

6 August 2012

ATLANTIC SECURES MAJOR NEW FUNDING FACILITY

Highlights

- **New convertible bond facility of up to \$50 million secured**
- **\$30 million committed with additional conditional financing of \$20 million**

Atlantic Ltd (ASX: ATI) (**Atlantic** or the **Company**) is pleased to announce that it has signed an agreement to secure a new convertible bond facility in the amount of up to \$50 million (**Facility**).

The Facility will provide further working capital for the ongoing Windimurra ramp-up and general corporate purposes.

The Facility has been provided by Droxford International Limited (**Droxford**), the Company's largest shareholder. Droxford previously subscribed for \$30 million in convertible bonds in March 2012, now reclassified as Class A convertible bonds.

The new Class B convertible bonds are convertible at 50 cents per share, a 5% premium to Atlantic's 10-day volume weighted average price prior to this announcement.

In line with the existing Class A convertible bonds, interest on the new Facility will be payable at 17.5% per annum semi-annually in arrears.

Subject to conditions, Atlantic's subsidiary Midwest Vanadium Pty Ltd (**MVPL**) will provide security in favour of Droxford to secure the Facility. If Atlantic is unable to fulfil the conditions to secure the Facility, the interest rate on the Facility for those convertible bonds not secured will increase to 22.5% per annum.

The first drawdown of \$10 million from the new Facility will occur by 10 August 2012. A further \$20 million will be drawn on or around 15 August 2012. At Droxford's election, a further \$20 million in aggregate will be made available on or around 15 September 2012 and 28 September 2012.

The maturity date of the Class A and Class B convertible bonds is 6 March 2015 and, subject to the conditions precedent being satisfied, the bonds may be converted into Atlantic ordinary shares at any time up to the maturity date.

Conversion of the Class A and Class B convertible bonds into Atlantic shares is subject to FIRB approval and Atlantic shareholder approval at an EGM to be called for the purposes of the Corporations Act and ASX Listing Rules.

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It is expected that approval of the conversion of the new Facility and the existing Class A convertible bonds will be sought at the same meeting to be held before 31 October 2012.

The key terms and conditions of the new Facility are set out in Attachment 1.

As a result of the signing of the new Facility, amendments have been made to the terms and conditions of the existing Class A convertible bonds. The conversion price of the existing Class A convertible bonds has also been reset to 50 cents per share. The amended key terms and conditions of the existing Class A convertible bonds are set out in Attachment 2.

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About Atlantic

Atlantic is committed to building a diversified portfolio of world class resources assets 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.

Atlantic subsidiary Midwest Vanadium Pty Ltd owns 100% of the Windimurra vanadium project, located approximately 600 kilometres north of Perth in Western Australia. Windimurra hosts one of the largest proven vanadium reserves in the world.

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

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Attachment 1
Class B Convertible Bonds Summary Terms and Conditions

Issuer	Atlantic Ltd
Summary	Unlisted convertible bonds governed by Australian law
Principal Amount	Up to A\$50,000,000
Drawdown	First drawdown of \$10 million by 10 August 2012, second drawdown of \$20 million on 15 August 2012 and subsequent drawdowns within 5 business days of scheduled subscription dates. \$30 million in total is committed and \$20 million is available at bond holder's election
Ranking	Issuer undertakes to use its best endeavours to provide security for the Class B convertible bonds by way of security from MVPL in favour of the bond holder. If Atlantic is unable to fulfil the conditions to secure the Facility, the interest rate on the Facility for those convertible bonds not secured will increase to 22.5% per annum
Maturity	6 March 2015 (same date as existing Class A convertible bonds)
Issue Price	100% of principal amount
Conversion	Bonds may be converted into Issuer fully paid ordinary shares at the bond holder's election at any time, subject to the conversion conditions set out below
Conversion Price	50 cents per share – 5% premium to Issuer's 10-day volume weighted average price of ordinary shares immediately prior to announcement
Conversion Price Reset	Conversion price of bonds reset at lower price if Issuer issues further equity at a lower price during the term of the bonds
Future Issues	If the Issuer proposes to make a new issue of securities to its shareholders during the term of the bonds, it shall offer the new securities to the bond holder to allow the bond holder to maintain its fully converted interest in the Issuer following the new issue
Coupon	17.5% per annum payable semi-annually in arrears. Interest payments can be paid in kind or cash (at the bond holder's election)
Payment in Kind	100% payable as new convertible bonds at the issue price, which will be entitled to future coupons
Negative Pledge	The Issuer undertakes not to incur any secured indebtedness or allow any of its subsidiaries including Atlantic Vanadium Holdings Pty Ltd or Midwest Vanadium Pty Ltd to offer any further secured indebtedness without offering equal security to the bond holder

**Conversion
Conditions**

Conversion of the convertible bonds will be subject to all necessary approvals, including Issuer shareholder approval, senior secured note holder consent (to the extent necessary) and foreign investment approval (i.e. notification to FIRB). The Issuer undertakes to convene required meetings to procure all necessary shareholder approvals by no later than 31 October 2012

**No Approval of
Conversion**

Failure to obtain FIRB approval or approval of the Issuer's shareholders for the conversion of the convertible bonds at a shareholders meeting shall result in redemption of the convertible bonds at full principal value plus a fee of 35% of the principal value within 6 months of that event

Use of Funds

The Issuer undertakes to use the funds raised for the Windimurra project and for general corporate purposes

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Attachment 2
Amended Class A Convertible Bonds Summary Terms and Conditions

Issuer	Atlantic Ltd
Summary	Unlisted convertible bonds governed by Australian law
Principal Amount	A\$30,000,000
Ranking	Unsecured
Maturity	6 March 2015
Issue Price	100% of principal amount
Conversion	Bonds may be converted into Issuer fully paid ordinary shares at the bond holder's election at any time, subject to the conversion conditions set out below
Conversion Price	50 cents per share – conversion price re-set in line with Class B convertible bond conversion price
Conversion Price Reset	Conversion price of bonds reset at lower price if Issuer issues further equity at a lower price during the term of the bonds
Future Issues	If the Issuer proposes to make a new issue of securities to its shareholders during the term of the bonds, it shall offer the new securities to the bond holder to allow the bond holder to maintain its fully converted interest in the Issuer following the new issue
Coupon	17.5% per annum payable semi-annually in arrears. For the first three interest periods, payment will be 50% payment in kind and 50% payment in kind or cash (at the bond holder's election). Thereafter interest will be paid in cash
Payment in Kind	100% payable as new convertible bonds at the issue price, which will be entitled to future coupons
Negative Pledge	Other than for the issue of secured Class B convertible bonds, the Issuer undertakes not to incur any secured indebtedness or allow any of its current subsidiaries including Atlantic Vanadium Holdings Pty Ltd or Midwest Vanadium Pty Ltd to offer any further secured indebtedness without offering equal security to the bond holder
Conversion Conditions	Conversion of the convertible bonds will be subject to all necessary approvals, including Issuer shareholder approval, senior secured note holder consent (to the extent necessary) and foreign investment approval (i.e. notification to FIRB). The Issuer undertakes to convene required meetings to procure all necessary shareholder approvals by no later than 31 October 2012

**No Approval of
Conversion**

Failure to obtain FIRB approval or approval of the Issuer's shareholders for the conversion of the convertible bonds at a shareholders meeting shall result in redemption of the convertible bonds at full principal value plus a fee of 35% of the principal value within 6 months of that event

Use of Funds

The Issuer undertakes to use the funds raised for the Windimurra project and for general corporate purposes

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