almonty will pay a commission equal to 4% of the gross proceeds raised on the financing;
- Obtain an executed underwriting agreement ("Underwriting Agreement") to fully underwrite a A\$5.25 million capital raising in conjunction with a secondary listing of Almonty on the ASX via tradeable CDIs (the "Capital Raising"). The Almonty shares (tradeable as CDIs on the ASX) to be issued in the Capital Raising will be issued at an issue price equal to a 10% discount to the 5-day VWAP of Almonty Shares up to the date of execution of the Underwriting Agreement;
- At least 75% of the holders (by value) of the ATC AU\$0.05 Convertible Notes convert into ATC Alloys shares prior to completion of the Offer;
- At least 75% of the holders (by value) of the ATC AU\$0.25 Convertible Notes exchange their ATC AU\$0.25 Convertible Notes for convertible notes in Almonty;
- Consent of ATC's secured lender (Siderian Resource Capital Limited)
- Approval by the ASX and TSX-V for the quotation of Almonty shares via CDIs on the ASX following completion of the Offer;
- All regulatory approvals that are required, including but not limited to that of the ASX, TSX-V and ASIC and including in respect of the Interim Fundraising and Capital Raising;
- All other approvals necessary to allow the Offer to occur, including but not limited to any shareholder approvals, lender approvals, regulatory and other third party approvals;
- From the date of this announcement to the end of the Offer Period, no prescribed occurrence (as is standard for a transaction of this nature) occurs in respect of ATC.

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

Further details of the Offer will be contained in Almonty's Bidder's Statement which will be dispatched to ATC Shareholders shortly.

## Advisors

ATC Alloys is being advised by Somers and Partners Pty Ltd ("Somers and Partners") as financial adviser and Steinepreis Paganin as legal adviser. Somers and Partners will act as Lead Manager to the Capital Raising.

## 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 also has an option to acquire a 100% ownership interest in the Valtreixal tin-tungsten project in northwestern 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 &ldquo;ATA&rdquo;. 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.

## Legal Notice

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Neither TSX Venture Exchange nor its Regulation Services Provider (as that term is defined in the policies of the TSX Venture Exchange) accepts responsibility for the adequacy or accuracy of this release.

## Disclaimer for Forward-Looking Information

When used in this press release, the words &ldquo;estimate&rdquo;, &ldquo;project&rdquo;, &ldquo;belief&rdquo;, &ldquo;anticipate&rdquo;, &ldquo;intend&rdquo;, &ldquo;expect&rdquo;, &ldquo;plan&rdquo;, &ldquo;predict&rdquo;, &ldquo;may&rdquo; or &ldquo;should&rdquo; and the negative of these words or such variations thereon or comparable terminology are intended to identify forward-looking statements and information. This press release contains forward-looking statements and information including, without limitation, the completion of the ATC Take-over by Almonty, the closing of the interim CA\$1.5 million financing, the entering into of the Underwriting Agreement and the closing of the proposed A\$5.25 million underwritten capital raising, adding downstream ferrotungsten processing capabilities, and, the secondary listing of Almonty shares on the ASX. These statements and information are based on management&rsquo;s beliefs, estimates and opinions on the date that statements are made and reflect Almonty&rsquo;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 (&ldquo;APT&rdquo;) from which the sale price of Almonty&rsquo;s tungsten concentrate is derived, actual results of mining and exploration activities, environmental, economic and political risks of the jurisdictions in which Almonty&rsquo;s operations are located and changes in project parameters as plans continue to be refined, forecasts and assessments relating to Almonty&rsquo;s business, risks relating to production forecasts and estimates from the ATC ferrotungsten plant, credit and liquidity risks, ATC shareholders acceptance of the take-over bid, completion of the CA\$1.5 million interim financing on reasonable terms, hedging risk, competition in the mining industry, risks related to the market price of Almonty&rsquo;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&rsquo;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&rsquo;s mining operations, uncertainty in the accuracy of mineral reserves and mineral resources estimates, production estimates from Almonty&rsquo;s mining operations and ATC&rsquo;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 ASX of the listing of Almonty shares on the exchange.

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 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 local Australian 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 from the ATC&rsquo;s operations and such other assumptions and factors as 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.

*THE FORWARD-LOOKING INFORMATION CONTAINED IN THIS PRESS RELEASE REPRESENTS THE EXPECTATIONS OF ALMONTY AS OF THE DATE OF THIS PRESS RELEASE AND, ACCORDINGLY, IS SUBJECT TO CHANGE AFTER SUCH DATE. READERS SHOULD NOT PLACE UNDUE IMPORTANCE ON FORWARD-LOOKING INFORMATION AND SHOULD NOT RELY UPON THIS INFORMATION AS OF ANY OTHER DATE. WHILE ALMONTY MAY ELECT TO, IT DOES NOT UNDERTAKE TO UPDATE THIS INFORMATION AT ANY PARTICULAR TIME EXCEPT AS REQUIRED IN ACCORDANCE WITH APPLICABLE LAWS.*

<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, then any fractional entitlement will be rounded up to the nearest whole number.

<sup>2</sup> Almonty closing share price prior to announcement May 30, 2016

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