

PRODUCTION & SALES REPORT

MONTH OF MAY 2014

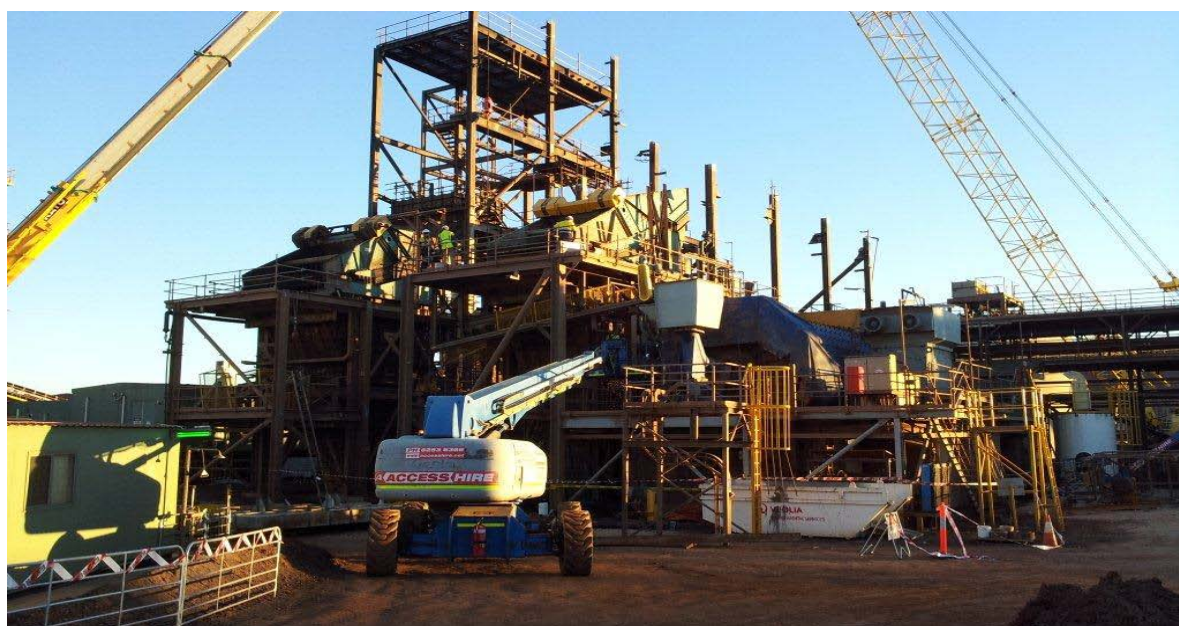
Atlantic Ltd (ASX: ATI; **Atlantic** or the **Company**) is pleased to present its production and sales report for the month of May relating to its wholly-owned subsidiary Midwest Vanadium Pty Ltd (**MVPL**).

Beneficiation Plant Rebuild

Production of vanadium at Windimurra has been suspended since February following a major fire in the beneficiation plant.

The damage to the beneficiation plant was extensive. 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 during May there was significant progress on this. As at the date of this report, the upper three levels of the plant have been removed and the demolition work is approximately 70% complete.



Photograph showing beneficiation plant demolition in progress

During May Atlantic completed orders for critical long lead time items for the rebuild work, including orders for the magnetic separators and screens. Fabrication of these long lead time items has now commenced.

In addition, Atlantic also tendered the front end engineering and design work for the beneficiation plant rebuild project and in the last week has awarded this contract to Lycopodium. Work on this front end engineering and design is now underway.

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 granted indemnity promptly for the fire. Atlantic received a first progress payment from the insurers of \$18.45 million during March and a second progress payment of \$7.8 million during June 2014.

Atlantic has a constructive ongoing dialogue with its insurers. In recent weeks the insurers' engineering advisors visited the Operation to review the progress made with the demolition work. Atlantic is lodging progress claims on a monthly basis with the insurance loss adjustor.

Plant Technical Review

As previously announced, the Company has established a project team comprising staff from the Company's engineering and technical teams, as well as external engineering advisors, to complete a technical review of all non-beneficiation plant components of the Windimurra plant, with the goal of identifying and addressing any production bottlenecks in the Operation.

The Company has now received reviews conducted by AMEC of the crushing, milling and beneficiation (**CMB**) circuit and by Hatch for the downstream refinery. These reviews have identified certain bottlenecks along with solutions to these bottlenecks to ensure the plant is capable of meeting production levels that provide a long-term sustainable basis for the business going forward.

This separate project work will not delay the reconstruction of the beneficiation plant in any way or extend the period of business interruption insurance coverage.

The Company is now finalising its review of the reports received and will make a further announcement on the results of this work in the near future.

Production and Sales

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

	April 2014 (tonnes contained V)	May 2014 (tonnes contained V)
Vanadium production	0	0
Vanadium sales	54	68

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.

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 a group of its senior secured note holders are now entering discussions regarding a longer term restructure of the Company.

BUILDING A WORLD CLASS RESOURCES GROUP

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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