

ASX Release

30 April 2010

**ATLANTIC LTD**

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Perth WA 6000  
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**Directors:**

Ian McMaster  
(Non-Executive Chairman)

Michael Minosora  
(Managing Director)

Tony Veitch  
(Executive Director)

Alan Mulgrew  
(Non Executive Director)

Jay Wachter  
(Non Executive Director)

**Issued Capital:**

1,264,385,942 ordinary shares  
1,500 B performance shares  
261,586,071 listed options  
63,224,304 unlisted options

**ASX Codes:**

ATI (ordinary shares)  
ATIO (listed options)

## QUARTERLY REPORT 31 MARCH 2010

### Highlights

- **Atlantic takes the first step to becoming a near term resources producer**
- **Atlantic and MRL finalise agreement to acquire and commission the Windimurra Vanadium project**
- **Board restructure completed**

Atlantic Ltd (ASX: ATI; "Atlantic" or the "Company") is pleased to present its quarterly report and cash flow statement for the quarter ended 31 March 2010.

The period saw Atlantic continue to undergo substantial changes and initiate major developments that will deliver both significant short and long-term value for shareholders.

### Windimurra Vanadium Project

On 8 April 2010, the Company announced that it had reached agreement with Mineral Resources Limited ("MRL") to work with MRL to acquire and commission the world class Windimurra Vanadium project (the "Project") in Western Australia.

The Project opportunity has the following features:

- **High quality reserve base – expansion potential**
  - 97.8 million tonnes of Proven and Probable Reserves – world's third largest vanadium deposit
  - 19 year mine life with significant potential for extension
  - Reported reserves are based on a 4km section of a 27km strike length
  - Drilling has occurred within a 6km length of known strike
- **Low project completion risk**
  - Plant construction is approximately 85% complete
  - Pit, pit access and haul roads already developed
  - Existing onsite power generation

- **Low operational risk**

- Simple mining process – shallow depth, bulk mining method
- Simple production process – proven, conventional methods and technology

- **Project parameters**

- Targeting production of 5,700 tonnes per annum of vanadium with additional ramp up potential
- First production expected in H1 CY 2011
- Production cost in the middle of industry cost curve

Subject to completion, the transaction will give Atlantic a majority share in a major resources project that, once operational at nameplate capacity, will produce approximately 7% of the world vanadium supply in times of increasing prices for steel making commodities.

Underpinning the transaction is the agreement that the Company and MRL have reached with the secured lenders to Midwest Vanadium Pty Ltd (“MVPL”), the company that holds 100% of the Project, whereby, subject to completion, MRL and Atlantic will acquire a 90% interest in MVPL in return for procuring funding in the order of \$90-100 million to complete construction, commissioning and working capital throughout ramp-up of the Project.

Following completion, Atlantic will hold 62.5% of MVPL, MRL a limited free carried interest of 27.5% in MVPL and the secured lenders a 10% interest.

#### **About Windimurra**

The Project is located 600km north-east of Perth, Western Australia near Mt Magnet.

The Project is owned 100% by MVPL and the plant and mine is at an advanced stage of construction (estimated to be 85% complete).

The Project hosts one of the world’s largest known vanadium deposits. The current owner of the Project has previously stated that the current JORC-compliant proven and probable reserve at Windimurra is 97.8 million tonnes at 0.47% V<sub>2</sub>O<sub>5</sub>.

The Project site is close to existing infrastructure and will be serviced by the Midwest gas pipeline and existing on-site power generators and is expected to be in production in early 2011.

#### **Deal Terms**

The overall transaction has two elements:

1. The MRL and Atlantic consortium has reached agreement with the Receiver and Manager of MVPL, whereby MRL and Atlantic will ultimately acquire a 90% equity interest in MVPL in return for procuring new project finance to commission the Project, arrange for completion of construction and commissioning of the plant and establish an effective management and operating structure.

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2. In addition, MRL and Atlantic have reached agreement whereby Atlantic will hold 62.5% of MVPL and MRL will hold 27.5% of MVPL following completion.

As part of the overall transaction, the consortium will acquire part of the existing MVPL debt for a nominal sum and the existing secured lenders to MVPL will hold \$90 million of secured debt following financial close.

Under the agreement, MRL will continue to operate the crushing and processing plants already on site at Windimurra under the existing 'Build Own Operate and Transfer' contract entered into with MVPL and will also enter into a lump sum turnkey contract with MVPL to complete construction of the plant.

### **Timetable**

Atlantic and MRL are currently working towards completing the necessary documentation with the Receiver and Manager of MVPL and procuring the necessary funding facilities.

Completion of the transaction is expected on or before 30 June 2010. The transaction is subject to a number of conditions precedent, including the approval of shareholders of Atlantic which will be sought together with the approval of shareholders to the change in the Company's activities.

