



QUARTERLY REPORT



QUARTER ENDED

30 September 2010

ATLANTIC LTD

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DIRECTORS

Ian McMaster
(Chairman)

Michael Minosora
(Managing Director)

Tony Veitch
(Executive Director)

Alan Mulgrew
(Non-Executive Director)

Jay Wachter
(Non-Executive Director)

ISSUED CAPITAL

107,522,356 ordinary shares
66 class B performance shares
9,161,809 listed 20 cent options
1,783,834 unlisted 25 cent options
169,811 unlisted \$1.325 options

ASX CODES

ATI (ordinary shares)
ATIO (listed options)

BUILDING A WORLD CLASS RESOURCES GROUP

QUARTERLY REPORT

Atlantic Ltd (ASX: ATI; **Atlantic** or the **Company**) is pleased to present its report for the quarter ended 30 September 2010.

HIGHLIGHTS

- Completion of acquisition of the Windimurra vanadium project.
- Successful \$55.5 million capital raising.
- Exploration commences at Windimurra.

WINDIMURRA VANADIUM PROJECT

During the quarter, Atlantic completed the acquisition of 100% of the Windimurra vanadium project (**Project**).

The acquisition was completed on 21 September 2010 following the execution and completion of revised agreements with Mineral Resources Limited (**MRL**) and the existing lenders to Midwest Vanadium Pty Ltd (**MVPL**), the company that holds 100% of the Project.

As part of the successful completion of the acquisition of the Project, Atlantic also completed a \$55.5 million capital raising at \$1.10 per share to a range of strategic international and Australian and international institutional investors.

Atlantic believes that the Project will be a lowest quartile cash cost vanadium producer as a result of the following:

- the attractive transaction metrics negotiated by Atlantic that fundamentally restructure the capital base of MVPL and deliver the benefit of over \$500 million of prior capital expenditure for a net present value of \$68 million of retained debt;
- consolidation of ownership that will streamline the management of the Project under the control of one group;
- the acquisition of the crushing and beneficiation plant that will deliver material long-term cost savings;
- identification of the haematite by-product revenue stream opportunity, thereby releasing significant further cash credits for the Project, driving costs into the lowest quartile; and
- renegotiation of key supply contracts.

New selective mining opportunities that have the potential to release further material cost saving have also been identified.

Transaction Overview

Under the terms of the restructured agreement with MRL, Atlantic agreed to acquire MRL's proposed 27.5% equity interest in the Project for \$16 million. MVPL also repaid the unsecured debts owed to MRL and agreed to acquire the existing crushing and beneficiation plant at Windimurra owned by MRL on 1 April 2011.

Atlantic also concluded separate revised agreements with the existing lenders to MVPL to acquire the remaining 10% of the Project for 3,400,000 ordinary fully paid shares in Atlantic. Atlantic also agreed to rebase the existing secured debt of MVPL to \$90 million, of which an amount equal to the cash balance of MVPL at completion is first ranking secured debt and the balance is second ranking secured debt. This \$90 million outstanding debt in MVPL is interest free and repayable 48 months after completion, with a mechanism for the early repayment of the debt in certain circumstances.

At completion, Atlantic provided a new secured loan to MVPL of \$30,000,000 and agreed to provide an additional \$20,000,000 secured loan to MVPL by no later than 24 December 2010. These funds were provided by Atlantic from the successful \$55.5 million capital raising.

Full details of the agreements summarised above were set out in the prospectus issued by Atlantic dated 16 September 2010 as part of the \$55.5 million capital raising.

Capital Raising

In conjunction with the completion of the acquisition of the Project, Atlantic completed a \$55.5 million capital raising pursuant to a prospectus dated 16 September 2010.

