

29 APRIL 2016

QUARTERLY ACTIVITIES REPORT

31 March 2016

ATC Alloys Limited (ATA or the Company) (ASX: ATA) today released its Quarterly Activities Report for the quarter ending 31 March 2016 (**Quarter**).

Operations and Sales

ATC Ferrotungsten Plant, Vietnam

During the March 2016 Quarter, production was undertaken for January and March at ATA's 60% owned ATC ferrotungsten operation. There was no production in February and the plant was closed for most of the month coinciding with the Lunar New Year holidays.

The Company is very pleased to announce that a significant milestone has been achieved in the safe operation of the Vinh Bao facility. It is now over 12 months since any recordable injury at the operation. As such, the Company's LTIFR and MTIFR, FAIFR and TRIFR now stand at 0.0. The Board expresses its sincere gratitude to the management and workforce at Vinh Bao for this outstanding achievement.

Management has continued with training in all areas of the business including external online training of CFS by our Warehouse manager and Safety manager. The dust extraction system of the furnace was further improved with greater environmental benefits. Slag waste has been reclassified from Hazardous waste to Non-hazardous waste which also reduces our environmental footprint. Further options to use our crushed waste slag as a stabiliser in the construction of local roads for our Vinh Bao community is under investigation.

Over 400 tonnes of ferrotungsten was produced in the production runs, an increase on the previous Quarter. Wolframite and Scheelite tungsten concentrate feedstock for this production was sourced from a range of international suppliers and traders. Production was allocated to tolling customers and sales contracts as the Company maintains its "make to order" strategy. Whilst tolling for other customers does not generate the same returns as own manufacturing has done in the past, the Company considers this is the best conservative approach to adopt in what remains a challenging tungsten market. The Company is working hard to reduce costs and increase efficiencies at its production facility and across the board so as to be positioned to take advantage of improvements in the tungsten market when they occur.

In September 2015, ATA announced that the ATC ferrotungsten operation had signed sales contracts with three Japanese customers for the six-month period September 2015 to March 2016. During the quarter one contract was extended to March 2017 and one was extended until August 2016. On 10 February 2016 the Company announced that the final contract for renewal had been deferred for 3 to 4 months. ATA is pleased to advise that subsequent to the end of the quarter, the final contract deferral was reduced to 2 months with a further renewal from June to November 2016. ATC has retained its position as the main supplier to the Japanese market against strong international competition.

CORPORATE AND FINANCIAL

During the Quarter, at a general meeting held on 10 March 2016, the shareholders approved a share consolidation on a fifty (50) to one (1) basis to result in a more appropriate and effective capital structure.

At the same meeting a change in the Company's name from Hazelwood Resources Limited to ATC Alloys Limited and a change of the ASX issuer code from HAZ to ATA was also approved. The name change was undertaken to align with the Company's core business which is the production of ferrotungsten alloy from the ATC plant in Vietnam.

Shares under the new structure and code commenced trading on 29 March 2016

To assist with working capital requirements, in the quarter, the Company also issued convertible notes to raise \$250,000. The Company's issued capital is set out in the table below.

At the end of the quarter a number of Board changes were also implemented. Mr Michael Bourne, a long term member of management, was appointed Executive Director. Mr Bourne had recently assumed a senior management role at the production facility in Vinh Bao, Vietnam. The Company believes that going forward, in order to maximise returns to shareholders, it is crucial that operations be represented in an executive capacity at Board level. Mr Mark Warren stepped down from his role as Executive Chairman to a non-Executive Director role whilst Non-Executive Director, Mr Patrick Burke, assumed the role of Chairman. Mr John Arbuckle resigned as Director and Company Secretary.

Subsequent to the end of the quarter the Company announced it had signed a binding heads of agreement to acquire the Wolfram Camp Mine in Queensland from Almonty Industries Inc. Full details of the proposed acquisition are set out in the Announcement dated 26 April 2016.

For further information, please contact:

Pat Burke
Chairman
ATC Alloys Limited

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About ATC Alloys

ATC Alloys Limited is an Asian focussed manufacturing company. Our current focus is on the continuous improvement of our Vietnam operation and further intention is for the business to have a number of business streams that include manufacturing in tungsten and other specialty alloys that have similarly broad application and advanced uses in a modern society. Ferrotungsten is used in the production of high speed steels, tool steel and temperature resistant alloys. High quality product from ATC meets the specifications of the Japanese and European markets and can be produced from a range of different feedstock sources. ATC is an accredited smelter listed on table one of the e EICC - GeSI Conflict Free Smelter (CFS) program.

