

QUARTERLY REPORT

MARCH 2013

Atlantic Ltd (ASX: ATI) (**Atlantic** or the **Company**) presents its report for the quarter ended 31 March 2013.

HIGHLIGHTS

- Operating focus on resolving the last non-performing part of the Windimurra production facility, the beneficiation plant within the CMB circuit
- New funding facility totalling approximately A\$28.5 million secured
- Agreement reached with majority of the holders of MVPL's senior secured notes on terms to reduce the minimum holding requirement of the interest reserve account
- Further research and development reimbursement claim for financial year 2013 being advanced with near term pre-payment financing being investigated

WINDIMURRA PROJECT UPDATE

Production and Sales

The Company produced and sold the following vanadium volume from its wholly-owned Windimurra vanadium project (**Windimurra**) during the quarter:

	March Month (tonnes contained vanadium)	March Quarter (tonnes contained vanadium)
Vanadium billet production	4.5	15.6
Vanadium sales	0.0	0.0

To date in April, 30 tonnes of ferrovanadium were delivered to the off-taker's warehouse from Windimurra. Following certification testing, payment will be received for 80% of its market value in accordance with Atlantic's sales and marketing agreement.

Windimurra Operations Update

During the March quarter, the focus of operations was to resolve the last non-performing part of the Windimurra production facility, the beneficiation plant within the crushing, milling and beneficiation (**CMB**) circuit.

With increased throughput, significant design and construction failures were highlighted with the beneficiation plant.

A detailed action plan to resolve these failures is now being implemented with an estimated topside cost of A\$3.0 million. A flow-on benefit of the resolution of the beneficiation plant deficiencies is a very significant simplification of the plant itself.

These works are expected to be completed in May/June 2013.

The Company is comfortable based on operating experience to date that on resolution of issues in the beneficiation plant, the Windimurra project will deliver on its forecast.



Beneficiation plant

Safety

The Company maintained an excellent safety record during the quarter, however recorded two lost time injuries. Atlantic is committed to maintaining strong safety practices at Windimurra.

Personnel

The addition of operations staff continued during the quarter. A streamlining of the management structure was also initiated.

Vanadium Marketing

Ferrovandium pricing remained at robust levels during the quarter.

The mid-point Ryan's Notes price for vanadium in the North American market at the date of this report is US\$33.23 per kilogram of contained vanadium.

The mid-point London Metal Bulletin price for vanadium in the European market at the date of this report is US\$28.70 per kilogram of contained vanadium.

Exploration and Resource Development

The Company undertook no exploration activities during the quarter.

Iron Ore

All regulatory and statutory approvals have been well advanced for the full logistics chain which will allow the Company to begin shipments of iron ore.

Logistics services for truck haulage of iron ore fines from Windimurra to Geraldton Port and for warehousing at the Port have been agreed.

Subject to iron ore prices remaining robust, it is anticipated shipments of iron ore fines will commence in mid-2013.

BUSINESS DEVELOPMENT

Internal Growth

During the quarter, the Company continued to work on two separation projects that are targeting unlocking value for the Windimurra project's titanium dioxide (TiO_2) and increasing value for its iron ore. These projects include:

1. Pyrometallurgical separation test work to produce TiO_2 and iron concentrate is being scoped for work in Australia and in China.
2. Gravity separation and magnetic separation test work has been completed on two types of the Company's ore. This laboratory work has produced a marketable TiO_2 concentrate. Follow-up work on non-magnetic tailings and other ore is underway to assess potential yields.

Additionally, this separation work will allow the Company to achieve a better recovery of vanadium from the non-magnetic tailings at the Windimurra plant.

Vietnam Aluminium Supply Chain Project

Solid progress was made during the quarter in advancing Atlantic's submission to the Vietnamese Government for the development of an integrated long-term 'mine-rail-port' bauxite supply chain project, incorporating the granting of bauxite exploration rights, in the Central Highlands of Vietnam.

Vietnam hosts one of the world's most significant and undeveloped bauxite resources.

Other

With the significant repricing of metal and mineral assets globally, the Company has increased its efforts in investigating potential investment opportunities in accordance with its growth strategy to build a diversified portfolio of resources assets. The business development team continues to evaluate new investment opportunities in accordance with Atlantic's stringent acquisition and investment criteria.

