

5 August 2010

## ATLANTIC TO ACQUIRE 90% INTEREST IN WINDIMURRA VANADIUM PROJECT

### *Highlights*

- *Atlantic now to acquire 90% interest in Windimurra vanadium project*
- *Revised terms deliver significant project and economic benefits to Atlantic*
- *Amended transaction terms streamline project management and operation*
- *Shareholder meeting scheduled for 6 August to be adjourned until 13 August*

Atlantic Ltd (ASX: ATI; **Atlantic**) is pleased to announce the signing of a binding term sheet to restructure the transaction with Mineral Resources Limited (**MRL**) to acquire the Windimurra vanadium project (**Project**).

In April 2010, Atlantic announced that a consortium of Atlantic and MRL had agreed to work together to acquire an effective 90% equity interest in Midwest Vanadium Pty Ltd (**MVPL**), the company that holds 100% of the Project.

Under the terms of the revised agreement, Atlantic will acquire the full effective 90% equity interest in MVPL and MVPL will also acquire the existing beneficiation plant at Windimurra owned and operated by MRL.

This revised agreement represents a superior transaction outcome for Atlantic whilst for MRL it fast tracks repayment of its existing unsecured debt position with MVPL.

Atlantic Managing Director Michael Minosora said he was pleased that Atlantic and MRL had agreed to restructure the Project acquisition agreements.

“We believe that the Windimurra project is a high quality project that can now deliver improved returns for Atlantic’s shareholders and for our funding providers as well as be a major contributor to the WA and the Mt Magnet communities,” said Mr Minosora.

“Atlantic had previously proposed a funding package for MVPL to complete Project construction and commissioning and we are confident that our funding providers will find this revised and enhanced agreement attractive and will support the financing of MVPL.

“This restructuring of the consortium arrangements between MRL and Atlantic delivers a streamlined management and operational structure for the Project whilst also delivering significant further revenue and cost synergies that we believe will cement the Project in the lowest quartile of the vanadium industry cost curve.

“The opportunity to acquire the existing beneficiation plant owned by MRL and to bring all of the project flow sheet under MVPL’s management and ownership has the potential to drive significant operational cost savings to complement the cost savings already identified.

“In addition, the revised agreement captures the existing haematite stockpile at Windimurra and the approximately 1 million tonnes per annum haematite by-product produced by the Project as a potential additional revenue stream.

“We believe Windimurra is a great opportunity for Atlantic shareholders and we are delighted that we can now move to completion of the transaction later this month and begin work to bring the Project into production in the first half of next year.”

### **Term Sheet Detail**

Key terms of the revised transaction are as follows:

- Atlantic to acquire MRL’s initially proposed 27.5% interest in the Project for \$16,000,000;
- MVPL to acquire existing beneficiation plant owned by MRL for \$60,000,000 on or before 1 April 2011;
- MRL to be repaid its \$9,400,000 unsecured debt in MVPL at completion;
- MRL to be paid outstanding capital recovery payments under the BOOT contract at completion;
- MRL agrees to defer ongoing capital recovery payments under the BOOT contract until acquisition of the beneficiation plant on or before 1 April 2011 at which time all deferred payments will be made to MRL; and
- MRL will no longer be responsible for completion of the construction of the Project.

Under the terms of the agreement, Atlantic will acquire MRL’s initially proposed 27.5% equity interest in the project vehicle that will hold 100% of the issued capital of MVPL at completion.

Atlantic will pay a non-refundable deposit of \$500,000 to MRL at completion of the transaction to acquire the 90% effective interest in MVPL, and then make a further non-refundable payment of \$2,500,000 on or before 24 December 2010 and pay the balance on or before 1 April 2011.

MVPL will acquire the existing beneficiation plant at Windimurra owned by MRL on or before 1 April 2011 for \$60,000,000.

The revised agreement is subject to the approval of the existing lenders and this approval is expected in the near future.

