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QUARTERLY REPORT



QUARTER ENDED

31 December 2011

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)

Phiong Phillipus Darna
(Non-Executive Director)

BUILDING A WORLD CLASS RESOURCES GROUP

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QUARTERLY REPORT

Atlantic Ltd (ASX: ATI; **Atlantic** or the **Company**) is pleased to present its report for the quarter ended 31 December 2011.

HIGHLIGHTS

- **First ferrovanadium production at Windimurra vanadium project subsequent to quarter end**
- **Mine to port iron ore logistics chain completed**
- **Positive preliminary exploration results at southern Windimurra tenements**
- **Development study initiated for proposed Vietnam 'mine-rail-port' bauxite project**
- **A\$25.0 million raised via share placement to accelerate Windimurra ramp-up**

WINDIMURRA VANADIUM AND IRON ORE PROJECT UPDATE

During the quarter, the Company achieved construction completion at its 100%-owned Windimurra vanadium project (**Windimurra**), an important milestone, in line with budget cost estimates but behind schedule by two months.

Process commissioning was also completed with the exception of the last three areas of the process chain being the flash dryer, reduction kiln and ferrovanadium electric arc furnace, which were delayed due to a hold-up in gas regulatory and safety approvals.

Subsequent to quarter-end, these last plant areas were successfully commissioned culminating in first ferrovanadium production.

First ferrovanadium from Windimurra



Other than for the milling and beneficiation circuits, commissioning progress has been in line with expectations, with crushing, kiln and ferrovanadium circuits largely performing to plan.

Recoveries through the process are consistent with expectations for this stage of production ramp-up.

Following successfully proving the plant's ability to produce ferrovanadium, Atlantic will focus its attention on accelerating production ramp-up at Windimurra to meet its previously-advised target of full production of 6,300 tonnes per annum of contained vanadium in Q1 calendar year 2013.

During the quarter, the Company undertook a third party review process with specialist engineering groups to identify any further modifications that might be required to the crushing, milling and beneficiation (**CMB**) circuit to improve its performance and to assist in the production ramp-up.

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The Company has embarked on a number of the proposed modifications to the milling and beneficiation components within the CMB circuit. It is expected that modifications will cost A\$14 million. Atlantic estimates that the major components of these works will be concluded in Q2 calendar year 2012.

The Company has initiated a work around to reduce the impact of the modification works on the near term production ramp-up schedule.

Atlantic currently expects Windimurra to progressively increase output as the modifications are put into effect, and to attain 65% of its design production capacity during Q2 calendar year 2012.

Further modifications to the CMB circuit to be carried out later in the year, all included within the A\$14 million modification estimate, are expected to lead to indirectly increasing the capacity of the CMB circuit to 115% of design. Work is underway to convert the benefit of this additional capacity into additional vanadium production.

Pentoxide Circuit

As previously announced, following strong expressions of interest for the supply of premium grade vanadium pentoxide, particularly from the master alloy industry, the Company continues to investigate adding a vanadium pentoxide circuit to the Windimurra project.

Atlantic continued to progress negotiations with Liaoning Dongda Powder Engineering Technology Company Limited for supply of a vanadium pentoxide circuit.

The addition of a vanadium pentoxide circuit has the potential to increase the vanadium production capacity of the project, provide operational flexibility and attract higher unit revenues.

Marketing – Vanadium

During the quarter, Atlantic's sales and marketing team, in conjunction with Element Commodities, attended a number of major industry sales events and continued to build awareness of the new supply of Windimurra vanadium, which included formal presentations by the team at key events. This was well received by customers.

Negotiations have also continued with key potential offtake customers for the Company's proposed premium vanadium pentoxide product stream.

Marketing – Iron Ore

During the December quarter, negotiations with several customers continued regarding the initial shipment of iron ore.

The Company has not been able to achieve commencement of iron ore shipments to date and now expects its first shipment to occur during the current quarter.

The Company has also received formal offers for its direct ship ore (DSO) high titano-magnetite lump product, which are currently being negotiated following successful customer test work. Atlantic expects to complete a shipment of its lump product in the coming months.

