

5 November 2012

WINDIMURRA FUNDING AND PROJECT UPDATE

Highlights

- **Consents secured to provide for the release of US\$9.9 million from cash reserves**
- **Further release of up to US\$10 million from cash reserves subject to conditions**
- **Funds to be applied to Windimurra vanadium plant ramp-up**
- **Updated target production and cash flow guidance**

Atlantic Ltd (ASX: ATI) (**Atlantic** or the **Company**) is pleased to announce that its wholly-owned subsidiary Midwest Vanadium Pty Ltd (**MVPL**) has secured the consent of the majority of the holders of MVPL's US\$335 million in 11.5% per annum senior secured notes due February 2018 (**Notes**) to provide for the release of US\$9.9 million from MVPL's existing cash reserves.

MVPL is currently required to hold US\$24.2 million in cash reserves under the terms of the indenture that govern the Notes.

The amendments agreed with the majority of the holders of the Notes also provide for certain amendments to the indenture governing the Notes and the related account control agreement.

Among other matters, the amendments have the effect of allowing the release of US\$9.9 million of MVPL's existing cash reserves into working capital and provide for the potential release of up to a further US\$10 million in early 2013.

The funds released will be used to fund the Windimurra vanadium plant's ramp-up.

The release of the funds follows the completion of a consultation process with holders of a majority of MVPL's Notes. The Notes facility was established at the time of debt financing the Windimurra vanadium project in February 2011.

As part of this process, the Company engaged independent technical consultants SRK Consulting (**SRK**) to undertake a review of the Windimurra vanadium mine and plant.

The SRK report confirmed there were no fatal flaws in the latest mineral resource estimates for the Windimurra project, the crushing, milling and beneficiation circuit (**CMB**) at Windimurra or the process plant downstream of the CMB circuit.

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SRK noted some throughput constraints in the CMB circuit which are being addressed by the Company.

SRK also noted that it is very likely project completion will be achieved provided adequate feed is presented to the hydrometallurgical plant at Windimurra and it is considered likely that full production capacity would be achieved over the course of the production plan to June 2013.

Managing Director Michael Minosora said Atlantic was delighted that the majority of the holders of the Notes had agreed to support the continued ramp-up of the plant at Windimurra.

“The consultation process with the majority of the holders of the Notes has been beneficial for all involved in the Windimurra project as it has confirmed that whilst we are behind our original production schedule, our ramp-up plan is on the right track,” he said.

“With the benefit of SRK’s work, the majority of the holders of the Notes have agreed to an immediate release of US\$9.9 million in MVPL’s existing cash reserves and to consider releasing up to a further US\$10 million subject to further progress on the plant ramp-up.”

“There has been tremendous progress made at Windimurra by our operations team in what has been a difficult period and we remain focused on significantly increasing vanadium production in the coming months.”

The key amendments agreed to the indenture governing the Notes and the related account control agreement are set out in Attachment 1.

A summary of the new target vanadium production volumes and summary cash flows for the period ending 31 March 2013 are shown 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
Key Indenture and Account Control Agreement Amendments

Summary	Release of operating reserve account (ORA) and part of interest reserve account (IRA)
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Issuer	Midwest Vanadium Pty Ltd
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Withdrawal Amount	US\$5.0 million from the ORA US\$4.9 million from the IRA
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Conditions	<p>The Issuer is to replenish the IRA to:</p> <ul style="list-style-type: none"> • 50% of its original required balance (US\$19.3 million) on and after 15 November 2013; and • 100% of its original required balance on and after 15 February 2014.
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The Issuer agrees to provide monthly reports on production and sales of vanadium products from Windimurra until 15 February 2014.

The Issuer grants the Note holders the right to put their Notes to the Issuer at par on 6 February 2015 if any of the Class A and Class B convertible bonds (**Converts**) issued by Atlantic to Droxford International Limited (**Droxford**) are not converted as at 15 January 2015.

The Issuer agrees to procure that Droxford agrees to capitalise the first three interest payments of each class of Converts.

The Issuer must also offer to repurchase Notes at 105% of par with a percentage of excess cash flow in each financial year beginning 1 July 2012. Excess cash flow is defined as operating cash flow less allowable deductions including interest, tax and capital expenditures up to A\$50.0 million per annum.

Further Access to IRA	A further release of up to US\$10.0 million from the IRA may be made available following further consultation with Note holders.
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Following any such further release, the IRA must maintain a minimum balance of at least US\$4.3 million until 15 November 2013.

Conversion of Converts	The indenture provides that the Converts issued by Atlantic may be converted in accordance with the terms of the Converts without consequence under the indenture provided Atlantic remains listed on the ASX.
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Security for Converts	The indenture amendments provide that security cannot be provided by the Issuer to secure the Converts issued by Atlantic and as such the interest rate on the Class B convertible bonds increases to 22.5% per annum effective 10 September 2012.
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Attachment 2
Summary of Expected Production and Cash Flows for Period Ending 31 March 2013

As at 30 September 2012, Atlantic and its subsidiaries held approximately A\$23.9 million in cash (including all cash reserves).

The Company announced a new A\$50.0 million Class B convertible bond facility during the quarter, of which A\$30.0 million was received before 30 September 2012.

The Company announced the receipt of a further A\$20.0 million under the Class B convertible bond facility subsequent to the end of the quarter.

	October to December 2012 Quarter (A\$ million)	January to March 2013 Quarter (A\$ million)
Cash inflow from class B convertible bond drawdown*	20.0	

* Two tranches of A\$10 million received 2 October and 22 October 2012.

The Company remains focused on increasing levels of vanadium production significantly in the coming months and ramping-up production to capacity. Based on its latest estimates, the Company expects to achieve the following production volume over the next two quarters:

	October to December 2012 Quarter (tonnes V)	January to March 2013 Quarter (tonnes V)
Vanadium production range estimate*	477-583	867-1060

* Contained vanadium.

The Company estimates cash outflows (before interest payments but excluding all estimated vanadium and iron ore revenue) for the next two quarters as set out below:

	October to December 2012 Quarter (A\$ million)	January to March 2013 Quarter (A\$ million)
Estimated cash outflows	(38.1)*	(32.2)

* See Appendix 5B lodged with ASX. This number includes a structural realignment in trade payables.

The Company estimates the following abnormal items to impact its cash position over the next two quarters:

	October to December 2012 Quarter (A\$ million)	January to March 2013 Quarter (A\$ million)
Interest reserve and operating accounts release	9.5	Up to 9.6*
Research and development tax claim		22.0**
Interest payment (Notes)		(18.6)

* Subject to Note holder approval.

** A research and development claim for A\$22 million has been lodged with the Australian Taxation Office. The outcome of the claim should be known within three months.

All amounts converted at A\$1:US\$1.03766.

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