



## ASX Release

29 January 2010

**ATLANTIC LTD**  
PO Box 902  
West Perth WA 6872  
Tel: +61 8 9482 0500  
Fax: +61 8 9482 0505

### Directors:

Michael Minosora  
(Managing Director)

John Hannaford  
(Chairman)

Tony Veitch  
(Non Executive)

### Issued Capital:

1,229,130,222 ordinary shares  
1,500 B performance shares  
286,495,540 listed options  
63,570,555 unlisted options

### ASX Codes:

ATI (ordinary shares)  
ATIO (listed options)

# QUARTERLY REPORT

## Highlights

- *MOU signed for the development of a major integrated aluminium industry supply chain in Vietnam*
- *Heads of agreement signed with Mineral Resources to complete and operate the Windimurra Vanadium project*
- *Announced change in strategic direction*
- *Raised approximately \$5.1m through private placement and exercise of options*
- *Board restructure*

Atlantic Ltd (ASX: ATI; "Atlantic" or the "Company") is pleased to present its quarterly report and cash flow statement for the quarter ended 31 December 2009.

The period saw Atlantic undergo substantial changes and initiate major developments that the Board believes will deliver significant value to shareholders.

### **MOU signed for the development of a major integrated aluminium industry supply chain in Vietnam**

On 21 December 2009, Atlantic announced that it has signed a memorandum of understanding (MOU) with Vietnam state-owned enterprise Vietnam Natural Resources and Environment Corporation (**T-MV**) for the development of an integrated bauxite mine and associated rail and port infrastructure project in Vietnam (**Project**).

The parties have also agreed to undertake the downstream processing of bauxite in Vietnam, including alumina refining and aluminium smelting opportunities, subject to the completion of a positive feasibility study.

T-MV is a recently-created state-owned corporation that operates directly under the Vietnam Ministry of Natural Resources and Environment.

Under the terms of the MOU executed in Hanoi, T-MV and Atlantic will partner exclusively for the development of the Project and jointly apply for the rights to mutually agreed and available bauxite concessions in the world class bauxite areas within the Lam Dong and Dak Nong provinces. T-MV will also assist with the application process for relevant government approvals in Vietnam.

T-MV and Atlantic intend to complete a feasibility study encompassing rail transportation, mining, downstream alumina and aluminium processing and port development in Vietnam. The rail transportation component relates to the development of a new rail line from Lam Dong and Dak Nong provinces to port facilities on the coast of Vietnam. This strategic new infrastructure will be developed on open access principles.

T-MV and Atlantic intend to proceed with the Project on signing of the definitive joint venture agreements and the receipt of necessary approvals from the Vietnam Government. The joint venture interests of T-MV and Atlantic will reflect the contributions of the parties. If definitive agreements are executed Atlantic intends to undertake the exploration of the relevant sites and provide the funding for the Project.

The integrated project is of major strategic importance and is a nation-building project that will provide major economic and social benefits for Vietnam and local communities.

Atlantic believes this is a strong business opportunity given Vietnam's competitive advantages in the aluminium supply chain including the high quality gibbsite ore typically found in the Central Highlands region and the proximity of the Project to major world demand centres.

Following signing of the MOU, Atlantic has held further productive discussions with T-MV regarding the definitive joint venture agreement and will keep shareholders informed of progress.

### **Bao Loc Project, Vietnam**

The Bao Loc project is located in the Central Highlands of southern Vietnam approximately 15 kilometres north of the Bao Loc town ship in Lam Dong province. The two major bauxite provinces of Dak Nong and Lam Dong in southern Vietnam are estimated to contain a combined 5.4 billion tonnes<sup>1</sup> of bauxite.

Previous sampling by Atlantic assayed 47.9% Al<sub>2</sub>O<sub>3</sub> (washed and screened), 46.15% available Al<sub>2</sub>O<sub>3</sub> and 1.04% reactive silica. These results were consistent with previous exploration data from trenching and shafts.

Exploration activities during the quarter were limited as Atlantic focussed on securing the T-MV MOU.

### **Windimurra Vanadium Project**

On 24 December 2009, Atlantic entered into a heads of agreement with Mineral Resources Limited (MRL) to re-launch the Windimurra Vanadium Project in Western Australia.

Under the terms of the heads of agreement, Atlantic has agreed to become a 25% equity holder in the project vehicle Midwest Vanadium Pty Ltd (MWVPL) and arrange the new secured debt funding required to complete commissioning of the project.

The final funding amount is to be determined, but is expected to be sufficient to complete the plant construction and ramp-up to full production.

---

<sup>1</sup> <http://bauxitevietnam.info> - Vinacomin

MRL and the current secured lenders to MWVPL will retain the majority equity stake in MWVPL.