Iron Ore Logistics

During the quarter, Atlantic completed the iron ore logistics supply chain arrangements for the transport of iron ore from Windimurra to the Port of Geraldton.

Port arrangements for the export of iron ore to customers were also finalised.

Site preparations for iron ore screening, loading and transport were completed along with iron ore business approvals.

Loading of iron ore utilising a container-based solution was successfully trialled for other clients at Geraldton Port in mid-December.

Exploration

During the quarter, Atlantic continued its exploration activities on the outcropping magnetite zones within its tenements to the south of the existing Windimurra vanadium project.

The surface mapping and sampling program revealed magnetite zones of up to 70 metres width with elevated iron and vanadium levels.

Average grades returned across certain sections of the outcrops are as follows:

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Table 1 Traverses of 50m across the central vanadium bearing core of the outcrops

SiO ₂ %	TiO ₂ %	V ₂ O ₅ %	Fe ₂ O ₃ %	Fe%
5.2	11.7	1.0	71.0	49.7

Table 2 Traverses of 70m, across entire outcropping package

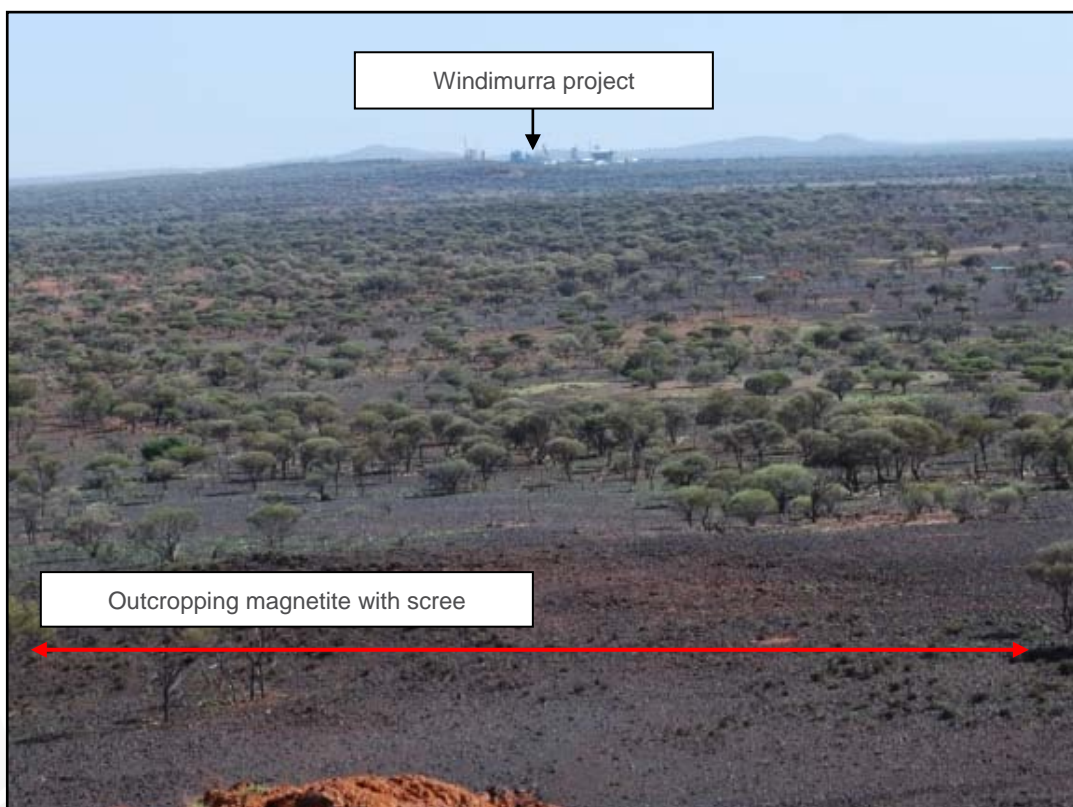
SiO ₂ %	TiO ₂ %	V ₂ O ₅ %	Fe ₂ O ₃ %	Fe%
3.4	5.7	0.5	78.8	55.1

Atlantic will proceed with further drilling, mapping and sampling over the area to determine the extent to which the elevated iron and vanadium levels continue below surface and tie in with the 2011 scout drilling findings.

