

# PRODUCTION & SALES REPORT

MONTH OF APRIL 2014

Atlantic Ltd (ASX: ATI; **Atlantic** or the **Company**) is pleased to present its production and sales report for the month of April relating to its wholly-owned subsidiary Midwest Vanadium Pty Ltd (**MVPL**).

## **Beneficiation Plant Rebuild**

As previously announced, MVPL experienced a major fire in the beneficiation plant at its Windimurra vanadium project in February. The beneficiation plant was not operating at the time of the fire as it was undergoing planned maintenance works. There were no injuries sustained as a result of the fire.

Production of vanadium has been suspended since the date of the fire.

The damage to the beneficiation plant was extensive and further detailed structural engineering demonstrated that the most cost and time effective option for the rebuild of the area was to demolish the existing structure and rebuild the plant from its foundations.

Demolition work in the beneficiation area commenced in late April and is ongoing. In parallel with this demolition work, the beneficiation plant rebuild scope of work, detailed schedule and execution cost is being prepared.

## **Insurance**

The Company holds comprehensive industrial special risks insurance that covers both the material damage to the beneficiation plant as a result of the fire and the related business interruption.

The Company's insurers have granted indemnity for the fire, and Atlantic received a first progress payment from the insurers of \$18.45 million during March.

Atlantic also lodged its progress claim for the period ended 31 March 2014 in April and is currently working through the details of its claim with the insurance loss adjustor.

## **Plant Technical Review**

The Company has established a project team comprising staff from the Company's engineering and technical teams and separate external engineering advisors to complete a technical review of all non-beneficiation plant components of the Windimurra plant.

During the month, the team continued analysis of the issues identified from the operation of the plant in the months immediately prior to the fire. A number of possible options to address the bottlenecks in the plant have been identified and the implications of the various options are currently being analysed.

This separate project is not delaying the reconstruction of the beneficiation plant.

This project work is important to ensure the plant is capable of meeting production levels that provide a long-term sustainable basis for the business going forward.

### Production and Sales

There was no production of vanadium in April. Sales of ferrovanadium in inventory from production prior to the fire continued during April and are summarised in the table below.

	March 2014 (tonnes contained V)	April 2014 (tonnes contained V)
Vanadium production	0	0
Vanadium sales	27	54

Note - this table refers to contained vanadium within the ferrovanadium produced and sold by MVPL.

### Iron Ore

The Company has suspended exports of iron ore due to the current low market prices for its iron ore products.

During the month, the Company continued discussions with prospective customers for its iron ore products, with particular emphasis on niche market opportunities for MVPL's iron ore fines and lump products.

### Funding

During April, MVPL concluded all conditions for a new \$29.7 million funding facility with Atlantic's largest shareholder Droxford International Limited (**Droxford**).

This new funding facility is secured pari passu with MVPL's senior secured notes.

In addition to the new funding facility, MVPL also concluded a standstill arrangement – providing forbearance and support – with a majority of the holders of its senior secured notes (**Notes Group**).

Under the standstill arrangement, the Notes Group has agreed to forbear MVPL's default for failure to deposit US\$5 million in its interest reserve account and failure to pay the February interest payment on its senior secured notes.

The forbearance applies until 15 August 2014 and is subject to there being no further events of default under MVPL's indenture or the new funding facility during the term of the forbearance agreement.

Under the forbearance and support agreement, each holder in the Notes Group also agrees with MVPL to use their good faith efforts to negotiate and execute a definitive agreement among MVPL and the supporting note holders to affect a restructuring during the forbearance period.

### ASX Suspension

Following the fire in the beneficiation plant on 4 February, the Company requested a voluntary suspension in the trading of its securities. Atlantic believes that it is appropriate for the suspension in the trading of the

Company's securities to remain in place until the Company is in a position to make a more detailed announcement given that MVPL and the Notes Group are entering into negotiations for a longer term restructure during the standstill period.

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# BUILDING A WORLD CLASS RESOURCES GROUP

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## ASX CODE

ATI (ordinary shares)

## DIRECTORS

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## ABOUT ATLANTIC LTD

Atlantic subsidiary Midwest Vanadium Pty Ltd owns 100% of the Windimurra vanadium and iron ore operation, 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](http://www.atlanticltd.com.au)