Corporate summary (at 31 March 2016)	
ASX trading code:	ATA
Quoted shares:	106,268,444
Unlisted options:	2,791,431 (\$2.75, expiring 27 November 2016) 9,663,150 (\$0.75, expiring 9 March 2017) 300,000 (\$0.58, expiring 31 July 2018) 1,500,000 (\$0.75, expiring 31 July 2019)
Unlisted convertible notes:	35 x Face Value \$50,000 (\$0.25, expiring 1 July 2018) 2 x Face Value \$25,000 (\$0.25, expiring 1 July 2018) 23 x Face Value \$50,000 (\$0.05, expiring 1 July 2018) 6 x Face Value \$20,000 (\$0.05, expiring 1 July 2018) 2 x Face Value \$10,000 (\$0.05, expiring 1 July 2018) 10 x Face Value \$25,000 ((\$0.05, expiring 1 July 2018)
Cash balance at end of quarter:	\$0.442 million
Postal address:	PO Box 670 West Perth, Western Australia 6872
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E-mail:	info@atcalloys.com
Web-site:	www.atcalloys.com

Tenement directory (at 31 March 2016)		
Project	Tenement number	Beneficial interest
Western Australia		
Cookes Creek	E45/2904	100%
Cookes Creek	E45/3199	100%
Cookes Creek	E46/0740	100%
Cookes Creek	E46/0762	100%
Cookes Creek	E46/0941	100%

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, 01/05/2013

Name of entity

ATC ALLOYS LTD

ABN

88 118 738 999

Quarter ended ("current quarter")

31 March 2016

Consolidated statement of cash flows

Cash flows related to operating activities	Current quarter \$A'000	Year to date (9 months) \$A'000
1.1 Receipts from product sales and related debtors	1,368	4,906
1.2 Payments for (a) exploration & evaluation (b) development (c) production (d) administration+ marketing	(11) - (1,222) (388)	(224) - (4,531) (1,673)
1.3 Dividends received	-	-
1.4 Interest and other items of a similar nature received	2	6
1.5 Interest and other costs of finance paid	(129)	(677)
1.6 Income taxes paid	-	-
1.7 Other – Costs associated with Vietnam production	(125)	(523)
Net Operating Cash Flows	(505)	(2,766)
Cash flows related to investing activities		
1.8 Payment for purchases of: (a) prospects (b) equity investments (c) other fixed assets	- - -	- - (4)
1.9 Proceeds from sale of: (a) prospects (b) equity investments (c) other fixed assets	42 - -	928 - -
1.10 Loans to other entities	-	-
1.11 Loans repaid by other entities	-	-
1.12 Other (provide details if material)	-	-
Net investing cash flows	42	924
1.13 Total operating and investing cash flows (carried forward)	(463)	(1,842)

+ See chapter 19 for defined terms.

Appendix 5B
Mining exploration entity and oil and gas exploration entity quarterly report

1.13	Total operating and investing cash flows (brought forward)	(463)	(1,842)
	Cash flows related to financing activities		
1.14	Proceeds from issues of shares, options, etc.	220	3,641
1.15	Proceeds from sale of forfeited shares	-	-
1.16	Proceeds from borrowings	255	1,544
1.17	Repayment of borrowings	(500)	(3,343)
1.18	Dividends paid	-	-
1.19	Other – Share issue costs	-	(243)
	Net financing cash flows	(15)	1,599
	Net increase (decrease) in cash held	(478)	(243)
1.20	Cash at beginning of quarter/year to date	925	687
1.21	Exchange rate adjustments to item 1.20	(5)	(2)
1.22	Cash at end of quarter	442	442

Payments to directors of the entity, associates of the directors, related entities of the entity and associates of the related entities

		Current quarter \$A'000
1.23	Aggregate amount of payments to the parties included in item 1.2	99
1.24	Aggregate amount of loans to the parties included in item 1.10	Nil

1.25 Explanation necessary for an understanding of the transactions

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Non-cash financing and investing activities

2.1 Details of financing and investing transactions which have had a material effect on consolidated assets and liabilities but did not involve cash flows

161,677,605 ordinary shares (prior consolidation) were issued on 15 January 2016 in settlement of interest to 31 December 2015 payable to convertible note holders.

2.2 Details of outlays made by other entities to establish or increase their share in projects in which the reporting entity has an interest

N/A

+ See chapter 19 for defined terms.

Financing facilities available

Add notes as necessary for an understanding of the position.

	Amount available \$A'000	Amount used \$A'000
3.1 Loan facilities	2,775	2,775
3.2 Credit standby arrangements	-	-

Estimated cash outflows for next quarter

	\$A'000
4.1 Exploration and evaluation	10
4.2 Development	-
4.3 Production	1,200
4.4 Administration	400
Total	1,610

Reconciliation of cash

Reconciliation of cash at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts is as follows.