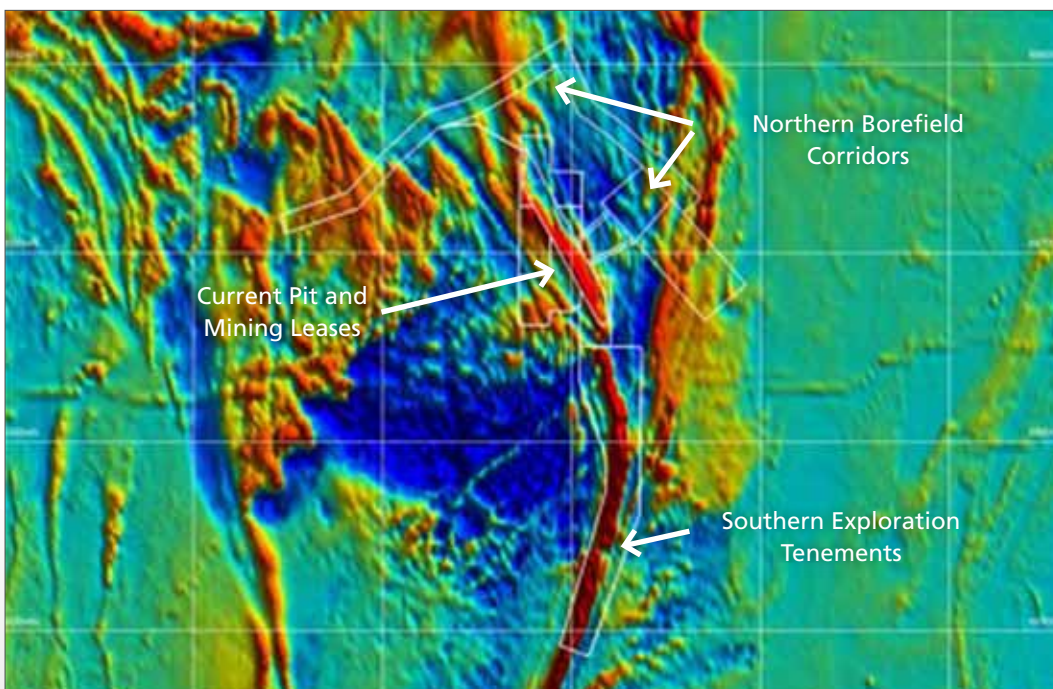
This raising was a major step forward for Atlantic as part of its strategy of creating a new resources group with a diversified portfolio of world class resources projects. The successful capital raising was also a strong endorsement of the Project.

Under the prospectus offer, Atlantic issued 50,500,000 ordinary shares at an issue price of \$1.10 per share (post consolidation) to raise \$55,550,000 in cash before costs. Atlantic also issued 169,811 broker options exercisable at \$1.325 each on or before 31 August 2012 to parties assisting with the capital raising.

Exploration

Immediately following completion of the acquisition of the Project, MVPL commenced preparations for an exploration programme to examine the potential to expand the current mine reserve base to the south of the current mining leases (see map below).

MVPL holds a further 23 kilometres of the highly prospective magnetic signature to the south of the current mining leases (detected from aerial geophysics techniques and confirmed via land based mapping). This magnetic signature is relatively unexplored. As there are instances of this signature being stronger than that within MVPL's current mine plan, there is the potential to discover and develop higher vanadium grade satellite deposits. This would allow blending with the feedstock from the current mine plan to deliver a positive impact on the Project.



The current Project mine plan, at a cut-off of 0.275% V_2O_5 , generates 97.8 million tonnes at 0.47% V_2O_5 over 24.5 years. Previous infill drilling of the central core of the current 3.7 kilometre pit strike length has identified higher grade packages within the stacked magnetite profiles of the main ore zone.

Following the identification of the higher grade packages, MVPL commenced a study to determine the viability of selectively mining these higher grade zones, optimising the life of mine plan and undertaking a cost benefit analysis of applying these principles. If found to be a viable option, there is the further potential for significant upside to the Project in terms of improved grade of magnetite ore feed reported to the plant.

Development Activities

Following completion of the acquisition of the Project, MVPL began preparations for the recommencement of construction at the Project. This is targeted to begin in early calendar 2011 with a view to achieving first production in mid-2011.

At completion, MVPL completed the acquisition of the existing accommodation camp at the Project site, providing enhanced flexibility to manage the construction and commissioning of the Project in the months ahead.

MVPL has now engaged PinC Group Pty Ltd (**PinC**), an experienced and well resourced project management and project services group, to work with MVPL management to oversee all aspects of construction completion, including developing MVPL's contracting strategy and monitoring the work of individual construction contractors following appointment.

PinC recently completed the successful Utah Point expansion project for the Port Hedland Port Authority and Atlantic is delighted with the early stage discipline and processes that PinC bring to the Project.

During the quarter, MVPL has made further progress on the implementation of its strategy to monetise the stockpile of haematite at Windimurra and the approximately 1 million tonnes per annum of haematite produced by the Project once it is operational. In particular, constructive discussions have been held with the logistic supply chain partners required to deliver the product into the seaborne world market.

