

28 May 2013

STANDARD & POOR'S RATING REVIEW

Atlantic Ltd (ASX: ATI) (**Atlantic**) advises that the attached rating review was announced by Standard & Poor's Ratings Services yesterday for Atlantic's wholly-owned subsidiary Midwest Vanadium Pty Ltd (**MVPL**).

Standard & Poor's affirmed MVPL's CCC rating and removed the rating from CreditWatch.

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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.atlanticltd.com.au.

Midwest Vanadium 'CCC' Corporate And Senior Notes Ratings Affirmed And Removed From Watch Negative; Outlook Developing

MELBOURNE (Standard & Poor's) May 27, 2013--Standard & Poor's Ratings Services said today that it had affirmed its 'CCC' corporate credit and senior issue ratings on Australian mining company Midwest Vanadium Pty Ltd. (MVPL). The recovery rating on the senior issue is '4'. At the same time, we removed all ratings from CreditWatch, where they were placed with negative implications on Feb. 21, 2013. The rating outlook is developing.

"We affirmed the ratings and removed them from CreditWatch negative because MVPL had remedied the technical breach of its indenture covenant and received external funding to improve its previously weak liquidity," said Standard & Poor's credit analyst May Zhong said.

MVPL has received consent from senior secured noteholders to waive the minimum holding requirement in the interest reserve account until Nov. 15, 2013. At the same time, its parent Atlantic Ltd. has executed and fully drawn a new, senior unsecured, short-term funding facility of about A\$28.5 million from its largest shareholder Droxford International Ltd. In addition, MVPL is expected to receive a research and development reimbursement claim from the Australian Taxation Office (ATO) of about A\$25 million in the next six months. These initiatives, in our view, provide timely relief to the company's liquidity pressure, and should be sufficient to fund the ongoing ramp-up of the Windimurra project until around third-quarter calendar 2013.

We believe a successful ramp-up of the project would sustainably improve MVPL's liquidity position and enable the company to fulfill its debt obligations in the next 12 months. We expect the project to achieve about 70% production ramp-up by August 2013 and should begin to generate surplus cash from operations in the third quarter of calendar year 2013.

Ms. Zhong added: "The developing outlook reflects the uncertainty regarding MVPL's liquidity position in the next 12 months. It is not certain whether MVPL will generate sufficient cash flows as the recent modification works on the beneficiation circuit have yet to prove that the circuit will perform as expected. External funding will be required again if there is further delay in ramping up the Windimurra plant."

We would consider a higher rating if the processing plant is fully operating and the company's operating cash flow is neutral, leading to a sustainable liquidity position.

The rating could be lowered if the company's liquidity deteriorates from current levels such that its ability to pay the next 12-month's interest payment is impaired. This scenario could occur if there are further delays in project ramp-up and the company fails to source external funding to alleviate liquidity pressure.

RELATED CRITERIA AND RESEARCH

- Methodology: Management And Governance Credit Factors For Corporate Entities And Insurers, Nov. 13, 2012
 - Criteria For Assigning 'CCC+', 'CCC', 'CCC-', And 'CC' Ratings, Oct. 1, 2012
 - Methodology: Business Risk/Financial Risk Matrix Expanded, Sept. 18, 2012
 - Methodology And Assumptions: Liquidity Descriptors For Global Corporate Issuers, Sept. 28, 2011
 - Criteria Guidelines For Recovery Ratings On Global Industrial Issuers' Speculative-Grade Debt, Aug. 10, 2009
 - 2008 Corporate Criteria: Analytical Methodology, April 15, 2008
 - 2008 Corporate Criteria: Ratios And Adjustments, April 15, 2008
 - 2008 Corporate Criteria: Rating Each Issue, April 15, 2008
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Media Contact:

Richard Noonan, Melbourne (61) 3-9631-2152, richard.noonan@standardandpoors.com

Analytical Contacts:

May Zhong, Melbourne, may.zhong@standardandpoors.com

Thomas Jacquot, Sydney, thomas.jacquot@standardandpoors.com

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