

QUARTER ENDED

31 December 2010

ATLANTIC LTD

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ASX CODES

ATI (ordinary shares)

ATIO (listed options)

DIRECTORS

Ian McMaster

(Chairman)

Michael Minosora

(Managing Director)

Tony Veitch

(Executive Director)

Alan Mulgrew

(Non-Executive Director)

Jay Wachter

(Non-Executive Director)

Phillipus Phiong

(Non-Executive Director)

BUILDING A WORLD CLASS RESOURCES GROUP



QUARTERLY REPORT

Atlantic Limited (ASX: ATI; **Atlantic** or the **Company**) is pleased to present its report for the quarter ended 31 December 2010.

HIGHLIGHTS – WINDIMURRA

- **Major sales agreement signed for 100% of ferrovanadium production from Windimurra**
- **Key contractors appointed to undertake major works to complete Windimurra Project**
- **Iron ore marketing agreements executed**
- **Agreement reached for key reagent**
- **High grade mining strategy developed**
- **Further exploration of Windimurra southern tenement holdings underway**

WINDIMURRA VANADIUM PROJECT

Following the acquisition of 100% of the Windimurra vanadium project (“**Project**”) owned by Midwest Vanadium Pty Ltd (“**MVPL**”) on 22 September 2010, Atlantic continued to make strong progress on the development of the Project.

Atlantic’s wholly-owned subsidiary, MVPL has now signed an agreement covering the sale and marketing of 100% of Windimurra’s ferrovanadium production, agreements for marketing of its iron ore products, procurement of key reagents used in the production of vanadium and the appointment of major works contractors to complete the Project.

Major Sales Agreement Signed

Negotiations during the quarter led to MVPL executing a major sales and marketing agreement with Wengfu (Group) Co Ltd and Element Commodities Ltd in January 2011. The agreement provides for the sale of 100% of MVPL’s ferrovanadium production at market prices, subject to price protection under a collar mechanism for up to 65% of MVPL’s annual ferrovanadium production.

Iron Ore By-Product Marketing Agents Appointed

Tennant Metals Pty Ltd and Coal and Ore Trading Ltd (Cotrading) were appointed in December 2010 to market the Project’s iron ore products, which are a valuable by-product of the vanadium production process. These products will be targeting both the steel production and specialist aggregate markets.

The sales and marketing agreements will provide Windimurra the best opportunity to maximise product sales revenue once production commences.

Key Reagent Supply Contract Reached

In December 2010, MVPL reached a major supply agreement with Redox Pty Ltd to supply it with soda ash from the American Natural Soda Ash Corporation. Soda ash represents the largest reagent cost for the Project. Redox is one of the leading chemical distributors in Australia with the terms of contract including guaranteed volumes, incorporated logistics and a capped pricing formula.

Major Works Key Contractors Appointed

During the quarter, MVPL appointed Electrical Construction & Maintenance Australia Pty Ltd and Kerman Contracting Ltd as key contractors for the completion of construction of the Project. After quarter end, open pit mining specialist Minepower was appointed to complete civil works including tailings facilities and civil infrastructure work for the Project. These three contractors will work closely with MVPL's project management and project services contractor Projects In Control Pty Ltd (PinC) to oversee all aspects of construction completion at Windimurra.

Selective, High Grade Mining of the Deposit – Scoping Study and Grade Control Drilling

During the quarter, a scoping study was undertaken to evaluate the potential for selective mining and high grading of the Windimurra vanadium deposit. The results of the study showed:

1. Higher grade portions of the main ore horizon are thick enough and continuous enough to be successfully extracted using the current proposed mining fleet configuration.
2. Selective mining and processing of this high grade zone is expected to lead to an improvement in head grade, subject to a quantitative mine reserve study being concluded. An overburden pre-strip would be required ahead of mining any high grade resources in the future, however MVPL has a further 21 kilometres of unexplored strike length which has the potential to extend the Project's current 20 year plus mine life and there is a high level of confidence that the existing reserves can be replaced after applying systematic exploration techniques.