MVPL has also held encouraging discussions with a range of potential marketing and off-take partners for both the ferrovanadium and haematite products produced at Windimurra.

MVPL is also focused on building the management team at Windimurra and a dedicated MVPL recruitment resource has been appointed to oversee this important component of the Project.

Project Next Steps

MVPL expects to complete the appointment of key construction contractors during the December quarter, including firms to manage all structural, mechanical, electrical and civil work required to complete the Project.

Atlantic has also made significant progress on securing the necessary debt funding required to complete the construction and commissioning of the Project and expects to appoint a major international banking group to manage this debt raising in the near future.

VIETNAM BAUXITE PROJECTS

During the quarter, representatives from Atlantic completed meetings in Hanoi with senior Vietnam government officials to progress Atlantic's planned integrated mine, rail and port project in the Highlands region and its Bao Loc bauxite project.

Atlantic has previously announced the signing of a memorandum of understanding for the development of the integrated project that will be the foundation of the development of Vietnam's entire aluminium industry.

The meetings were extremely productive and Atlantic remains firmly committed to pursuing these projects in partnership with the Vietnam Government and T-MV.

In the next quarter, Atlantic will continue discussions with T-MV to progress this important project for Vietnam.

KEY APPOINTMENTS

During the quarter and subsequent to period end, Atlantic continued to strengthen its management team to deliver the Project strategy as well as the Group's wider strategic ambitions.

In August, Atlantic was pleased to announce the appointment of Ms Yasmin Broughton as Company Secretary. Ms Broughton is Atlantic's General Counsel and had previously been General Counsel and Company Secretary with Singapore Power Limited's Australian operations and prior to that Acting General Counsel and Joint Company Secretary with Alinta Ltd.

In September, Atlantic announced the appointment of Mr Michael Marriott as Chief Executive Officer of MVPL. Mr Marriott has extensive experience in the resources industry. He was most recently Chief Executive Officer and Chief Operating Officer of Consolidated Minerals, a manganese, nickel and chrome producer in Western Australia. Prior to that, he held senior roles at DRDGold, Lonmin Zimbabwe, Ashanti Goldfields, Cluff Resources and Anglo American where he was responsible for developing resources projects from early stage exploration through to production.

MVPL was also most pleased to welcome Mr Colin Arthur as Chief Geologist. Mr Arthur is a Chartered Geologist, Member of The Australasian Institute of Mining and Metallurgy and Fellow of the Geology Society of London. Mr Arthur has over twenty years experience in geology and will be a crucial member of the team in the future.

Atlantic and MVPL made numerous other key appointments during the period and is making good progress in recruiting and strengthening the Project team as part of its operational readiness plans.

SHARE CONSOLIDATION

On 13 August, shareholders of Atlantic approved a 25 for 1 share consolidation. The consolidation was completed and new security holding statements despatched during August.

As at the date of this report and following the share consolidation, the \$55.5 million capital raising and option exercises, the issued capital of Atlantic is:

Security	Number
Fully paid ordinary shares	107,522,356
Class B performance shares	66
Listed options (31 December 2011)	9,161,809
Unlisted options (31 December 2010)	1,783,834
Broker options (31 August 2012)	169,811

NEW OPPORTUNITIES

During the quarter, Atlantic was presented with a number of new resource project opportunities. Most of the opportunities assessed failed to meet Atlantic's investment criteria or minimum return hurdles.

Atlantic continues to assess a select number of opportunities in line with its vision of building a world class resources group with a diversified portfolio of projects.

CASHFLOW STATEMENT

At the end of the quarter, Atlantic and its subsidiaries had approximately \$56.3 million in cash. An Appendix 5B for the quarter ended 30 September 2010 is attached.

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For further information please contact:

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Managing Director

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Tony Veitch

Executive Director

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About Atlantic

Atlantic 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.

Competent Person Statement

The information in this quarterly report relating to exploration activities and mineral resources at the Project is based on information compiled by Colin J.S Arthur, who is a Chartered Geologist, Member of The Australasian Institute of Mining and Metallurgy and Fellow of the Geology Society of London. Mr. Arthur is a full-time employee of Midwest Vanadium Pty Ltd in the capacity of Chief Geologist.

