

10 March 2014

ATLANTIC SECURES NEW FUNDING FACILITY

Highlights

- ***New \$29.7 million funding facility secured***
- ***Standstill arrangement put in place with majority of note holders until August 2014***
- ***First payments received on insurance claim estimated in the order of \$100 million***
- ***Funding facility and standstill provide a stable platform for the beneficiation plant rebuild and a possible longer term restructure of the Company***

Atlantic Ltd (ASX: ATI) is pleased to announce that its wholly-owned subsidiary Midwest Vanadium Pty Ltd (**MVPL**) has signed a new funding facility of \$29.7 million with Atlantic's largest shareholder Droxford International Limited (**Droxford**).

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

Atlantic expects to receive the balance of the \$16.7 million first progress payment on its insurance claim relating to the fire in MVPL's beneficiation plant at Windimurra in the next few business days. As announced previously, the Company believes the combined material damage and business interruption components of its insurance claim could be in the order of \$100 million.

Together, the Droxford funding facility, the forbearance and support agreement and the insurance claim progress payment provide:

- a sound funding basis to take the company's Windimurra project forward during the rebuild of the beneficiation plant; and
- flexibility to negotiate a longer term restructure of the Company.

Funding Facility

The \$29.7 million Droxford funding facility is new secured debt with a coupon of 17% per annum, maturing on 15 August 2014.

The size of the facility has been reduced slightly from the previously proposed \$32.6 million to reflect the earlier than expected first progress payment under Atlantic's insurance claim.

This facility will be secured pari passu with MVPL's senior secured notes, subject to certain technical indenture and related document amendments to allow the new funding facility to be secured against the assets of MVPL.

In particular, among other conditions precedent, draw down of the facility is subject to a consent solicitation process among MVPL's senior secured notes to implement the proposed indenture and related document amendments.

The consent process will commence shortly and is expected to be completed within 2-3 weeks.

Under the new funding facility, Droxford will also become a new beneficiary under the security trust deed governing the security currently held over all of the assets of MVPL by the senior secured notes. This will provide pari passu security for the new facility.

Standstill Arrangement

Under the standstill arrangement, the Notes Group has agreed to forbear MVPL's default for failure to deposit US\$5 million in the interest reserve account (**IRA**) on 3 February 2014.

The Notes Group has also agreed to forbear MVPL's failure to pay the February interest payment on its senior secured notes.

As previously advised, MVPL was required to deposit US\$5 million into the IRA on 3 February 2014 and pay the half yearly interest payment on its senior secured notes on 15 February 2014 under the terms of the indenture governing those notes.

MVPL has not made the IRA deposit or the interest payment.

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 outlined above during the term of the forbearance agreement.

The Notes Group has also agreed to vote in favour of the technical indenture and related document amendments to allow the new \$29.7 million secured funding facility to be provided by Droxford as contemplated above.

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.

Insurance Claim Update

As announced on 4 March 2014, Atlantic was advised that a first progress payment under its insurance claim related to the major fire that occurred in the beneficiation plant at Windimurra on 4 February 2014 would be paid.

To date, Atlantic has received \$11.575 million of the total first progress payment of \$16.7 million, with the remaining balance expected to be received in the next few business days.

The Company estimates the combined material damage and business interruption components of the insurance claim to be in the order of \$100 million. The final claim amount is highly sensitive to the period of the business disruption.

ASX Suspension

The Company requests that the voluntary suspension in the trading of its securities remain in place.

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All amounts shown are A\$ unless specified.