

Atlantic Ltd (ASX: ATI; **Atlantic** or the **Company**) is pleased to present its report for the quarter ended 30 June 2012.

HIGHLIGHTS

- **First commercial shipment of Windimurra ferrovanadium**
- **First vanadium revenue received**
- **CMB modification works completed**
- **Further increase in global Ore Reserves**
- **Advanced discussions for new funding facilities**

WINDIMURRA PROJECT UPDATE

During the June quarter, the Company achieved the first commercial shipment of ferrovanadium (**FeV**) from its wholly-owned Windimurra vanadium project (**Windimurra**).

Throughout the quarter, the Company maintained focus on the continued ramp-up of the Windimurra plant. In particular:

- Subsequent to quarter end, the crushing, milling and beneficiation circuit (**CMB**) modifications were completed and tied-in to the overall process flow, leading to an immediate and significant improvement in the stability of the downstream operations in the beneficiation component; and
- The Company advanced recruitment, induction and training of key operational personnel.

During the quarter, the vanadium plant operated at low levels of ferrovanadium production while the modification work on the CMB plant was taking place.

The Company delivered 9 tonnes of ferrovanadium to the warehouse in Perth during the quarter in accordance with the terms of Atlantic's sales and marketing agreement with Wengfu (Group) Co Ltd (**Wengfu**) and Element Commodities Ltd (**Element**). This product is now in transit to the US.

The Windimurra operations team is now focussed on achieving consistent ferrovanadium production and regular commercial shipments as the plant ramps-up to full production capacity by calendar year end 2012.

The Company notes that there remain challenges ahead as with any new project undergoing ramp-up.

A one-tonne bag of Windimurra ferrovanadium 80% from the first shipment



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Project Economics

During the quarter, the Company announced updated financial guidance on the Windimurra project based on the latest market forecasts for vanadium and forecast operating costs for the project.

The guidance confirmed Windimurra's position as a globally competitive low cost supplier of ferrovandium.

Windimurra Operations

Safety

The Company continued its good safety record during the quarter. Atlantic is committed to improving the safety practices of all personnel on site at Windimurra, including contractors.

Mining

During the quarter, the mine continued to deliver ore from the pit to the ROM pad for processing.

Mining continued in the first stage northern cutback. Oxide ore feeds were produced from the cutback, while transitional and fresh ore types were generated from the base of the historic Hawkstone pit.

Planning works continued on the recently announced higher grade southern mine area resource, with multi-staged pits planned to commence in this sector in the second quarter of calendar 2013.

Environmental test work and design layouts are being developed to allow for a timely application of a mining proposal in this southern mine area.

CMB Circuit

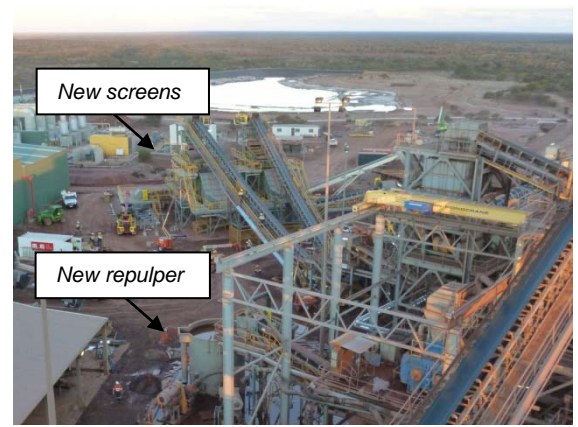
During the quarter, construction work on the CMB modifications was completed and subsequent to quarter end was tied-in to the overall CMB circuit.

The modification work, including a new screening plant and a new repulper (pictured below), have been handed over to the Windimurra operations team with demobilisation of construction contractors and subcontractors expected shortly.

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Before



After

The modification work was completed within the Company's \$14 million budget.

Atlantic's management is confident the modification work will result in a significant uplift of crushed ore feed to the beneficiation component of the CMB circuit in addition to the improved stability mentioned above. This will make a significant contribution to ramp-up to full capacity across the entire vanadium plant.