Mr. Arthur has over twenty years experience in this style of mineralization and the type of deposit under consideration and related mining method and project evaluation. He has sufficient experience which is relevant to the style of mineralization and to the activity which he has undertaken. He is therefore qualified as a Competent Person as defined in the 2004 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves'. Mr. Arthur consents to the inclusion of this report in the form and context in which it appears.

Schedule of Tenements

Tenements acquired during the quarter following the acquisition of 100% of MVPL.

Tenement	Grant Date	Expiry Date	Area	Project	MVPL Interest Held
Exploration					
E58/113-I	8 March 1991	Until applications for M58/275, M58/276, M58/277, M58/278 determined	35.81 km ²	Windimurra	100%
E58/117-I	19 January 1992	Until application for M58/282 determined	2 Blocks	Windimurra	100%
E58/198	18 April 1997	Until application for M58/281 determined	1 Block	Windimurra	100%
Miscellaneous					
L58/27	23 June 1998	22 June 2013	1,675 HA	Windimurra	100%
L58/28	23 June 1998	22 June 2013	790 HA	Windimurra	100%
L58/29	12 November 1998	11 November 2013	46.25 HA	Windimurra	100%
L58/30	12 November 1998	11 November 2013	2,275.7 HA	Windimurra	100%
L58/32	3 July 2001	2 July 2022	202 HA	Windimurra	100%
L58/35	12 June 2009	11 June 2030	670 HA	Windimurra	100%
Mining					
M58/279-I	4 June 1999	3 June 2020	835.9 HA	Windimurra	100%
M58/280	4 June 1999	3 June 2020	534.6 HA	Windimurra	100%
M58/178-I	12 July 1991	11 July 2012	966.9 HA	Windimurra	100%

Appendix 5B

Mining exploration entity quarterly report

Introduced 1/7/96. Origin: Appendix 8. Amended 1/7/97, 1/7/98, 30/9/2001, 01/06/10.

Name of entity

Atlantic Ltd

ABN

60 009 213 763

Quarter ended ("current quarter")

30 September 2010

Consolidated statement of cash flows

Cash flows related to operating activities	Current quarter \$A'000	Year to date (3 months) \$A'000
1.1 Receipts from product sales and related debtors		
1.2 Payments for (a) exploration & evaluation (b) development (c) production (d) administration	(1,191)	(1,191)
1.3 Dividends received		
1.4 Interest and other items of a similar nature received	122	122
1.5 Interest and other costs of finance paid		
1.6 Income taxes paid		
1.7 Other working capital	(550)	(550)
1.8 Windimurra acquisition costs	(1,510)	(1,510)
Net Operating Cash Flows	(3,129)	(3,129)
Cash flows related to investing activities		
1.8 Payment for purchases of: (a) prospects (b) equity investments (c) other fixed assets	(500) (16,770)	(500) (16,770)
1.9 Proceeds from sale of: (a) prospects (b) equity investments (c) other fixed assets		
1.10 Loans to other entities		
1.11 Loans repaid by other entities		
1.12 Other – Interest charge on fixed assets	(10,681)	(10,681)
Net investing cash flows	(27,951)	(27,951)
1.13 Total operating and investing cash flows (carried forward)	(31,080)	(31,080)

+ See chapter 19 for defined terms.

Appendix 5B
Mining exploration entity quarterly report

1.13	Total operating and investing cash flows (brought forward)	(31,080)	(31,080)
	Cash flows related to financing activities		
1.14	Proceeds from issues of shares, options, etc.	55,777	55,777
1.15	Proceeds from sale of forfeited shares		
1.16	Proceeds from borrowings		
1.17	Repayment of borrowings		
1.18	Dividends paid		
1.19	Other – Broker commissions paid	(345)	(345)
	Net financing cash flows	55,432	55,432
	Net increase (decrease) in cash held	24,352	24,352
1.20	Cash at beginning of quarter/year to date	4,118	4,118
1.21	Cash acquired on acquisition of subsidiary	27,817	27,817
1.22	Cash at end of quarter	56,287	56,287

Payments to directors of the entity and associates of the directors
Payments to related entities of the entity and associates of the related entities

		Current quarter \$A'000
1.23	Aggregate amount of payments to the parties included in item 1.2	161
1.24	Aggregate amount of loans to the parties included in item 1.10	

1.25 Explanation necessary for an understanding of the transactions

Payments to directors for salary and directors fees.