CORPORATE ACTIVITY

Funding

During the quarter, semi-annual interest payments due on Atlantic's Class A and Class B convertible bond facility were capitalised, as permitted under the terms of the convertible bond deeds.

The Company and its wholly-owned subsidiary Midwest Vanadium Pty Ltd (**MVPL**) undertook the following funding activities subsequent to the end of the quarter:

1. Atlantic agreed a new unsecured short term funding facility in the amount of approximately A\$28.5 million.

An initial draw down of A\$10.0 million on the facility has occurred and the balance of A\$5.0 million and a further US\$14.3 million is expected to be drawn by no later than 25 April 2013.

The Facility has been provided by Droxford International Limited, Atlantic's largest shareholder.

2. MVPL executed an agreement with the majority of the holders of its US\$335 million face value 11.5% per annum senior secured notes (**Notes**) due February 2018 on the terms to reduce the minimum holding requirement of MVPL's interest reserve account (**IRA**) to nil.

This agreement addresses the technical breach of the indenture covenant which required MVPL to hold no less than US\$14.3 million in the IRA at all times. Atlantic announced to the market on 18 February 2013 that this IRA requirement had been breached following the February coupon payment on the Notes.

Amendments to the indenture agreed with the majority of the holders of the Notes are subject to a formal note holder consent process, which is underway. Given the commitment of the majority of the holders of the Notes to vote in favour of the indenture amendments, this is expected to be concluded shortly.

3. MVPL recently submitted an amendment to the research and development reimbursement claim for the financial year ended 30 June 2012. To date, MVPL has received A\$22.2 million in reimbursements for the 2012 financial year and as a result of the amendment lodged with the Australian Taxation Office (**ATO**) expects to receive a further A\$2.1 million reimbursement.

In addition, MVPL has established it will be entitled to a further reimbursement claim for research and development work associated with bringing Windimurra into operation during the current financial year, currently estimated to be similar to the total claim for the previous financial year. A bank financing

arrangement is being investigated that provides a pre-payment of up to 50% of this amount during the current quarter.

Together, these initiatives will provide further working capital for the ongoing ramp-up of production at the Windimurra vanadium project.

Summary of Funding Initiatives

	Cash Flows	Timing
New Funding Facility	A\$28.5 million	A\$10.0 million received A\$5.0 million and US\$14.3 million on or before 25 April 2013
Reduction of Interest Reserve Account	No cash impact*	
ATO Research & Development Reimbursement 2011/12	A\$2.1 million	May 2013
ATO Research & Development Reimbursement 2012/13	A\$24.3 million**	Q2 – Q4 calendar 2013

Estimated Cash Outflows for Current Quarter (April-June 2013)	A\$(32.4) million***	Q2 calendar 2013
---	----------------------	------------------

* The IRA was not replenished after the February 2013 Notes coupon payment. Following the agreement with the majority holders of the Notes for a reduction of the IRA, the balance will remain nil until November 2013.

** This is a preliminary estimate of the 2012/13 claim only and is subject to verification. A bank financing arrangement is being investigated that provides a pre-payment of up to 50% of the eligible claim.

*** Excludes revenues from sales of ferrovanadium and iron ore.

CASH FLOW STATEMENT

At the end of the quarter, Atlantic and its subsidiaries held A\$0.7 million in cash.

The Appendix 5B report for the quarter ended 31 March 2013 will be released separately in due course.

Additional information on Atlantic can be found at www.atlanticltd.com.au.

QUARTER ENDED
31 MARCH 2013

BUILDING
A WORLD
CLASS
RESOURCES
GROUP

ATLANTIC LTD

Level 29, Bankwest Tower
108 St Georges Terrace
Perth WA 6000

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

ASX CODES

ATI (ordinary shares)

DIRECTORS

Michael Minosora
*(Chairman and
Managing Director)*

Tony Veitch
(Executive Director)

Phiong Phillipus Darma
(Non-Executive Director)

FOR FURTHER INFORMATION PLEASE CONTACT:

Michael Minosora
Chairman and Managing Director, Atlantic Ltd
Tel: +61 8 6141 7100

Glen Zurcher
Investor Relations, Atlantic Ltd
Tel: +61 8 6141 7215

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