

QUARTERLY REPORT

31 MARCH 2012

Atlantic Ltd (ASX: ATI; **Atlantic** or the **Company**) is pleased to present its report for the quarter ended 31 March 2012.

HIGHLIGHTS

- **Transitioning of Windimurra from commissioning to operational status**
- **CMB circuit modification works underway with Primero Group contractors mobilised to site**
- **16% global mineral resource upgrade with potential to further improve head grade delivered to Windimurra plant**
- **\$41.7 million in new funding secured for Windimurra working capital and general corporate purposes**

WINDIMURRA PROJECT UPDATE

During the quarter, the Company completed process commissioning and achieved first ferrovanadium production at its wholly-owned Windimurra vanadium project (**Windimurra**).

The Windimurra team transitioned to operational status during the period and is now focused on achieving consistent ferrovanadium production from the commissioned Windimurra plant in accordance with the revised ramp-up plan disclosed by Atlantic during the quarter, with key targets being the achievement of 65% of plant capacity by the end of Q2 calendar year 2012 and 100% of plant capacity by the end of calendar year 2012.

First Windimurra ferrovanadium



The crushing, milling and beneficiation (**CMB**) circuit achieved daily production rates of magnetite concentrate in the second half of March in line with the production schedule targets and, subsequent to quarter end, the CMB plant achieved record daily production rates of magnetite concentrate ahead of scheduled modification works.

The plant's ramp-up remains on track and vanadium from magnetite concentrate is now being processed through the vanadium refinery section of the plant. It is expected that consistent production and first commercial quantities of ferrovanadium production will be achieved in April.

Contractor Primero Group was mobilised to site late in the quarter to commence the previously announced modification work to the milling and beneficiation components of the CMB circuit at Windimurra.

A major component of these modification works will involve the installation of two screens that will allow clay material and fines produced from the oxidised and transitional zones in the Windimurra ore horizon to be separated from the ore feed following the crushing stage.

This will result in improved ore flow through the milling circuit, and thereby allow an increase in throughput of the high pressure grinding roll (**HPGR**) mill which will be converted from a wet to a dry circuit.

The installation of the new screens and related modification work including a new repulper is expected to increase CMB circuit production capacity to 115% of original design capacity.

The bulk of this modification work is to be completed by the end of Q2 calendar year 2012 in line with Windimurra's production ramp-up schedule.

Within the beneficiation component of the CMB circuit a number of magnetic separators, currently undergoing refurbishment, will be re-installed during the June quarter. It is expected that this re-installation will lift magnetite concentrate production rates within the beneficiation component of the CMB circuit. In addition, a new flow design to the beneficiation component will be implemented leading to throughput improvements.

The CMB modifications have been budgeted to cost \$14 million as previously reported.

Magnetite concentrate on a conveyor to the kiln at Windimurra



Marketing – Vanadium

Pricing movement during the quarter has shown an increasingly positive outlook for the global vanadium industry.

Both European and North American pricing for ferrovanadium rose during the quarter. London Metals Bulletin pricing for vanadium in the European market at quarter end was US\$25.52 per kilogram of contained vanadium and Ryan's Notes pricing for the North American market was US\$34.17 per kilogram of contained vanadium. Atlantic is well positioned to sell its production into the North American market, taking advantage of the significant price premium and Australia's free trade agreement with the United States.

Atlantic continues to work with its marketing agent, Element Commodities, who are in negotiations with a wide range of key potential customers.

Atlantic's sales and marketing team, in conjunction with Element Commodities, continued to build awareness of the new supply of Windimurra vanadium during the quarter which included formal presentations by the team at key events. In particular, representatives from Atlantic's sales and marketing team attended the Metal Bulletin 13th Asian Ferroalloys Conference in Hong Kong to present an update on Windimurra.

Crushed Windimurra ferrovanadium product



Marketing – Iron Ore

During the March quarter, negotiations with customers continued regarding contract terms for an initial shipment of iron ore from Windimurra. As part of those marketing efforts, an Atlantic marketing team visited numerous Chinese steel mills and other potential customers.

The results of Atlantic's latest iron ore marketing efforts with potential customers has provided the Company with confidence that it will be able to secure sales agreements in due course.

Resource Development

Shortly after quarter end, the JORC-compliant global mineral resource for the Windimurra project increased by 33 million tonnes to 243 million tonnes at 0.48% V₂O₅, a 16% increase on the previous global mineral resource.

The grade of the global mineral resource increased to 0.48% V₂O₅ from 0.47% V₂O₅ across the larger resource tonnage, with a significant increase in average grade to 0.50% V₂O₅ in the southern mine area of the deposit.

Importantly, the mineral resource increased 67% with confirmation of higher grade vanadium mineral resources of 86.5 million tonnes at 0.50% V₂O₅ in the southern mine area, which comprises the southern 1.7 kilometre strike length of the 4.9 kilometre current pit design.

Following this resource upgrade, an updated Ore Reserve and life of mine plan is being prepared and is expected to be announced by mid-year. This work will potentially lead to further increases in the head grade delivered to the Windimurra vanadium plant over and above the 0.51% V₂O₅ head grade expected during the first 10 years of the current life of mine plan and thereby reduce unit operating costs.

The updated mineral resource estimate is set out in the table below, showing the increase from the previous mineral resource estimate completed in February 2011.

