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16 February 2011

**ATLANTIC ANNOUNCES FINAL TERMS OF ITS US\$335 MILLION
SENIOR SECURED NOTES**

- Atlantic raises US\$335 million in senior secured notes
- Capital structure of Windimurra vanadium project finalised

Atlantic Ltd (ASX: ATI, **Atlantic**) is pleased to announce today that its wholly-owned subsidiary Midwest Vanadium Pty Ltd (**MVPL**) has settled its issue of US\$335 million of 11 ½% senior secured notes due 2018 to North American, Asian and European institutional investors.

The funds raised will be used to complete construction and commissioning of MVPL's Windimurra vanadium project (the **Project** or **Windimurra**) in Western Australia, to acquire certain related assets, to retire MVPL's existing external debt and to provide further working capital.

Atlantic Managing Director Michael Minosora said the successful note offering marked a major milestone for Atlantic and for the development of Windimurra.

"This successful note offering means MVPL is fully funded to complete Windimurra and see it into production and beyond. Our team worked diligently to bring financing of Windimurra into fruition", he said.

"We were able to build a very high quality book of investors which validates our confidence in the future of Windimurra and Atlantic's wider corporate strategy. Atlantic is delighted with the confidence shown by note investors."

Completion of construction and commissioning of Windimurra is well underway. The Project is expected to commence production in the third quarter of calendar 2011, with a nameplate capacity of 5,700 tonnes per annum of contained vanadium and 1 million tonnes per annum of iron ore fines.

"In parallel, we are looking at opportunities for optimisation. Recent positive drilling results from our grade control drilling program facilitate the development of a high grade mining strategy. We are also assessing the market viability from the steel and heavy aggregate sectors of mining the iron and titanium enriched zone found in our ore."

"Over the coming months we will also work on the production process to identify additional vanadium capacity."

“Windimurra is the key cornerstone asset of Atlantic’s broader resources strategy.”

Further details on the final terms of the notes, application of funds for Windimurra and the capitalisation of Atlantic Vanadium Holdings Pty Ltd (the **Parent Guarantor** or **AVHPL**), MVPL’s immediate parent entity, are attached.

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About Atlantic Ltd

Atlantic is committed to building a diversified portfolio of world class resources projects that will provide superior returns to shareholders.

Atlantic combines its strong financing capability with a highly disciplined and innovative approach to acquire resources projects that are low cost, long life and near production.

Additional information on Atlantic can be found at www.atlanticltd.com.au.

This announcement has been prepared for use in Australia. This announcement does not constitute an offer of notes for sale in the United States or in any other jurisdiction in which such an offer would be illegal. The notes have not been registered under the U.S. Securities Act of 1933, and may not be offered or sold in the United States unless the notes are registered under the U.S. Securities Act of 1933 or an exemption from the registration requirements of the U.S. Securities Act of 1933 is available. A public offering of the notes to be made in the United States, if any, will be made by means of a prospectus that may be obtained from MVPL.

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Terms and Conditions – Senior Secured Notes

The following contains basic information about the senior secured notes and is not intended to be complete.

Issuer	Midwest Vanadium Pty Ltd (ACN 113 874 712) (“MVPL”)
Parent Guarantor	Atlantic Vanadium Holdings Pty Ltd (ACN 143 559 880) (the “Parent Guarantor”)
Securities	US\$335 million aggregate principal amount of 11.5% senior secured notes due 2018.
Maturity date	15 February, 2018.
Interest payment dates	15 February and 15 August, commencing 15 August, 2011. Interest will accrue from 16 February, 2011.
Ranking	The notes will be senior secured obligations of MVPL that rank senior in right of payment to all existing and future indebtedness of MVPL that is expressly subordinated in right of payment to the notes. The notes will rank equally in right of payment with all existing and future Indebtedness of MVPL that is not so subordinated. The notes will be effectively senior to all of the MVPL’s existing and future unsecured indebtedness to the extent of the value of the collateral.

The obligations of the Parent Guarantor under its guarantee will rank equally in right of payment with all other indebtedness of such Parent Guarantor, except to the extent such other indebtedness is expressly subordinated to the obligations arising under the guarantee, in which case the obligations of the Parent Guarantor under its guarantee will rank senior in right of payment to such other indebtedness. The parent guarantee will be effectively senior to all of the Parent Guarantor’s existing and future unsecured indebtedness to the extent of the value of the collateral.

