



ABN 60 009 213 763
Level 2, 16 Altona Street
West Perth, WA, 6005
PO Box 902
West Perth, WA, 6872
T +61 8 9482 0500
F +61 8 9482 0505
E info@atlanticlimited.com.au
www.atlanticlimited.com.au

24 December 2009

ATLANTIC JOINS MINERAL RESOURCES TO REVAMP WINDIMURRA VANADIUM PROJECT

Highlights

- *Atlantic joins Mineral Resources to commission the Windimurra Vanadium Project*
- *Atlantic to acquire 25% equity stake in project vehicle*
- *Opportunity with strong leverage to vanadium market*
- *World scale vanadium project*
- *Clear pathway to project completion and production in 2010*

Atlantic Limited (ASX: ATI; **Atlantic**) announces that it has 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 will become a 25% equity holder in the project vehicle Midwest Vanadium Pty Ltd (**MWVPL**) and arrange the new secured debt funding required to complete the 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.

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 will now work towards the signing of definitive documentation with the Receiver of MWVPL, including the necessary finance documents, to facilitate the commissioning of the project.

Atlantic Managing Director Michael Minosora said that Atlantic was delighted to join Mineral Resources in completing the Windimurra Vanadium project.

"This is a highly attractive project that in the past has suffered from a combination of adverse factors and circumstances, including high gearing, construction cost over-runs and variable commodity prices," said Mr Minosora.

"We have an experienced and very successful partner in MRL and we are confident that together we can get Windimurra onto a strong production footing."

"We are particularly pleased to be working in partnership with MRL, which is a highly credentialed and successful Australian mining services and processing company."

"Atlantic and MRL are extremely well suited to work together at Windimurra and we look forward to developing a successful and enduring relationship."

For Atlantic, joining the MRL consortium gives it an equity stake in a specialist metal producer that has world market significance and exposure to potential commodity price upside.

Under the agreement, MRL will continue to operate the crushing and processing plants through its existing 'Build Own and Operate' contract entered into prior to MWVPL entering into administration in February 2009.

The heads of agreement is subject to procurement of the new secured debt funding package on terms mutually acceptable to MRL and Atlantic.

Mr Minosora said the transaction is wholly consistent with Atlantic's strategy to build a portfolio of large scale projects that will provide superior returns to shareholders.

Atlantic applies a highly disciplined, innovative approach to acquisitions and maintains a strong focus on resources projects that are low cost, long life and near production.

The Windimurra transaction is consistent with this strategy and is complementary to Atlantic's recent signing of a Memorandum of Understanding with Vietnamese state-owned enterprise T-MV to develop a major new bauxite project in Vietnam.

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Contact:

Michael Minosora
Managing Director
Atlantic Limited
+ 61 8 6311 4614

John McGlue
FD Third Person
+ 61 8 9386 1233
+ 61 417 926 915

About Atlantic

Atlantic is committed to building a diversified portfolio of world class resources assets that will provide superior returns to shareholders.

Atlantic seeks to bring fresh thinking to the identification, acquisition and development of low cost, long life and near production resource assets and applies a highly disciplined, innovative and opportunistic approach.

As a consequence of Atlantic's previously announced change of strategy and direction, Atlantic will focus on exploration and mining activities, with a focus on world class mining projects. The Board does not intend to pursue further investment in its pearl marketing business at this time.

This will involve a significant change in the nature and scale of Atlantic's activities and, accordingly, Atlantic will need to re-comply with Chapters 1 and 2 of the ASX Listing Rules if the proposal is approved by Atlantic shareholders. Atlantic will seek shareholder approval for this change, and a share consolidation to a minimum of 20 cents per share, at a general meeting to be held in the coming months. The terms of the consolidation will be determined with reference to the volume weighted average price of Atlantic shares in the 5 trading days preceding the lodgement of the relevant notice of meeting.

Indicative timetable

The indicative timetable for the proposed shareholders meeting and the consolidation of capital is set out below:

Dispatch of Notice of Meeting	15 January 2010
Shareholders Meeting	24 February 2010

Please note that the above timetable is indicative only and may be varied in consultation with the ASX.

Shareholders should note that ASX has indicated that the Company's securities will be suspended from trading on the day of the shareholders meeting to consider the proposed change in activity until such time as the Company has satisfied Chapters 1 and 2 of the ASX Listing Rules.

If the shareholders do not approve the change in nature and scale of Atlantic's activities then the above mining related projects / transaction will not proceed. The Board is confident that shareholder approval will be achieved.

About Vanadium

Vanadium demand is directly linked to global steel consumption, with approximately 85-90% of global vanadium production consumed by the steel industry.

Vanadium is primarily used as an alloy addition to steels in order to increase the strength and improve the high temperature performance of steels. Other key uses for vanadium include titanium alloys for the aerospace industry, catalysts and vanadium redox flow batteries.

CRU Strategies¹ forecasts that the intensity of vanadium use per tonne of steel will increase from 0.046kg/tonne in 2008 to 0.0511kg/tonne in 2011. This increase will be driven by a range of factors including increased use of higher strength micro alloy steels in the Chinese construction industry.

Vanadium is not openly quoted on an exchange, however prices are regularly published in industry publications such as Metals Bulletin and Ryan's Notes.

¹ CRU Strategies is a specialist management consultancy providing independent, exclusive and proprietary advice to the world's leading metals and mining companies, financial institutions and governments.