Roasting & Leaching

During the quarter, the kiln operated at a reduced capacity as a result of a shortage of magnetite concentrate from the CMB circuit as it underwent modification work.

During this down time, the operations team undertook adjustments to the discharge area of the kiln as well as achieving automation of kiln operations.

Leaching of roasted magnetite concentrate to produce a pregnant vanadium containing liquor (ammonium metavanadate or **AMV**) occurred without issue.

Refinery

Desilication and precipitation areas of the refinery operated without significant issue.

Work was undertaken on the main seals of the two reduction kilns and the discharge area. This stage in the production process produces vanadium trioxide (V_2O_3 – an intermediate saleable vanadium product) from AMV.

Over the coming quarter, the electric arc furnace (**EAF**) will undergo test work to improve the vanadium trioxide feed rate into the EAF and work to improve the consistency of heat build up in the EAF.

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Management is of the view that once through the ramp-up, the Windimurra vanadium plant will be a strongly performing asset.

Marketing – Vanadium

The first shipments of commercial ferrovanadium during the quarter were sampled and independently tested by SGS, who confirmed the product met key specifications and grade and was suitable for sale into the international market. This is the first of regular shipments under Atlantic's long-term vanadium off-take agreement.

The Company's first shipments of ferrovanadium have been delivered in accordance with the terms of the sales and marketing arrangement with Wengfu and Element, which is operating well.

Under the terms of the agreement, payment for the majority of the ferrovanadium at market value is received after delivery to the warehouse in Perth, with the balance received once the product is sold in the international market.

Atlantic is pleased to report that during the quarter it held advanced discussions with a number of major steel groups keen to secure supply of Windimurra vanadium.

Pricing movements during the quarter again showed an increasingly positive outlook for the global vanadium industry.

The Ryan's Notes price for the North American market at quarter end was US\$35.23 per kilogram of contained vanadium, an increase from the March quarter of US\$32.14 per kilogram.

London Metal Bulletin pricing for vanadium in the European market at quarter end was US\$25.53 per kilogram of contained vanadium, largely unchanged from the previously reported US\$25.52 per kilogram as at the end of the March quarter 2012.

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Windimurra ferrovanadium from the first commercial shipment in May



Marketing – Iron Ore

The quarter saw the Company continue to focus on monetising its iron ore by-product, and in particular on reducing the logistics cost to ship the product.

Negotiations with customers continued regarding contract terms for a first shipment of iron ore from Windimurra, however this was against the backdrop of softening iron ore prices.

The Company has received bids from customers but is not willing to commit to any contracts until such time as it has achieved a lowest possible cost logistics solution that will ensure the long term profitability from the sale of iron ore.

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Resource Development

During the quarter, based on an infill drilling program of the southern sector of the deposit, 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. The Mineral Resource in the southern mine area also increased in tonnage by 67% to 86.5 million tonnes.

Following the increase in the resource, an updated global Ore Reserve was calculated in conjunction with Cube Consulting Pty Ltd. This work has led to an increase in the JORC-compliant global Ore Reserve for the Windimurra project by 32 million tonnes to 160 million tonnes at 0.47% V₂O₅, a 25% increase on the previous global Ore Reserve.

With the confirmation of the higher grade vanadium resources in the southern mine area and the increased Ore Reserve, the mining team is developing multi-staged pit shells for the southern area to assess the viability of increasing 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.

The updated Mineral Resource estimates are set out in the table below.

	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)

*** (Calculated as at 1 March 2012)

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The above Mineral Resources are inclusive of the Ore Reserves stated below.