Collateral	The collateral will consist of (i) first-ranking fixed and floating charges or other equivalent security interests over all present and future assets of MVPL and the Parent Guarantor, (ii) first-ranking share mortgages over all of the shares in the capital of MVPL and any future subsidiaries of the Parent Guarantor or MVPL, (iii) a first-ranking mortgage over the mining tenements related to the Project held by MVPL, and (iv) a “featherweight charge” over cash used as collateral for permitted hedging obligations (other than the assets of MVPL which are subject to the fixed and floating charge above).
Guarantee	The notes will be guaranteed on a senior secured basis by the Parent Guarantor.
Optional redemption	The notes will be redeemable at MVPL’s option, in whole or in part, at any time on or after 15 February, 2015, at the redemption prices set forth below together with accrued and unpaid interest, if any, to the date of redemption.

At any time prior to 15 February, 2014, MVPL may redeem up to 35% of the original principal amount of the notes with the proceeds of certain equity offerings at a redemption price of 111.5% of the principal amount of the notes, together with accrued and unpaid interest, if any, to the date of redemption.

At any time prior to 15 February, 2015, MVPL may redeem some or all of the notes at a price equal to 100% of the principal amount of the notes, plus accrued and unpaid interest, plus an applicable premium, with respect to a

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note at any redemption date, the greater of (i) 1.0% of the principal amount of such note and (ii) the excess of (A) the present value on such redemption date of (1) the redemption price of such note at 15 February, 2015 plus (2) all required payments due on such note through 15 February, 2015, computed using a discount rate equal to the Treasury Rate plus 50 basis point, over (B) the principal amount of such note.

On and after February 15, 2015, MVPL may redeem all or part of the notes at the following redemption prices (expressed as a percentage of principal amount of the notes to be redeemed) plus accrued and unpaid interest on the notes, if any, to the applicable redemption date, if redeemed during the twelve-month period beginning on February 15 of the years indicated below:

Year	Percentage
2015	105.750%
2016	102.875%
2017 and thereafter	100.000%

Change of control The occurrence of a change of control will be a triggering event requiring MVPL to offer to purchase all or a portion of the notes at a price equal to 101% of their principal amount, together with accrued and unpaid interest, if any, to the date of purchase.

Covenants The notes will be issued under an indenture with The Bank of New York Mellon, as indenture trustee. The indenture will, among other things, limit MVPL's ability and the ability of any future restricted subsidiaries to:

- incur additional indebtedness;
- pay dividends or make other distributions or repurchase or redeem its capital stock;
- prepay, redeem or repurchase certain debt;
- make loans and investments;
- sell assets;
- incur liens;
- enter into transactions with affiliates;
- alter the businesses it conducts;
- enter into agreements restricting the ability to pay dividends; and
- consolidate, merge or sell all or substantially all of its assets.

These covenants will be subject to a number of exceptions and qualifications.

Selected Project reserve accounts *Construction account:* the construction account will be funded in the amount of approximately A\$77.7 million for the budgeted construction work remaining on the Project.

Contingency reserve account: the contingency reserve account will be funded in the amount of approximately A\$19.4 million for the budgeted contingency for Project construction.

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OPEX account: the OPEX accounts will be funded in the amount of approximately A\$36.9 million.

Interest reserve account: the interest reserve account will be funded in an amount equal to the first three interest payments on the notes. At all times following the fourth interest payment date on the notes, MVPL will maintain an amount no less than the amount required to make the interest payment on the notes on the next succeeding interest payment date.

- Transfer restrictions** The notes will not be registered under the United States Securities Act. MVPL does not intend to issue registered notes in exchange for the notes to be issued and sold. Therefore, the notes are subject to restrictions on transferability and resale.
- Absence of public market for the notes** MVPL will not apply for a listing of the notes on any securities exchange or an automated dealer quotation system.
- Additional amounts** In the event that certain taxes are payable in respect of payments on the notes or the guarantee, MVPL and the Parent Guarantor will, subject to certain exceptions, pay such additional amounts as will result, after deduction and withholding of such taxes, in the payment of the amounts which would have been payable in respect of the notes and the guarantee had no such withholding or deduction been required.
- Tax redemption** MVPL may redeem the notes, in whole but not in part, at 100% of their principal amount, plus accrued interest and additional amounts, if any, to the redemption date, in certain circumstances in which MVPL or the Parent Guarantor would become obligated to pay additional amounts under the notes or the guarantee.
- Governing law** The notes and the indenture will be governed by New York law.