The latest results are consistent with the results of a scout drilling program (reported in the June quarter 2011), which confirmed that the Windimurra vanadium bearing horizon extended south throughout the additional 21 kilometre strike length.

This exploration is designed to quantify the potential volume and grade of both iron ore, ilmenite and vanadium based products that could be generated by non-complex shallow mining.

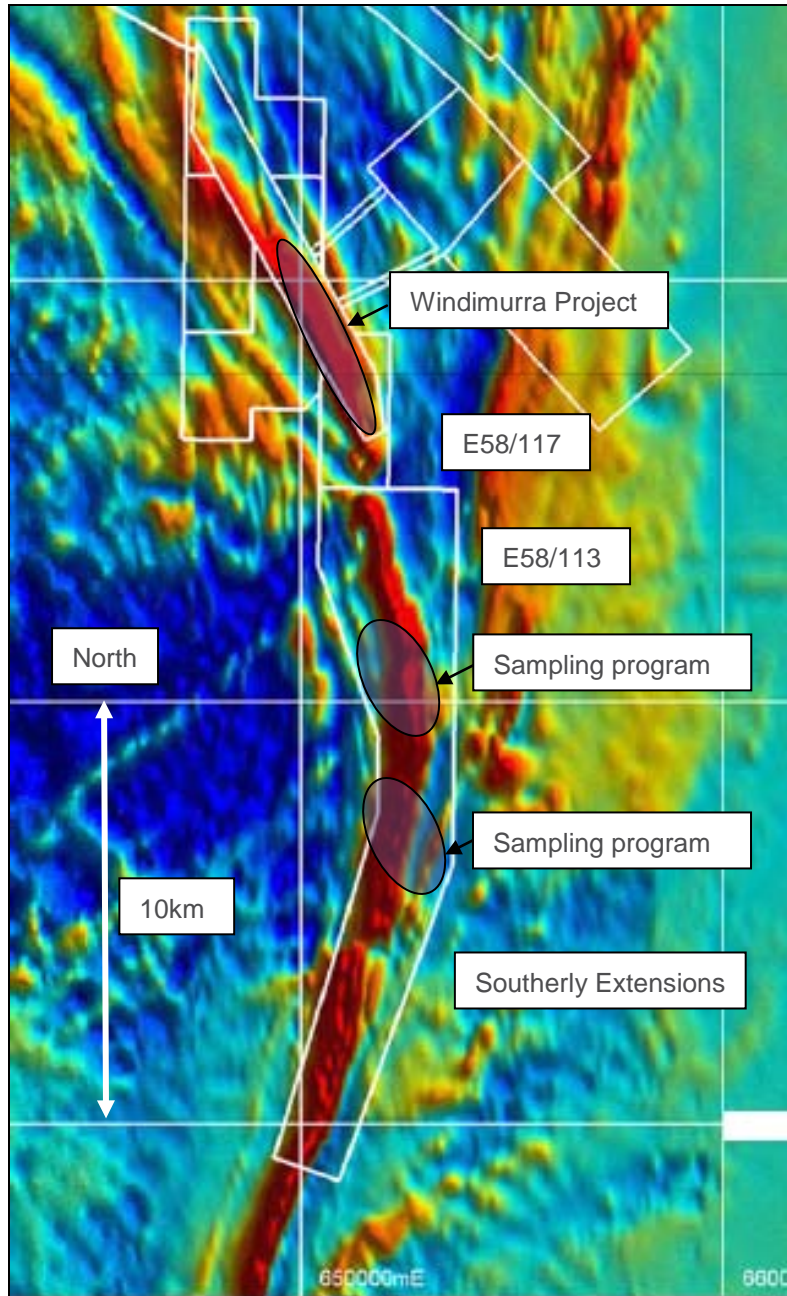
View looking North on Shepherd's Hill, 6km south of the Windimurra project



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Magnetic Signature South of Windimurra Project



Resource Development

During the quarter, 3,620 metres of infill RC drilling on 100 metre line spacing was undertaken on the proposed next stage of the mine, to the south of the current pit cutback. The overall 3.6 kilometre strike length of the proposed pit has been optimised into 7 stages. This drilling will result in a revised and further refined resource model and estimate, with the subsequent ability to select the next stage of the pit to generate the best NPV for the project.