To confirm the validity of the scoping study results, a grade control infill drilling program was completed in late January 2011 in the area targeted for start-up of mining operations (a cutback of the existing pit). This drilling will allow a detailed analysis of grade distributions in the start-up area to quantify the application of a high grading selective mining strategy. If the drill results confirm the scoping study results, the selective mining strategy will be implemented in time for the commissioning of operations at Windimurra.

Start-up pit design (cutback of historic pit) with grade control drilling



Gas Supply Agreements

MVPL has now concluded agreements for the supply of gas from tier one counterparties for the supply of gas to the Project through to the end of 2012. MVPL already has gas transportation contracts in place.

Project Debt Financing

During the quarter, Atlantic appointed JP Morgan Securities LLC in connection with the debt funding package required by MVPL for the development of the Project.

Windimurra Project Next Steps

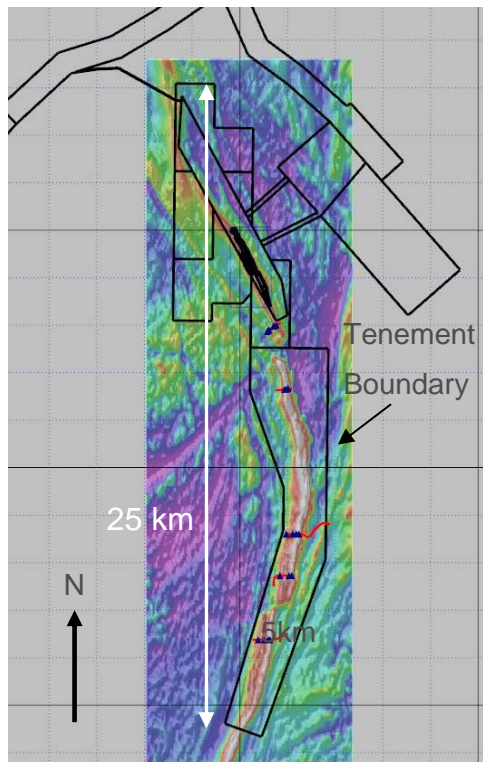
Ferrovandium production is due to commence in the third quarter of 2011, with an 18 month ramp up to nameplate capacity planned thereafter. Commencement of sales of iron ore fines stockpiled at the Project is expected in mid-2011. Iron ore fines are a by-product in the production of ferrovandium.

EXPLORATION – WINDIMURRA SOUTHERN TENEMENT HOLDINGS

A strategic drilling program has commenced to explore the southerly extensions of the known mineral resource base within MVPL’s exploration tenement holdings. Aero magnetic mapping shows a strong magnetic signature which has the potential to extend the current resource base.

This reverse circulation drilling program will allow the development of a regional stratigraphic and structural model of the extensions. It will also evaluate regional grade distributions of vanadium, titanium, iron ore, base metal and precious metals suits. Results will be available for reporting in the next quarter.

Southern tenement holdings exploration program (magnetic signature and traverse lines)



KEY APPOINTMENTS

During the quarter, Atlantic and MVPL continued to strengthen its management and operations team to progress the Windimurra Project’s development and strengthen focus on Atlantic’s wider strategic ambitions.

VIETNAM

During the quarter, dialogue with Vietnamese Government officials slowed due to the 11th National Party Congress and subsequent elections held in January 2011. Atlantic continues to pursue bauxite and other project opportunities in Vietnam.

SUBSTANTIAL SHAREHOLDERS

L1 Capital Pty Limited became a substantial shareholder in Atlantic during the quarter.

CASHFLOW STATEMENT

At the end of the quarter, Atlantic and its subsidiaries had approximately \$47.9 million in cash. An Appendix 5B for the quarter ended 31 December 2010 is attached.

For further information please contact:

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Atlantic Executive Director

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About Atlantic Ltd

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.

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.