Under the initial consortium agreement, Atlantic was responsible for procuring the necessary finance facilities for the completion and commissioning of the Project.

Atlantic will now procure a funding package for MVPL to meet its obligations under the revised agreement with MRL and the existing lenders and to also complete and commission the Project following completion of the transaction.

Atlantic has also made significant progress in recruiting a senior management group for MVPL to develop the Project and drive MVPL's business in the future.

### **Transaction Rationale**

Atlantic believes that this revised agreement brings a number of significant improvements to the Project economics for the benefit of MVPL and delivers an improved outcome for Atlantic shareholders.

The key benefits are as follows:

- Streamlines the management of MVPL under the control of one group;
- Simplifies the shareholding structure of MVPL;
- Enhances the attractiveness of the Project to financiers; and
- Improves the operation of the Project by bringing the beneficiation circuit back under the management of MVPL, thereby releasing expected long-term cost savings.

In addition to the above, Atlantic is of the view that there is an opportunity to further improve the economics of the Project by monetising the existing stockpile of haematite at Windimurra and the approximately 1 million tonnes per annum of haematite produced by the Project once it is operational.

This opportunity will be fully assessed by MVPL following completion.

### **Transaction Timetable**

Atlantic now expects to complete the acquisition of an effective 90% equity interest in MVPL on or around 16 August 2010.

As a consequence of the transaction restructuring, Atlantic will now procure a full funding package for completion and commissioning of the Project following completion of the transaction.

The previously announced placement of shares to raise \$55,550,000 will proceed subject to the consent of the investors. Atlantic has received strong expressions of support from the strategic international investors supporting the capital raising to proceed as planned.

Atlantic intends to lodge a prospectus to raise up to \$55,550,000 as soon as practicable at 4.4 cents per share (or \$1.10 per share if the proposed consolidation of capital has been effected).

Funds raised under the prospectus will be used to complete and commission the Project.

Shareholders of Atlantic are due to consider a number of resolutions, including a proposed change of activities and consolidation of capital, at an extraordinary general meeting of shareholders to be held on 6 August 2010. It is proposed that this meeting will be adjourned until

13 August 2010 and a letter will be sent to shareholders regarding this revised agreement together with a new proxy form in the near future.

An updated indicative timetable for completion of the transaction for Atlantic to acquire an effective 90% equity interest in the Project is set out below.

Shareholder meeting adjourned	6 August 2010
Last day for trading in pre-organised securities (that is, pre-consolidation)	12 August 2010
Trading in securities suspended by ASX	13 August 2010
Shareholder meeting	13 August 2010
Completion of transaction to acquire equity interest in Project	16 August 2010
Trading would normally commence in reorganised securities on a deferred settlement basis	17 August 2010
Last day for Company to register transfers on a pre-reorganised basis	23 August 2010
First day for Company to register shares on a post-reorganisation basis (that is, post consolidation). Shareholdings consolidated	24 August 2010
Dispatch of holding statements to shareholders	30 August 2010
Trading in securities reinstated by ASX (subject to satisfaction of Chapters 1 and 2 of ASX Listing Rules) Normal T+3 trading on a post-consolidation basis commences	31 August 2010 <sup>1</sup>

<sup>1</sup> Trading in securities will only be reinstated by ASX after Atlantic has completed the acquisition of an interest in the Project and the Company has complied with Chapters 1 and 2 of the ASX Listing Rules. Atlantic will endeavour to minimise the period of suspension as much as possible.

**For further details please contact:**

**Michael Minosora**  
Managing Director  
Atlantic Limited  
Ph: + 61 8 6141 7100

**John McGlue**  
FD Third Person  
Ph: +61 8 9386 1233  
Mob: + 61 417 926 915

**About Atlantic Limited**

Atlantic Ltd is committed to building a diversified portfolio of world class resources projects 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.

Additional information on Atlantic can be found at [www.atlanticltd.com.au](http://www.atlanticltd.com.au).