

**30 April 2015**

Atlantic Ltd (ASX: ATI; **Atlantic** or the **Company**) is pleased to present its activities report for the quarter ended 31 March 2015.

## **OPERATIONS**

### **Windimurra Vanadium Project**

Atlantic owns 100% of the shares in Atlantic Vanadium Holdings Pty Ltd (Administrators Appointed)(Receivers and Managers Appointed) (**AVHPL**) that in turn holds all the shares in Midwest Vanadium Pty Ltd (Administrators Appointed)(Receivers and Managers Appointed) (**MVPL**).

MVPL owns 100% of the Windimurra vanadium and iron ore project, located approximately 600 kilometres north of Perth in Western Australia.

During the quarter, Atlantic and MVPL were involved in rebuilding the beneficiation plant at Windimurra that had been extensively damaged in a major fire in February 2014.

At the same time, Atlantic and MVPL were also involved in discussions between an ad hoc group of the holders of MVPL's senior secured notes (**Notes Group**) and Atlantic's largest shareholder Droxford International Limited (**Droxford**) regarding the additional funding required to implement MVPL's business plan as well as an appropriate longer term capital structure for the business.

Those discussions had been ongoing for some time.

On 11 February 2015, Atlantic was informed by the financial advisers to the Notes Group that discussions between the Notes Group and Droxford regarding a consensual restructure of MVPL had been terminated.

Atlantic understands that the parties had not been able to reach a mutually acceptable agreement and as a result terminated the discussions.

As a result, on 11 February 2015, the director of AVHPL and MVPL appointed Darren Weaver, Martin Jones and Ben Johnson of Ferrier Hodgson as Joint and Several Administrators of AVHPL and MVPL given there was no reasonable prospect of a consensual restructuring being agreed.

Following the appointment of Joint and Several Administrators of AVHPL and MVPL, the Notes Group appointed Norman Oehme, Keith Crawford and Matthew Caddy of McGrathNicol as Receivers and Managers of AVHPL and MVPL.

Contractors working on the rebuild of the beneficiation plant at Windimurra were demobilised shortly thereafter.

### **Production**

Due to the fire in February 2014, there was no production of vanadium in the period ended 11 February 2015.

### **Exploration and Resource Development**

MVPL undertook no significant exploration activities in the period ended 11 February 2015.

## **CORPORATE**

### **Insurance**

Both Atlantic and MVPL hold comprehensive industrial special risks insurance that covers both the material damage to the beneficiation plant and the resulting business interruption for both entities.

The Company's insurers granted indemnity for the fire event in February 2014, and to date Atlantic and MVPL have received approximately \$90 million from insurers in relation to the claim.

During the quarter, Atlantic continued to progress the insurance claim, in conjunction with the Receivers and Managers of MVPL after their appointment, as it is entitled to do under the insurance policy.

Atlantic believes that further material amounts are due and payable to it under the policy.

### **Atlantic Status**

As at 31 March 2015, Atlantic had approximately \$11.1 million in cash. Atlantic also has outstanding liabilities of \$270.2 million in convertible bond and promissory note principal and accumulated interest due.

With the recent cessation of consensual restructuring discussions, Atlantic has taken steps to reduce costs to minimal levels.

This has included staff redundancies and the cessation of all discretionary expenditure.

Atlantic has also held productive discussions with Droxford regarding a forbearance of the above outstanding convertible bond and promissory note liabilities due to Droxford and will make a further announcement when the discussions are concluded.

### **ASX Suspension**

Following the fire in the beneficiation plant, 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 given that the Company is now in discussions regarding a restructuring of Atlantic's balance sheet.

## **CASH FLOW STATEMENT**

The Appendix 5B cash flow statement for the quarter ended 31 March 2015 will be lodged at the same time.

### **For further information please contact:**

**Daniel Harris**  
Chief Executive Officer  
Tel: +61 8 6141 7100

**Terry Bourke**  
General Counsel  
Tel: +61 8 6141 7100