### **Vietnam Bauxite Projects**

The Company announced late in December 2009 that it had signed a memorandum of understanding for the development of an integrated aluminium supply chain project in Vietnam. During the quarter, Atlantic continued discussions to progress this project as well as the Bao Loc bauxite project.

### **Board Restructure**

Subsequent to period end, Atlantic announced changes to the Board as part of a strategic restructure to take the Company through the next phase of its growth.

The Board made the following appointments:

- Mr Ian McMaster AM, as Non-Executive Chairman;
- Mr Alan Mulgrew, as Non-Executive Director; and
- Mr Jay Wachter, as Non-Executive Director.

Mr McMaster is a former CEO of CSR Sugar and has extensive Australian and international experience in the resources and steel industries.

Mr Mulgrew is a highly experienced company director, with a career of more than 35 years in the aviation, infrastructure and energy industries.

Mr Wachter is the Finance Director of Emtek Group, a listed Indonesian television and telecommunications services business, and has extensive experience in corporate finance and private equity in Australia and Asia.

As part of the restructure, Mr John Hannaford resigned from his role as Non-Executive Chairman and stepped down as a Director and Mr Tony Veitch became an Executive Director of the Company.

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### **Change in Activities**

As previously announced, the Board has resolved to pursue a new strategy and for Atlantic to become a company with a portfolio of 2 to 3 world class resource projects that provide superior returns to shareholders.

In order to pursue the new strategy, shareholders will be asked to approve a change to the nature and scale of the Company's activities.

The notice of meeting for this change in activities and approval of the Windimurra transaction is expected to be dispatched to shareholders in the current quarter.

### **Exercise of Options**

During the quarter, approximately \$113,000 was raised through the exercise of listed and unlisted options.

### **Cashflow Statement**

At the end of the quarter, Atlantic had approximately \$5.5 million in cash. The Appendix 4C for the quarter ended 31 March 2010 is attached.

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**For further information please contact:**

**Michael Minosora**  
Managing Director  
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**Tony Veitch**  
Executive Director  
Telephone: +61 8 6311 4614

# 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 March 2010

### Consolidated statement of cash flows

Cash flows related to operating activities		Current quarter	Year to date
		(3 months)	(9 months)
		\$A'000	\$A'000
1.1	Receipts from customers	-	-
1.2	Payments for		
	(a) staff costs	(298)	(403)
	(b) advertising and marketing	(32)	(64)
	(c) research and development	-	-
	(d) leased assets	-	-
	(e) other working capital	(314)	(630)
1.3	Dividends received	-	-
1.4	Interest and other items of a similar nature received	65	98
1.5	Interest and other costs of finance paid	-	-
1.6	Income taxes paid	-	-
1.7	Other:		
	- Payments in relation to Vietnam Bauxite Projects	(239)	(523)
	- Other project generation	(21)	(44)
<b>Net operating cash flows</b>		<b>(839)</b>	<b>(1,566)</b>

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	Current quarter (3 months) \$A'000	Year to date (9 months) \$A'000
1.8 Net operating cash flows (carried forward)	(839)	(1,566)
<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	(9)	(15)
(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>(9)</b>	<b>(15)</b>
<b>1.14 Total operating and investing cash flows</b>	<b>(848)</b>	<b>(1,581)</b>
<b>Cash flows related to financing activities</b>		
1.15 Proceeds from issues of shares, options, etc.	113	5,592
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)
<b>Net financing cash flows</b>	<b>113</b>	<b>5,575</b>
<b>Net increase (decrease) in cash held</b>	<b>(735)</b>	<b>3,994</b>
1.21 Cash at beginning of quarter/year to date	6,225	1,496
1.22 Exchange rate adjustments to item 1.20	-	-
1.23 <b>Cash at end of quarter</b>	<b>5,490</b>	<b>5,490</b>

## 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
1.24 Aggregate amount of payments to the parties included in item 1.2	153
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 companies associated with Mr John Hannaford and Mr Tony Veitch. 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

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### 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

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## Financing facilities available

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

	Amount available \$A'000	Amount used \$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 \$A'000	Previous quarter \$A'000
4.1 Cash on hand and at bank	1,443	2,225
4.2 Deposits at call	4,047	4,000
4.3 Bank overdraft	-	-
4.4 Other (provide details)	-	-
<b>Total: cash at end of quarter</b> (item 1.23)	<b>5,490</b>	<b>6,225</b>

## Acquisitions and disposals of business entities

	Acquisitions (Item 1.9(a))	Disposals (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 ~~does not~~ give a true and fair view of the matters disclosed.

Sign here:



(Company secretary)

Date: 30 April 2010

Print name: **Stacey Apostolou**

## 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.

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