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")

31 December 2010

Consolidated statement of cash flows

Cash flows related to operating activities	Current quarter \$A'000	Year to date (6 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	(314)	(314)
1.3 Dividends received		
1.4 Interest and other items of a similar nature received	430	552
1.5 Interest and other costs of finance paid	(164)	(164)
1.6 Income taxes paid		
1.7 Other working capital		(550)
1.8 Windimurra acquisition costs		(1,510)
Net Operating Cash Flows	(2,981)	(6,110)
Cash flows related to investing activities		
1.8 Payment for purchases of: (a) prospects (b) equity investments (c) other fixed assets	(2,935)	(3,435)
1.9 Proceeds from sale of: (a) prospects (b) equity investments (c) other fixed assets	(2,044)	(18,814)
1.10 Loans to other entities		
1.11 Loans repaid by other entities		
1.12 Other – Interest charge on fixed assets		(10,681)
Net investing cash flows	(4,979)	(32,930)
1.13 Total operating and investing cash flows (carried forward)	(7,960)	(39,040)

+ See chapter 19 for defined terms.

Appendix 5B
Mining exploration entity quarterly report

1.13	Total operating and investing cash flows (brought forward)	(7,960)	(39,040)
	Cash flows related to financing activities		
1.14	Proceeds from issues of shares, options, etc.	531	56,308
1.15	Proceeds from sale of forfeited shares		
1.16	Proceeds from borrowings		
1.17	Repayment of borrowings	(362)	(362)
1.18	Dividends paid		
1.19	Other – Share issue costs	(325)	(670)
	Other – Debt facility establishment costs	(41)	(41)
	Net financing cash flows	(197)	55,235
	Net increase (decrease) in cash held	(8,157)	16,195
1.20	Cash at beginning of quarter/year to date	56,287	4,118
1.21	Cash acquired on acquisition of subsidiary	(200)	27,617
1.22	Cash at end of quarter	47,930	47,930

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	202
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 includes fees, salary and related benefits

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

None

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

None

+ 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	116,352	116,352
3.2 Credit standby arrangements	-	-

Loan facilities as at 31 December 2010 is made up of the Windimurra Project secured bank debt with a syndicate of lenders and the ANZ and Zenith leases for the power plant assets.

Estimated cash outflows for next quarter

	\$A'000
4.1 Exploration and evaluation	700
4.2 Development	34,400
4.3 Production	-
4.4 Administration	1,800
Total	36,900

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	12,439	1,067
5.2 Deposits at call	35,491	55,220
5.3 Bank overdraft	-	-
5.4 Other (provide details)	-	-
Total: cash at end of quarter (item 1.22)	47,930	56,287

+ See chapter 19 for defined terms.

Appendix 5B
Mining exploration entity quarterly report

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	None		
6.2	Interests in mining tenements acquired or increased	None		

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 (note 3) (cents)	Amount paid up per security (see note 3) (cents)
7.1	66 Class B	66 Class B		
7.2	Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs, redemptions			
7.3	110,242,044	110,242,044		
7.4	Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs	2,879,702	2,879,702	
7.5				
7.6	Changes during quarter (a) Increases through issues (b) Decreases through securities matured, converted			

+ See chapter 19 for defined terms.

Appendix 5B
Mining exploration entity quarterly report

7.7	Options <i>(description and conversion factor)</i>	8,625,955 169,811	Quoted Unquoted	<i>Exercise price</i> 20 cents \$1.325	<i>Expiry date</i> 31 December 2011 31 August 2012
7.8	Issued during quarter				
7.9	Exercised during quarter	160,014 214,310 57,624 120,000 464,860 16,720 10,000 47,200 40,000 70,000 1,198,974 80,000	Quoted Quoted Quoted Quoted Unquoted Quoted Quoted Quoted Unquoted Quoted Unquoted Unquoted	20 cents 20 cents 20 cents 20 cents 25 cents 20 cents 20 cents 20 cents 25 cents 20 cents 25 cents 25 cents	
7.10	Expired during quarter	Nil	Unquoted	25 cents	
7.11	Debentures <i>(totals only)</i>				
7.12	Unsecured notes <i>(totals only)</i>				

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: Date: 31 January 2011.....
(Company Secretary)

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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