	Current quarter \$A'000	Previous quarter \$A'000
5.1 Cash on hand and at bank	442	925
5.2 Deposits at call	-	-
5.3 Bank overdraft	-	-
5.4 Other (provide details)	-	-
Total: cash at end of quarter (item 1.22)	442	925

+ See chapter 19 for defined terms.

Appendix 5B

Mining exploration entity and oil and gas exploration entity quarterly report

Changes in interests in mining tenements and petroleum tenements

	Tenement reference and location	Nature of interest (note (2))	Interest at beginning of quarter	Interest at end of quarter
6.1 Interests in mining tenements and petroleum tenements relinquished, reduced or lapsed	E46/693	Exploration Licence	100%	Nil
	E46/883	Exploration Licence	100%	Nil
	E46/884	Exploration Licence	100%	Nil
	E46/885	Exploration Licence	100%	Nil
	E46/562	Exploration Licence	70%	Nil
	E46/761	Exploration Licence	70%	Nil
	E45/3177	Exploration Licence	70%	Nil
6.2 Interests in mining tenements and petroleum tenements acquired or increased	N/A	N/A		

Issued and quoted securities at end of current quarter

Description includes rate of interest and any redemption or conversion rights together with prices and dates.

	Total number	Number quoted	Issue price per security (see note 3)	Amount paid up per security (see note 3)
7.1 Preference + securities (description)				
7.2 Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs, redemptions				
7.3 +Ordinary securities	5,313,410,015 (prior consolidation) 106,268,444 (post consolidation)	5,313,410,015 (prior consolidation) 106,268,444 (post consolidation)		
7.4 Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs	248,500,020 161,677,605 -	248,500,020 161,677,605 -	\$0.001 \$0.0009	\$0.001 \$0.0009

+ See chapter 19 for defined terms.

Appendix 5B

Mining exploration entity and oil and gas exploration entity quarterly report

		Total number	Number quoted	Issue price per security (see note 3)	Amount paid up per security (see note 3)
7.5	*Convertible debt securities <i>(description)</i>	35 x FV \$50,000	-	\$50,000.00	\$50,000.00
		2 x FV \$25,000	-	\$25,000.00	\$25,000.00
		23 x FV \$50,000	-	\$50,000.00	\$50,000.00
		6 x FV \$20,000	-	\$20,000.00	\$20,000.00
		27 x FV \$10,000	-	\$10,000.00	\$10,000.00
7.6	Changes during quarter				
	(a) Increases through issues	25 x FV \$10,000	-	\$10,000.00	\$10,000.00
	(b) Decreases through securities matured, converted	-	-	-	-
7.7	Options <i>(description and conversion factor)</i>	Post Consolidation		<i>Exercise price</i>	<i>Expiry date</i>
		2,791,429	-	\$2.75	27 November 2016
		9,663,149	-	\$0.75	9 March 2017
		300,000	-	\$0.58	31 July 2018
		1,500,000	-	\$0.75	31 July 2019
7.8	Issued during quarter	-	-		
7.9	Exercised during quarter	-	-		
7.10	Expired during quarter	-	-		
7.11	Debentures <i>(totals only)</i>				
7.12	Unsecured notes <i>(totals only)</i>				

+ See chapter 19 for defined terms.

Compliance statement

- 1 This statement has been prepared under accounting policies which comply with accounting standards as defined in the Corporations Act or other standards acceptable to ASX (see note 5).
- 2 This statement does /does not* (*delete one*) give a true and fair view of the matters disclosed.



Sign here: Date: 29 April 2016
(Company secretary)

Print name: Carol New

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 wanting to disclose additional information is encouraged to do so, in a note or notes attached to this report.
- 2 The "Nature of interest" (items 6.1 and 6.2) includes options in respect of interests in mining tenements and petroleum tenements acquired, exercised or lapsed during the reporting period. If the entity is involved in a joint venture agreement and there are conditions precedent which will change its percentage interest in a mining tenement or petroleum tenement, it should disclose the change of percentage interest and conditions precedent in the list required for items 6.1 and 6.2.
- 3 **Issued and quoted securities** The issue price and amount paid up is not required in items 7.1 and 7.3 for fully paid securities.
- 4 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.
- 5 **Accounting Standards** ASX will accept, for example, the use of International Financial Reporting Standards for foreign entities. If the standards used do not address a topic, the Australian standard on that topic (if any) must be complied with.
- 6 The quarterly report has being prepared on a consolidated basis and includes all the subsidiaries (including the 60% owned Asia Tungsten Products Co Ltd (ATC) that operates in Hong Kong & Vietnam).

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