MRL will also complete construction of the plant and continue with the 'Build Own and Operate' contract for the project crushing and processing plants.

MRL and Atlantic are now working towards the signing of definitive documentation with the Receiver of MWVPL, including the necessary finance documents, to facilitate the commissioning of the project.

The heads of agreement is subject to procurement of the new secured debt funding package on terms mutually acceptable to MRL and Atlantic. Completion of the transaction under the Heads of Agreement is subject to the satisfaction of a number of conditions precedent including Atlantic shareholder approval to a change in activities.

### **Change in strategic direction**

Atlantic announced on 22 October 2009 that the Board had resolved to pursue a new strategy "to become a company with a portfolio of 2 to 3 world class resource projects that provide superior returns to shareholders". Atlantic's strategy to achieve this vision is to

- 1. Position Atlantic as the preferred bauxite development partner for Vietnam***
- 2. Leverage Atlantic's financing capability to examine other low cost, long life production opportunities***

In order to pursue the new strategy, shareholders must approve a change to the nature and scale of the Company's activities. Atlantic will also need to re-comply with Chapters 1 and 2 of the ASX Listing Rules. Atlantic will seek shareholder approval in early March 2010 for this change.

If shareholders do not approve the change in nature and scale of Atlantic's activities, then the above resources projects will not be pursued. The Board is confident that shareholder approval will be achieved.

### **Placement**

During the quarter, Atlantic announced the placement of 140 million ordinary shares at 3.5 cents each to raise a total of \$4.9 million. The shares were issued to Asian private investment companies with substantial investments in South East Asia.

### **Board Structure**

The Company's board comprises three directors, reflecting the recent scale of the activities of the Company as a pearl marketing company. The board of the Company will necessarily evolve over time as the Company expands its activities in Vietnam and pursues other resources opportunities such as the Windimurra Vanadium project.

The Company was fortunate to secure the services of Mr Michael Minosora as Managing Director and over the coming months it will be assessing the appropriate structure of the board necessary to assist building the Company.

### **Exercise of Options**

During the quarter, Atlantic's listed option holders exercised approximately 26 million options raising an additional ~\$208,000 for the Company.

### **Cashflow Statement**

At the end of the quarter, Atlantic had approximately \$6.2 million in cash on hand.

Please find attached the Appendix 4C for the quarter ended 31 December 2009.

-ends-

**For further information please contact:**

**Michael Minosora**

Managing Director

Telephone: +61 8 6311 4610

**Morgan Barron**

Company Secretary

Telephone: +618 9482 0503

*The information in this announcement that relates to Atlantic's exploration results, mineral resources or ore reserves is based on information compiled by Mr Robert McLean. Mr McLean is a consultant to Atlantic and is a member of the Australasian Institute of Mining and Metallurgy. Mr McLean has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which he is undertaking to qualify 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 McLean consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.*

# Appendix 4C

## Quarterly report for entities admitted on the basis of commitments

Introduced 31/3/2000. Amended 30/9/2001, 24/10/2005.

Name of entity

Atlantic Ltd

ABN

60 009 213 763

Quarter ended ("current quarter")

31 December 2009

### Consolidated statement of cash flows

|   | Current quarter<br>(3 months)<br>\$A'000 | Year to date<br>(6 months)<br>\$A'000 |
|---|--|---------------------------------------|
| <b>Cash flows related to operating activities</b>                   |  |                                       |
| 1.1 Receipts from customers   | -  | -                                     |
| 1.2 Payments for  |  |                                       |
| (a) staff costs   | (85)                                     | (105)                                 |
| (b) advertising and marketing                                       | -  | -                                     |
| (c) research and development  | -  | -                                     |
| (d) leased assets   | -  | -                                     |
| (e) other working capital   | (225)                                    | (371)                                 |
| 1.3 Dividends received  | -  | -                                     |
| 1.4 Interest and other items of a similar nature received           | 12                                       | 33                                    |
| 1.5 Interest and other costs of finance paid                        | -  | -                                     |
| 1.6 Income taxes paid   | -  | -                                     |
| 1.7 Other - Payments in relation to the Bauxite Exploration project | (200)                                    | (284)                                 |
| <b>Net operating cash flows</b>                                     | <b>(498)</b>                             | <b>(727)</b>                          |

