

QUARTERLY REPORT

THREE MONTHS ENDED
31 DECEMBER 2014

Atlantic Ltd (ASX: ATI; **Atlantic** or the **Company**) is pleased to present its report for the quarter ended 31 December 2014.

OPERATIONS

Windimurra Operations

Production of vanadium at Windimurra has been suspended since February 2014 following a major fire in the beneficiation plant.

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.

Following completion of the demolition work and front end engineering and design work, a tender process for the beneficiation plant rebuild contract was undertaken. Atlantic awarded the design and construct EPC contract for the beneficiation plant rebuild project to Primero Group early in the quarter.

Since appointment, Primero Group has completed the detailed structural and mechanical engineering design work and progressed fabrication of steel and plate work for the beneficiation plant rebuild at local workshops in and around Perth.



Beneficiation plant pump hoppers being fabricated in Perth during the quarter

The fabrication work has been sub-contracted to a number of specialist fabricators to expedite the plant rebuild. Pre-assembly of plant modules has been maximised in design with module assembly commenced.

By maximising off site fabrication and modularisation, site based work and construction time will be reduced substantially. This will expedite the overall beneficiation plant rebuild schedule.

In addition, the new plant design will result in a reduction in the total capital cost of the rebuild by realising a lower building height compared to the fire damaged plant.



Magnetic separators in storage at Windimurra

All long lead time items such as magnetic separators, cyclones and screens were delivered to Windimurra by the end of the period. The final tranche of slurry pumps for the rebuild are due to arrive shortly in line with the construction schedule.

In conjunction with this work, Primero Group carried out substantial foundation works at Windimurra during the quarter and in January.



Beneficiation plant foundation and structural work at Windimurra

The reconstruction of the beneficiation plant remains on schedule to be completed in an industry leading time frame of just over one year from the date of the fire. Atlantic continues to seek every opportunity to further expedite the reinstatement project.

Insurance

The Company holds comprehensive industrial special risks insurance that covers both the material damage to the beneficiation plant and the resulting business interruption.

The Company's insurers have granted indemnity for the fire and Atlantic received a total of \$63 million in interim payments in the period from the fire to 31 December 2014. Late in the quarter, insurers advised Atlantic that a further progress payment of \$24 million had been agreed by insurers and these funds were received in January, bringing the total progress payments received under its material damage and business interruption insurance policy to date to \$87 million.

Safety

The Company is pleased to report that there were no lost time injuries during the quarter.

Production

Due to the fire in February 2014, there was no production or sales of vanadium in the quarter.

Iron Ore

The Company continues to market its high titanium furnace protection iron ore products. Due to the current low market prices for iron ore products generally, the Company chose to make no iron ore sales during the quarter.

Industry Pricing Benchmarks

During the quarter, vanadium prices moved slightly lower in North America and Europe as set out below.

	1 October 2014 (per kilogram contained V)	31 December 2014 (per kilogram contained V)
Mid-point Ryan's Notes price for vanadium in the North American market	US\$28.51	US\$28.16
Mid-point London Metal Bulletin price for vanadium in the European market	US\$25.15	US\$24.10

Exploration and Resource Development

The Company undertook no significant exploration activities during the quarter.

Business Review

In conjunction with the beneficiation plant rebuild, Atlantic completed a detailed review of the Windimurra mine plan, the crushing and milling circuit and the vanadium refinery in the previous quarter. This review was based on the Company's commissioning and operating experience over the last two years, with particular emphasis on the crushing and milling circuit.

This business review identified a number of proposed modifications to the crushing and milling circuit and minor upgrades to the downstream refinery. These were detailed in the Company's last quarterly report and other announcements.

During the quarter, the Company completed front end engineering and design work on the proposed crushing and milling circuit modifications and continued ongoing work to optimise the Windimurra life of mine plan.

Implementation of any plant modifications and upgrades is dependent on Atlantic securing further funding to implement the Company's new business plan.

CORPORATE

Discussions with Stakeholders

During the quarter, Atlantic's wholly-owned subsidiary Midwest Vanadium Pty Ltd (**MVPL**) entered into two further forbearance and support agreements with a majority of the holders of MVPL's senior secured notes to extend the existing standstill arrangements that ended on 14 November 2014 until 16 January 2015.

In conjunction with these forbearance agreements, MVPL also agreed related amendments to the existing \$29.7 million secured loan facility agreement with Atlantic's largest shareholder Droxford International Limited (**Droxford**) to extend the maturity date of that facility in line with the standstill arrangements agreed with MVPL's senior secured note holders.

Under the forbearance agreements, the note holders agreed with Atlantic and MVPL to use their good faith efforts to negotiate and execute a definitive agreement between MVPL and the supporting note holders to effect a solvent restructuring during the forbearance period.

During the quarter, Atlantic continued discussions with its stakeholders regarding the additional funding required to implement the Company's new business plan as well as an appropriate longer term capital structure for the business. Those discussions are ongoing. The forbearance arrangements put in place during the quarter expired on 16 January 2015 and the parties are continuing discussions regarding a new forbearance and the proposed restructuring.

Research and Development Claim

Shortly after quarter end, MVPL received from the Australian Taxation Office a \$16.0 million reimbursement under the Research and Development Tax Incentive Program in respect of the year ended 30 June 2014.

Registered Office

During the quarter, Atlantic changed its registered office to:

Level 11
Brookfield Place
125 St Georges Terrace
Perth WA 6000

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 in discussions regarding a longer term restructure of the business.

CASH FLOW STATEMENT

The Appendix 5B cash flow statement for the quarter ended 31 December 2014 will be released separately.

BUILDING A WORLD CLASS VANADIUM PROJECT

ATLANTIC LTD

Level 11
Brookfield Place
125 St Georges Terrace
Perth WA 6000

Tel: +61 8 6141 7100
Fax: +61 8 6141 7101

ASX CODE

ATI (ordinary shares)

DIRECTORS

Gary Lewis
(Chairman)

Phiong Phillipus Darma
(Non-Executive Director)

Brad Ellis
(Non-Executive Director)

Mike Daniel
(Non-Executive Director)

FOR FURTHER INFORMATION PLEASE CONTACT:

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

Terry Bourke
General Counsel, Atlantic Ltd
Tel: +61 8 6141 7100

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.atlantictld.com.au