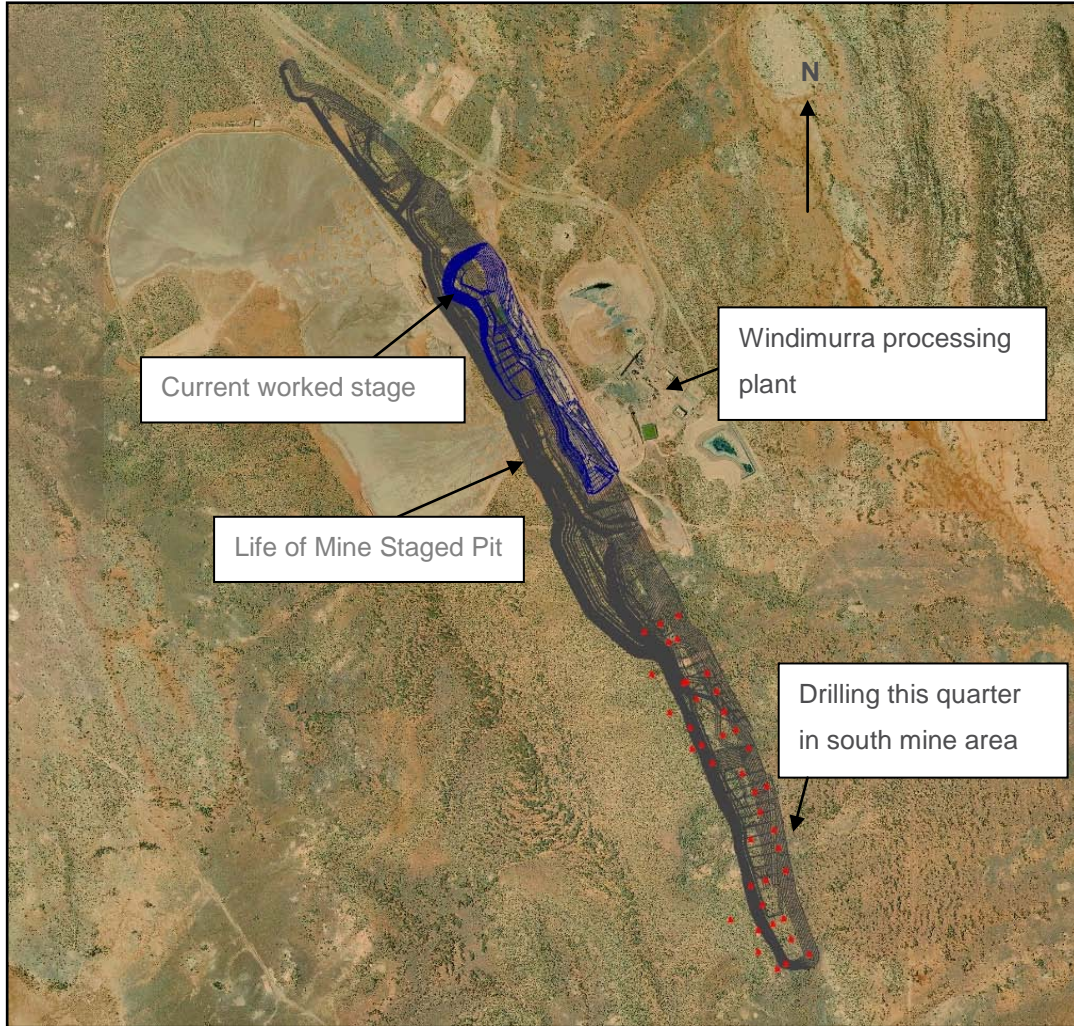
A revised mineral resource estimate will be reported in the next quarterly activity report. The currently worked start-up cutback will be mined out by March 2013. As such, this drilling will allow for a timely decision on the location of the next stage, to allow waste pre-stripping to commence, to ensure continuous and uninterrupted ore supply to the processing facility.

