

17 December 2012

FUNDING AND RATINGS UPDATE

Atlantic Ltd (ASX: ATI) (**Atlantic** or the **Company**) is pleased to announce that its wholly-owned subsidiary Midwest Vanadium Pty Ltd (**MVPL**) has received notification from the Australian Taxation Office that its research and development tax claim in the amount of \$22.2 million has been approved.

MVPL has been advised that the full amount of the claim is due to be paid in the next week.

In addition, on Friday evening, Moody's Investors Service announced the attached rating review for MVPL's senior secured notes, with a change from Caa1 to Caa2.

Moody's notes in its review that MVPL's liquidity position and overall credit profile would improve if the company receives the research and development tax claim in a timely manner.

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For further details please contact:

Michael Minosora
Managing Director
Atlantic Ltd
Ph: + 61 8 6141 7100

Glen Zurcher
Investor Relations
Atlantic Ltd
Ph: +61 8 6141 7215

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.atlantictld.com.au.

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Rating Action: Moody's lowers Midwest Vanadium's rating to Caa2 from Caa1

Global Credit Research - 14 Dec 2012

Approximately \$335 Million of Debt Securities Affected.

Sydney, December 14, 2012 -- Moody's Investors Service has today downgraded the corporate family and senior secured ratings of Midwest Vanadium Pty Ltd (MVPL) to Caa2 from Caa1. The outlook remains negative.

RATINGS RATIONALE

"The rating downgrade reflects continued concerns with regard to MVPL's capacity to maintain sufficient liquidity to fund ongoing ramp up and meet its obligations to service its debt", says Matthew Moore, a Moody's Assistant Vice President -- Analyst.

Slower than expected ramp-up of ferrovanadium production due to performance issues in its crushing, milling and beneficiation circuit has delayed cash flow generation.

The company recently secured the consent of the majority of its US\$335 million secured note holders to provide for the release of US\$9.9 million from MVPL's existing restricted cash reserves. "The funds released provide much needed funding for project ramp up. However, the release of funds from the restricted cash in the interest reserve account raises the degree of uncertainty around the company's ability to meet future debt service requirements", says Moore.

In addition to the \$335 million secured notes raised in February 2011, MVPL's parent company, Atlantic Limited (unrated), has raised over \$116 million in additional capital in the form of equity and convertible bonds between 2011 and September 2012 to support MVPL's liquidity. While these actions improved liquidity for working capital purposes and project ramp up, the company is yet to reach project completion. The company forecasts production to be in the range of 140-171 tonnes for the quarter ending December 2012, compared to design capacity of 6,200 -- 6,700 tonnes per annum.

The company is currently targeting to reach breakeven levels of production by the March Quarter of 2013. "Moody's believes this would mean MVPL could require additional external funding for working capital and debt service until it reaches breakeven levels " added Moore.

Moody's also understands that the company expects to receive a Research and Development tax claim of around \$22 million from the Australian Taxation Office. The claim related to eligible research and development activities during the commissioning of the Windimurra plant in 2011/12 financial years. Moody's notes that MVPL's liquidity position and overall credit profile would improve if the company receives this claim in a timely manner.

The negative outlook reflects our expectation that the company's liquidity will continue to be tight until at least it reaches breakeven levels of production. A further downgrade would be considered if liquidity deteriorates more rapidly than expected or there are further material delays in production ramp up.

A delay in the company receiving the expected tax claim prior to the next interest payment on the bonds would also place negative pressure on the rating.

The rating/outlook could undergo a favorable trend if MVPL is able to achieve the current ramp up schedule and start generating positive free cash flow, receives the \$22 million tax refund as expected and/or the company secures further external funding, such that liquidity position strengthens to a level that Moody's views as comfortably supporting its ramp up and financial obligations.

The principal methodology used in rating Midwest Vanadium Pty Ltd was the Global Mining Industry Methodology published in May 2009. Please see the Credit Policy page on www.moodys.com for a copy of this methodology.

Midwest Vanadium Pty Ltd (MVPL) a 100% owned subsidiary of Atlantic Ltd (Atlantic), an Australian publicly listed company. The company has completed the redevelopment of the Windimurra vanadium mine, located approximately 400km east of Geraldton in central Western Australia. MVPL holds tenements covering a 27

kilometer strike length. The project is expected to produce 6,300 tonnes of contained vanadium and has an expected mine life of over 28 years.

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Matthew Moore
Asst Vice President - Analyst
Corporate Finance Group
Moody's Investors Service Pty. Ltd.

Level 10
1 O'Connell Street
Sydney NSW 2000
Australia
JOURNALISTS: (612) 9270-8102
SUBSCRIBERS: (612) 9270-8100

Terry Fanous
Associate Managing Director
Corporate Finance Group
JOURNALISTS: (612) 9270-8102
SUBSCRIBERS: (612) 9270-8100

Releasing Office:
Moody's Investors Service Pty. Ltd.
Level 10
1 O'Connell Street
Sydney NSW 2000
Australia
JOURNALISTS: (612) 9270-8102
SUBSCRIBERS: (612) 9270-8100



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