Project Financing Plan

The table below summarises the projected sources and applications of capital since MVPL was acquired by Atlantic in September 2010, including the note fund raised.

(Dollars in thousands)					
Sources of Funds	A\$	US\$⁽¹⁾	Application of Funds	A\$	US\$⁽¹⁾
Cash on hand ⁽²⁾	A\$ 26,000	US\$ 25,719	Project Capital		
Atlantic capital ⁽³⁾	50,000	49,460	Budgeted amounts spent		
The notes offered hereby	338,657	335,000	as of December 31,		
			2010 ⁽⁴⁾	A\$ 31,800	US\$ 31,457
			Construction account ⁽⁵⁾	77,708	78,869
			Contingency reserve		
			account ⁽⁶⁾	19,427	19,217
			OPEX account ⁽⁷⁾	36,938	36,539
			Payments to be made to		
			MRL ⁽⁸⁾	80,850	79,977
			Financing Related Costs		
			Interest reserve account ⁽⁹⁾	60,958	60,300
			Repayment / purchase of		
			all outstanding	91,100	90,116
			indebtedness ⁽¹⁰⁾		
			Fees and expenses ⁽¹¹⁾	15,876	15,705
Total	<u>A\$414,657</u>	<u>US\$410,179</u>		<u>A\$414,657</u>	<u>US\$410,179</u>

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(1) For convenience, the financial data contain translations of certain Australian dollar amounts into U.S. dollars and certain U.S. dollar amounts into Australian dollar amounts at the noon buying rate on January 21, 2011, which rate was A\$1.00 = US\$0.9892. The interest reserve account will include cash held in U.S. dollars and the OPEX Account will include cash held in U.S. dollars and Australian dollars.

(2) Represents cash assets of MVPL at the time of its acquisition by AVHPL.

(3) In connection with the acquisition by Atlantic of MVPL, Atlantic agreed to provide a A\$50 million interest free loan to MVPL, of which A\$30 million was funded as of September 30, 2010 and the remaining A\$20 million was funded on December 24, 2010. On January 31, 2011 Atlantic entered into an agreement with MVPL to forgive A\$34 million of the loan concurrently with the settlement of the senior secured notes, which will be recognized as debt forgiveness through an addition to the equity contribution reserve of MVPL. The remaining A\$16 million of the loan will be repaid to Atlantic at the settlement of the senior secured notes to enable it to pay the deferred purchase price for the minority equity interest in AVHPL that was previously owned by Mineral Resources Limited (MRL) pursuant to agreements entered into in connection with the MVPL's exit from administration.

(4) As of December 31, 2010, MVPL has spent approximately A\$31.8 million on the Project, which includes A\$1.6 million of Project construction costs, A\$5.7 million for the accommodation camp, A\$20.2 million of payments to MRL and A\$4.3 million of general Project costs and transaction costs.

(5) Represents total budgeted capital expenditure to be spent on Project construction.

(6) Represents A\$19.4 million budgeted for cost overruns for Project construction.

(7) Represents operational expenditures budgeted during the construction and initial production period and including sustaining capital expenditure over this period.

(8) Represents amounts owed to MRL pursuant to agreements entered into in connection with MVPL's exit from administration, including (i) A\$64.9 million for the purchase of the Project's crushing and beneficiation plant and to extinguish indebtedness owed to MRL and (ii) the A\$16 million repayment of Atlantic's loan to enable Atlantic to pay the remaining portion of the deferred purchase price owed to MRL by Atlantic for its purchase of 100% of the shares of AVHPL.

(9) Cash in the interest reserve account is to provide for three interest payments on the notes. At all times following the fourth interest payment date on the notes, MVPL will maintain an amount no less than the amount required to make the interest payment on the notes on the next succeeding interest payment date. The cash held in this account will be held in U.S. dollars.

(10) MVPL has entered into agreements that require A\$91.1 million of the net proceeds from the senior secured notes to be applied to (i) the payment to the senior lenders under MVPL's existing A\$90 million senior secured credit facility of all amounts required to satisfy in full MVPL's obligations under that facility and (ii) the termination and repayment of amounts owed to ANZ under the hire purchase facilities in respect of equipment in the Project's power station. Pursuant to these agreements all of MVPL's currently outstanding external indebtedness will be repaid from the net proceeds at settlement from the senior secured notes.

(11) Represents fees and expenses related to the Project and the offering of the notes, including legal and advisory fees, the Initial Purchaser's discount, taxes and stamp duty.