As part of this stage selection process, a program of 8 diamond core holes are currently being drilled for 880 metres, to collect samples for metallurgical testwork and to gain detailed geological knowledge. The recovery of ores in this area will also be instrumental in the selection of the next stage of the pit to return the optimal project NPV.

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Windimurra project resource overview



VIETNAM BAUXITE PROJECT

Following the signing in September by Atlantic of an agreement with Vietnam’s Institute of Mining Science & Metallurgy (**Vimluki**), work progressed on a development study for bauxite in the Central Highlands of Vietnam during the quarter.

The study focuses on the Central Highlands region, which contains one of the world’s most significant and under-developed bauxite resources. It will identify possible funding structures for the project and a fiscal regime.

The study – being undertaken by Atlantic – assesses the ‘mine-rail-port’ proposal submitted by Atlantic to local and national authorities, and which formed the basis of Atlantic’s submission to the Vietnam Government for consideration in its rewrite of the national master-plan for the industry.

Atlantic proposes a large-scale bauxite mining operation and a 260 kilometre third party access heavy haul rail line, which will transport mined bauxite from the Central Highlands to the coast where bulk port infrastructure will be built. A refinery and smelting facility may be built in Vietnam at a later stage.

The development study should contribute to a full feasibility study around an integrated long-term ‘mine-rail-port’ bauxite supply chain solution.

BUSINESS DEVELOPMENT

External growth

During the quarter, Atlantic continued to investigate potential investment opportunities in accordance with its growth strategy. Atlantic’s Business Development team continues to evaluate new investment opportunities in accordance with Atlantic’s stringent acquisition and investment criteria.

KEY APPOINTMENTS

Scott Mathewson, General Manager Operations

Atlantic appointed Scott Mathewson to the role of General Manager of Operations. Scott most recently worked at Rio Tinto for six years – the last three as Manager Operations for Dampier Salt Ltd based in Port Hedland.

John Gardener, General Manager Sales & Marketing

Atlantic appointed John Gardener to the role of General Manager of Sales & Marketing. John was previously Business Development Manager for Sinosteel and Sales & Marketing Manager for Rio Tinto (Iron Ore). John will be responsible for sales and marketing across both vanadium and iron ore product groups.

SUBSTANTIAL SHAREHOLDERS

During the quarter, L1 Capital Pty Ltd increased its shareholding in Atlantic to 6.99% of the Company's issued capital.

CASHFLOW STATEMENT

At the end of the quarter, Atlantic and its subsidiaries held approximately \$57.5 million in cash.

The Appendix 5B for the quarter ended 31 December 2011 will be released separately in due course.

CORPORATE ACTIVITY

Towards the end of the quarter, Atlantic raised A\$25.0 million via a placement of 20,833,333 fully paid ordinary shares in Atlantic at a fixed price of A\$1.20 per share.

The proceeds will be used to finance improvements and modifications which have the potential to accelerate Windimurra's ramp-up to full capacity, and for general corporate purposes.

The placement comprised an unconditional component raising approximately A\$18,186,000 through the placement of 15,155,000 new shares, and a conditional component raising approximately A\$6,814,000 through the placement of 5,678,333 new shares, subject to shareholder approval.

The issue price of A\$1.20 per share represented a 5.8% discount to Atlantic's 5-day volume weighted average share price on 2 December 2011.

8,720,000 new shares were subscribed for by investors directly with Atlantic and 12,113,333 new Shares were underwritten by JP Morgan Australia Limited (**Underwritten Placement**). The Underwritten Placement was fully subscribed. JP Morgan Australia Limited acted as Sole Lead Manager, Underwriter and Bookrunner for the Underwritten Placement.

EGM

Atlantic will hold an Extraordinary General Meeting (**EGM**) on Friday 27 January 2012.

The EGM is being held to ratify the issuance of unconditional and conditional shares and the approval of issue of shares to a director of the Company.

The meeting will be held at the QV1 Conference Centre, Level 2, QV1 Building, 250 St Georges Terrace, Perth, Western Australia, commencing at 10.00am (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.

For further information please contact:

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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.

**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 [WWW.ATLANTICLTD.COM.AU](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.

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