	May 2011				July 2012***			
	Tonnes (Mt)**	V ₂ O ₅ %	Tonnes (V)	Grade V%	Tonnes (Mt)**	V ₂ O ₅ %	Tonnes (V)	Grade V%
RESERVES								
Proven	49.3	0.46	128,200	0.26	41.8	0.46	107,300	0.23
Probable	78.3	0.47	206,000	0.26	118.1	0.47	313,800	0.27
TOTAL	127.6	0.47	334,200	0.26	159.9	0.47	421,100	0.26

** (Grades reported to a lower cut-off of 0.34% V₂O₅ oxide, 0.32% V₂O₅ transitional, 0.27% V₂O₅ fresh)

*** (Calculated as at 1 March 2012)

(Please note the tabulations have been rounded to the nearest 100,000 tonnes and nearest 100 tonnes contained vanadium, resulting in summation rounding)

The Ore Reserves occur within a planned open pit design resulting in a waste to ore stripping ratio of 0.8:1 (tonnes).

VIETNAM BAUXITE PROJECT

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

During the quarter, Atlantic completed the study in draft form and provided the report to Vimluki. In recent weeks, Vimluki has added further contributions to the report and discussed it with Atlantic ahead of it being circulated more widely within the Vietnam Government.

Once considered and approved by the Vietnam Government, 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.

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BUSINESS DEVELOPMENT

Internal Growth

During the quarter, Atlantic continued to work with Changsha Research Institute of Mining and Metallurgy on the potential to separate Windimurra's iron ore fines into iron (Fe) powder and titanium dioxide (TiO₂) concentrate to expand the Company's product suite.

Preliminary results from this testing have proven positive and the Company expects to receive final results from the Changsha testing in August 2012. Once the final results are received, Atlantic will then consider the optimal way forward for this exciting opportunity,

In addition, Atlantic continued to evaluate opportunities to unlock further value from its Windimurra vanadium plant.

Using minimal to moderate capital investment, it is possible for the Company to widen its vanadium product offering leveraging the existing infrastructure at Windimurra to include:

- Vanadium trioxide (V₂O₃) – requiring minor capital and regulatory approvals; and
- Vanadium pentoxide (V₂O₅) – requiring moderate capital investment.

These growth initiatives will be developed further once the Windimurra plant ramp-up is accomplished.

External Growth

Atlantic continues to investigate 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

Atlantic held an Extraordinary General Meeting (**EGM**) on 27 April 2012 ratifying the issue of shares to clients of CPS Securities and approving the issue of shares to raise \$10 million as part of a \$41.7 million funding package announced on 6 March 2012.

The final element of this funding package was completed shortly after period end with a share placement raising \$10 million at 88 cents per share on the terms and conditions approved by shareholders on 27 April 2012.

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As part of its ongoing capital management strategy, the Company is in advanced discussions regarding new funding facilities for the Windimurra project.

SUBSTANTIAL SHAREHOLDERS

During the quarter, L1 Capital Pty Limited decreased their share holding to 5.5% (5.0% after the recent completion of the placement of shares) of the Company's issued capital.

Following the placement of 11,363,636 fully paid ordinary shares to raise \$10 million on 2 July 2012, Michael Minosora's shareholding in the Company rose to 13.6%.

CASHFLOW STATEMENT

At the end of the quarter, Atlantic and its subsidiaries held approximately \$24.1 million in cash.

The cash balance at 30 June 2012 excludes \$10 million in cash proceeds associated with the share placement completed shortly after the end of the quarter.

The Appendix 5B for the quarter ended 30 June 2012 follows.

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

Competent Person Statement – Reserves

The information in this announcement that relates to Ore Reserves is based on information compiled by Quinton de Klerk who is a Fellow of The Australasian Institute of Mining and Metallurgy. Mr de Klerk is a Director and Principal of Cube Consulting Pty Ltd.

Mr de Klerk has sufficient experience which is relevant to the activity that 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 de Klerk consents to the inclusion in this announcement of the matters based on his information in the form and context in which it appears.

Competent Person Statement – Resources

The information in this report that relates to exploration activities and mineral resources is based on information compiled by Colin Arthur, who is a Chartered Geologist, Member of The Australasian Institute of Mining and Metallurgy and Fellow of the Geology Society of London. Colin Arthur is a full-time employee of Midwest Vanadium Pty Ltd, (a wholly owned subsidiary of Atlantic Ltd) in the capacity of Chief Geologist. Colin Arthur has over twenty 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 is undertaking. 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'.

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