AVHPL Capitalisation Table

The following table sets forth:

- (i) the cash and cash equivalents, long-term indebtedness and total capitalisation of the Parent Guarantor and its subsidiaries, on a consolidated basis, as of September 30, 2010; and
- (ii) the cash and cash equivalents, long-term indebtedness and total capitalization of the Parent Guarantor and its subsidiaries, on a consolidated basis, as adjusted after giving effect to (a) the extension on December 24, 2010 of a further A\$20 million of indebtedness to the Issuer by Atlantic to bring the total loan size to A\$50 million, (b) the forgiveness of A\$34 million of the Atlantic loan concurrently with the settlement of the note offering pursuant to an agreement entered into on January 31, 2011 between the Issuer and Atlantic, which will be recognized as debt forgiveness through an addition to the equity contribution reserve of the Issuer, and (c) the offering of the notes and the application of the net proceeds therefrom in the manner described in the Project Financing Plan table above, in each case as if the transactions had occurred on September 30, 2010, including (x) the repayment of A\$16 million of the Issuer's loan to Atlantic, (y) the payment to the senior lenders under the Issuer's existing A\$90 million senior secured credit facility of all amounts required to satisfy in full the Issuer's obligations under that facility and (z) the termination and repayment of amounts owed to ANZ under the hire purchase facilities in respect of equipment in the Project's power station.

(Dollars in thousands)	<u>As at September 30, 2010</u>	
	Actual	As adjusted
Cash and cash equivalents		
Unrestricted cash.....	A\$ 30,149	A\$ —
Restricted cash		
Environmental bonds.....	8,709	8,709
Construction account.....	—	77,708
Contingency reserve account.....	—	19,427
OPEX account.....	—	36,938
Interest reserve account.....	—	60,958
Total cash and cash equivalents.....	<u>A\$ 38,858</u>	<u>A\$203,740</u>
Long-term indebtedness⁽¹⁾		
Atlantic loan ⁽²⁾	A\$ 19,090	A\$ —
Senior secured notes ⁽⁵⁾	—	338,657
Existing senior secured credit facility and hire purchase facilities ⁽³⁾	70,713	—
Total long-term indebtedness.....	<u>89,803</u>	<u>338,657</u>
Shareholders' equity		
Contributed equity.....	11	11
Reserves ⁽²⁾	27,866	50,955
Accumulated losses ⁽²⁾	(455)	(455)
Total shareholders' equity.....	<u>27,422</u>	<u>50,511</u>
Total capitalization⁽⁴⁾	<u>A\$117,225</u>	<u>A\$389,168</u>

- (1) The long-term indebtedness includes the current portion of long-term indebtedness owed to the senior lenders under MVPL's existing A\$90 million senior secured credit facility and the hire purchase facilities with ANZ.
- (2) In connection with the acquisition by Atlantic of MVPL, Atlantic agreed to provide a A\$50 million interest free loan to MVPL, of which A\$30 million was funded as of September 30, 2010 and the remaining A\$20 million was funded on December 24, 2010. Since the Atlantic loan is interest free, under IFRS A\$7.7 million of the loan is accounted for as an equity contribution net of tax with the remainder of the loan accounted for as long-term indebtedness. On January 31, 2011, Atlantic entered into an agreement with MVPL to forgive A\$34 million of the loan concurrently with the settlement of this offering, which was recognized as debt forgiveness through an addition to the equity contribution reserve of MVPL. The remaining A\$16 million of the loan will be repaid to Atlantic at the settlement of the senior secured notes to enable Atlantic to pay the deferred purchase price for the minority equity interest in AVHPL that was previously owned by MRL pursuant to agreements entered into in connection with MVPL's exit from administration.
- (3) MVPL has entered into agreements that require A\$91.1 million of the net proceeds from the note to be applied to (i) the payment to the senior lenders under MVPL's existing A\$90 million senior secured credit facility of all amounts required to satisfy in full MVPL's obligations under that facility and (ii) the discharge and repayment of amounts owed to ANZ under hire purchase facilities in respect of equipment in the Project's power station. Pursuant to these agreements all of MVPL's currently outstanding external indebtedness will be repaid from the net proceeds at settlement from the senior secured notes.
- (4) Total capitalization includes long-term debt and shareholders' equity.
- (5) For convenience, the financial data contain translations of certain Australian dollar amounts into U.S. dollars and certain U.S. dollar amounts into Australian dollar amounts at the noon buying rate on January 21, 2011, which rate was A\$1.00 = US\$0.9892.