	February 2011				April 2012			
	Tonnes (Mt)*	V ₂ O ₅ %	Tonnes (V)	Grade V%	Tonnes (Mt)*	V ₂ O ₅ %	Tonnes (V)	Grade V%
RESOURCES								
Measured	49.9	0.46	124,700	0.25	49.7	0.48	132,500	0.27
Indicated	100.3	0.47	260,700	0.26	142.1	0.49	390,100	0.27
Inferred	59.8	0.48	161,400	0.27	50.8	0.46	130,000	0.25
TOTAL	210.0	0.47	546,800	0.26	242.6	0.48	652,600	0.27

* (Grades reported to a lower cut-off of 0.275% V₂O₅)

VIETNAM BAUXITE PROJECT

In September 2011, Atlantic signed an agreement with Vietnam's Institute of Mining Science & Metallurgy (**Vimluki**) to prepare a bauxite development study for a bauxite mining operation in the Central Highlands of Vietnam. Atlantic made strong progress on this development study during the quarter.

The development study is expected to lead to a full feasibility study for the development of an integrated long-term 'mine-rail-port' bauxite supply chain project in the Central Highlands of Vietnam, which hosts one of the world's most significant and undeveloped bauxite resources.

Atlantic proposes a large-scale bauxite mining operation and a third party access heavy haul rail line, which will transport mined and beneficiated bauxite from the Central Highlands to the coast where bulk port infrastructure will be built.

BUSINESS DEVELOPMENT

Internal Growth

In conjunction with the Changsha Research Institute of Mining and Metallurgy in China, further laboratory and process scale testing commenced subsequent to quarter end on Windimurra's iron ore fines and magnetite concentrate. This testing is being undertaken to establish the optimal process flow sheet for the separation of iron and titanium dioxide from the ore and will allow Windimurra to potentially produce a high grade iron product as well as a titanium concentrate from its iron ore in addition to its high purity vanadium products.

External Growth

During the quarter, Atlantic continued to investigate potential investment opportunities in accordance with its growth strategy to build a diversified portfolio of resources assets. Atlantic's business development team continued to evaluate new investment opportunities in accordance with Atlantic's stringent acquisition and investment criteria.

CORPORATE ACTIVITY

During the quarter, Atlantic announced a \$41.7 million funding package consisting of the issue of three year convertible bonds to the Company's largest shareholder Droxford International Limited, a share placement to clients of CPS Securities and a share placement to Atlantic's Chairman and Managing Director Michael Minosora.

The proceeds of the funding package will be used for Windimurra working capital and for general corporate purposes.

The convertible bonds constitute \$30 million of the package. The convertible bonds have a three year term and are convertible into Atlantic shares at 97 cents per share (a 10% premium to Atlantic's 10 day volume weighted average share price prior to the date of announcement). The full \$30 million was received during the quarter.

The first share placement involved the issue of 1.93 million fully paid ordinary shares at 88 cents per share to clients of CPS Securities which raised \$1.7 million. These funds were also received during the quarter.

The second placement involved a conditional placement of 11.4 million fully paid ordinary shares at 88 cents per share to Atlantic Chairman and Managing Director Michael Minosora to raise \$10 million. This placement of shares is subject to shareholder approval.

During the quarter, Non-Executive Directors Alan Mulgrew and Jay Wachter and Chairman and Non-Executive Director Ian McMaster retired from the Board.

Subsequently, Michael Minosora took over the role of Chairman and Managing Director.

Executive Director Tony Veitch took over the role of Company Secretary replacing Richard Maltman.

EXTRAORDINARY GENERAL MEETING

Atlantic will hold an Extraordinary General Meeting (**EGM**) on Friday 27 April 2012. The EGM will be held to ratify the previous issue of shares to clients of CPS Securities and to seek approval for the issue of shares to Mr Michael Minosora.

The meeting will be held at the QV1 Conference Centre, Level 2, QV1 Building, 250 St Georges Terrace, Perth, Western Australia, commencing at 10am (Perth time).

Relevant documents have been mailed to shareholders of the Company and are available on the Company's website at www.atlanticltd.com.au.

SUBSTANTIAL SHAREHOLDERS

During the quarter, resolutions were passed at an EGM of shareholders on 27 January 2012 for the issuance of 4,553,333 shares to Michael Minosora and 1,125,000 shares to Droxford International Limited as part of the \$25.0 million share placements announced in December 2011.

This brought the shareholding of Michael Minosora in the Company to 6.98% and the shareholding of Droxford International Limited to 19.3%.

CASHFLOW STATEMENT

At the end of the quarter, Atlantic and its subsidiaries held approximately \$46.8 million in cash.

The cash balance at 31 March 2012 excludes \$10 million in cash proceeds associated with the previously announced share placement that is subject to shareholder approval at the EGM scheduled for Friday 27 April 2012.

The Appendix 5B for the quarter ended 31 March 2012 will be released separately in due course.

**A D D I T I O N A L I N F O R M A T I O N O N A T L A N T I C C A N B E
F O U N D A T [W W W . A T L A N T I C L T D . C O M . A U](http://www.atlanticltd.com.au)**

Competent Person Statement

The information in this report relating to exploration activities and mineral resources 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 26 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.

QUARTER ENDED

31 March 2012

BUILDING A WORLD CLASS RESOURCES GROUP

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ASX CODES

ATI (ordinary shares)

DIRECTORS

Michael Minosora

*(Chairman and
Managing Director)*

Tony Veitch

(Executive Director)

Phiong Phillipus Darma

(Non-Executive Director)

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ABOUT ATLANTIC LTD

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