Deutsche Rohstoff AG: Almonty Industries places takeover bid for ATC Alloys

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Cash inflow of CAD 6.5 million for Almonty

Heidelberg. Almonty Industries (DRAG share 13.26%) and the Australian company ATC Alloys Ltd. jointly announced today that Almonty has decided to place an offer to acquire all outstanding shares of ATC Alloys, deviating from a first agreement made in April. ATC is listed at the Australian Stock Exchange ("ASX"). The management of ATC Alloys supports the transaction and has already agreed to sell its shares. The shareholders of ATC receive Almonty shares in return. Almonty will be evaluated with CAD 0.40 per share as part of the transaction. The acquisition is subject to various conditions.

With the acquisition of ATC Alloys, Almonty will further expand its tungsten business and integrate downstream tungsten processing capacity to the groups portfolio. ATC holds a 60% stake in the Vinh Bao Ferrotungsten production facility in Vietnam. This plant is the largest of its kind outside of China and has a production capacity of 4,000 tons Ferrotungsten per year. Input materials for Ferrotungsten are tungsten concentrate and iron ore. The material is mainly used in steel alloys in order to obtain high heat resistance and hardness.

As part of the transaction, Almonty will conduct a secondary listing on the Australian ASX and raise further capital. A first capital increase of CAD 1.5 million will be carried upon signing a preliminary agreement. For a second capital increase of AUD 5.25 million Almonty will receive an underwriting agreement by a well known financial institution at the same time. It will be carried out upon completion of the transaction, which is expected in the third quarter of 2016.

Furthermore, Almonty announced its quarterly financials and the financials for the first half of the fiscal year 2015/2016 (31 March 2016). For the quarter, Almonty generated sales of CAD 10.4 million (half year CAD 18.58 million). Due to the lower tungsten prices, Almonty posted a net loss of CAD 4.47 million (half year net loss of CAD 9.71 million).

Lewis Black, CEO of Almonty Industries, said: "We are delighted to be able to place the bid for ATC Alloys, which opens further prospects in the downstream processing of our concentrate. We anticipate that the ASX listing associated with the Transaction will promote enhanced trading liquidity and greater investor interest in Almonty.

Our quarterly results also reflect the low point of the prices for tungsten, which amounted to USD 175/mtu at the end of March. Meanwhile, prices recovered again to over CAD 210. We expect that our cost reductions and measures within recent months will pay off in an improved pricing environment."

A detailed version of both press releases can be found on the Almonty Industries website at: www.almonty.com

Heidelberg, 31 May 2016

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