Non-cash financing and investing activities

2.1 Details of financing and investing transactions which have had a material effect on consolidated assets and liabilities but did not involve cash flows

During the quarter Atlantic completed the acquisition of the Windimurra Vanadium Project. For further details refer to the Activities Report dated 29 October 2010 and Prospectus dated 16 September 2010.

2.2 Details of outlays made by other entities to establish or increase their share in projects in which the reporting entity has an interest

+ See chapter 19 for defined terms.

Financing facilities available

Add notes as necessary for an understanding of the position.

	Amount available \$A'000	Amount used \$A'000
3.1 Loan facilities	68,398	68,398
3.2 Credit standby arrangements		

Estimated cash outflows for next quarter

	\$A'000
4.1 Exploration and evaluation	250
4.2 Development	5,000
4.3 Production	
4.4 Administration	1,000
Total	6,250

Reconciliation of cash

Reconciliation of cash at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts is as follows.

	Current quarter \$A'000	Previous quarter \$A'000
5.1 Cash on hand and at bank	1,067	341
5.2 Deposits at call	55,220	3,777
5.3 Bank overdraft		
5.4 Other (provide details)		
Total: cash at end of quarter (item 1.22)	56,287	4,118

Changes in interests in mining tenements

	Tenement reference	Nature of interest (note (2))	Interest at beginning of quarter	Interest at end of quarter
6.1	Interests in mining tenements relinquished, reduced or lapsed			

+ See chapter 19 for defined terms.

Appendix 5B
Mining exploration entity quarterly report

6.2 Interests in mining tenements acquired or increased

	A number of mining tenements were acquired as part of the Windimurra Vanadium Project acquisition. Refer to the Activities Report dated 29 October 2010 for further details.		
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Issued and quoted securities at end of current quarter

Description includes rate of interest and any redemption or conversion rights together with prices and dates.

	Total number	Number quoted	Issue price per security (see note 3) (cents)	Amount paid up per security (see note 3) (cents)
7.1 Preference +securities <i>(description)</i>				
7.2 Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs, redemptions				
7.3 +Ordinary securities	107,362,342	107,362,342		
	66 Class B Performance Shares			
7.4 Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs	53,900,000	53,900,000		
7.5 +Convertible debt securities <i>(description)</i>				
7.6 Changes during quarter (a) Increases through issues (b) Decreases through securities matured, converted				
7.7 Options <i>(description and conversion factor)</i>	9,321,823 1,783,834 169,811	9,321,823 - -	<i>Exercise price</i> 20 cents 25 cents \$1.325	<i>Expiry date</i> 31 December 2011 31 December 2010 31 August 2012
7.8 Issued during quarter	169,811	-	\$1.325	31 August 2012
7.9 Exercised during quarter	291,574 464,860	291,574 -	20 cents 25 cents	- -
7.11 Debentures <i>(totals only)</i>				

+ See chapter 19 for defined terms.

Appendix 5B
Mining exploration entity quarterly report

7.12	Unsecured notes (<i>totals only</i>)		
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Compliance statement

- 1 This statement has been prepared under accounting policies which comply with accounting standards as defined in the Corporations Act or other standards acceptable to ASX (see note 4).
- 2 This statement does give a true and fair view of the matters disclosed.

Sign here: 
(Company Secretary)

Date: 29 October 2010

Print name: Yasmin Broughton

Notes

- 1 The quarterly report provides a basis for informing the market how the entity's activities have been financed for the past quarter and the effect on its cash position. An entity wanting to disclose additional information is encouraged to do so, in a note or notes attached to this report.
- 2 The "Nature of interest" (items 6.1 and 6.2) includes options in respect of interests in mining tenements acquired, exercised or lapsed during the reporting period. If the entity is involved in a joint venture agreement and there are conditions precedent which will change its percentage interest in a mining tenement, it should disclose the change of percentage interest and conditions precedent in the list required for items 6.1 and 6.2.
- 3 **Issued and quoted securities:** The issue price and amount paid up is not required in items 7.1 and 7.3 for fully paid securities.
- 4 The definitions in, and provisions of, *AASB 1022: Accounting for Extractive Industries* and *AASB 1026: Statement of Cash Flows* apply to this report.
- 5 **Accounting Standards** ASX will accept, for example, the use of International Accounting Standards for foreign entities. If the standards used do not address a topic, the Australian standard on that topic (if any) must be complied with.

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+ See chapter 19 for defined terms.