|  | Current quarter<br>(3 months)<br>\$A'000 | Year to date<br>(6 months)<br>\$A'000 |
|--|--|---------------------------------------|
| 1.8 Net operating cash flows (carried forward)       | (498)                                    | (727)                                 |
| <b>Cash flows related to investing activities</b>    |  |                                       |
| 1.9 Payment for acquisition of:                      |  |                                       |
| (a) businesses (item 5)                              | -  | -                                     |
| (b) equity investments                               | -  | -                                     |
| (c) intellectual property                            | -  | -                                     |
| (d) physical non-current assets                      | (6)                                      | (6)                                   |
| (e) other non-current assets                         | -  | -                                     |
| 1.10 Proceeds from disposal of:                      |  |                                       |
| (a) businesses (item 5)                              | -  | -                                     |
| (b) equity investments                               | -  | -                                     |
| (c) intellectual property                            | -  | -                                     |
| (d) physical non-current assets                      | -  | -                                     |
| (e) other non-current assets                         | -  | -                                     |
| 1.11 Loans to other entities                         | -  | -                                     |
| 1.12 Loans repaid by other entities                  | -  | -                                     |
| 1.13 Other (provide details if material)             | -  | -                                     |
| <b>Net investing cash flows</b>                      | -  | -                                     |
| <b>1.14 Total operating and investing cash flows</b> | (504)                                    | (733)                                 |
| <b>Cash flows related to financing activities</b>    |  |                                       |
| 1.15 Proceeds from issues of shares, options, etc.   | 5,108                                    | 5,479                                 |
| 1.16 Proceeds from sale of forfeited shares          | -  | -                                     |
| 1.17 Proceeds from borrowings                        | -  | -                                     |
| 1.18 Repayment of borrowings                         | -  | -                                     |
| 1.19 Dividends paid                                  | -  | -                                     |
| 1.20 Other (provide details if material)             | -  | -                                     |
| - Capital raising costs                              | (17)                                     | (17)                                  |
| <b>Net financing cash flows</b>                      | 5,091                                    | 5,462                                 |
| <b>Net increase (decrease) in cash held</b>          | 4,587                                    | 4,729                                 |
| 1.21 Cash at beginning of quarter/year to date       | 1,638                                    | 1,496                                 |
| 1.22 Exchange rate adjustments to item 1.20          | -  | -                                     |
| 1.23 <b>Cash at end of quarter</b>                   | 6,225                                    | 6,225                                 |

## 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<br>\$A'000 |
|---|----------------------------|
| 1.24 Aggregate amount of payments to the parties included in item 1.2 | 118                        |
| 1.25 Aggregate amount of loans to the parties included in item 1.11   | -                          |

#### 1.26 Explanation necessary for an understanding of the transactions

The amount above includes payments to directors and to a company associated with Mr John Hannaford. The payments relate to the provision of consulting fees, company secretarial services, accounting and bookkeeping, secretarial services and the provision of office accommodation on normal commercial terms.

## 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

|  |
|--|
|  |
|--|

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

|  |
|--|
|  |
|--|

## Financing facilities available

Add notes as necessary for an understanding of the position. (See AASB 1026 paragraph 12.2).

|                                 | Amount available<br>\$A'000 | Amount used<br>\$A'000 |
|---------------------------------|-----------------------------|------------------------|
| 3.1 Loan facilities             | -                           | -                      |
| 3.2 Credit standby arrangements | -                           | -                      |

## 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<br>\$A'000 | Previous quarter<br>\$A'000 |
|---|----------------------------|-----------------------------|
| 4.1 Cash on hand and at bank  | 2,225                      | 1,638                       |
| 4.2 Deposits at call  | 4,000                      | -                           |
| 4.3 Bank overdraft  | -                          | -                           |
| 4.4 Other (provide details)   | -                          | -                           |
| <b>Total: cash at end of quarter</b> (item 1.23)  | <b>6,225</b>               | <b>1,638</b>                |

## Acquisitions and disposals of business entities

|   | Acquisitions<br>(Item 1.9(a)) | Disposals<br>(Item 1.10(a)) |
|---|-------------------------------|-----------------------------|
| 5.1 Name of entity                            |                               |                             |
| 5.2 Place of incorporation or registration    |                               |                             |
| 5.3 Consideration for acquisition or disposal |                               |                             |
| 5.4 Total net assets                          |                               |                             |
| 5.5 Nature of business                        |                               |                             |

## Compliance statement

- 1 This statement has been prepared under accounting policies which comply with accounting standards as defined in the Corporations Act (except to the extent that information is not required because of note 2) or other standards acceptable to ASX.
- 2 This statement does ~~not~~ give a true and fair view of the matters disclosed.

Sign here:



(Company secretary)

Date: 29 January 2010

Print name: **Morgan Barron**

## 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 definitions in, and provisions of, *AASB 1026: Statement of Cash Flows* apply to this report except for the paragraphs of the Standard set out below.
  - 6.2 - reconciliation of cash flows arising from operating activities to operating profit or loss
  - 9.2 - itemised disclosure relating to acquisitions
  - 9.4 - itemised disclosure relating to disposals
  - 12.1(a)- policy for classification of cash items
  - 12.3 - disclosure of restrictions on use of cash
  - 13.1 - comparative information
3. **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.