

Appendix 5B

Mining exploration entity and oil and gas exploration entity quarterly report

Introduced 01/07/96 Origin Appendix 8 Amended 01/07/97, 01/07/98, 30/09/01, 01/06/10, 17/12/10, 01/05/2013

Name of entity

Atlantic Ltd

ABN

60 009 213 763

Quarter ended ("current quarter")

31 December 2014

Consolidated statement of cash flows

Cash flows related to operating activities	Current quarter \$A'000	Year to date (6 months) \$A'000
1.1 Receipts from product sales and related debtors	3,705	4,283
1.2 Payments for (a) exploration & evaluation	(197)	(285)
(b) development	-	-
(c) production	(157)	(1,225)
(d) administration	(13,904)	(25,233)
1.3 Dividends received	-	-
1.4 Interest and other items of a similar nature received	71	100
1.5 Interest and other costs of finance paid	(38)	(38)
1.6 Income taxes paid	-	-
1.7 Other (Insurance proceeds)	13,000	36,750
Net Operating Cash Flows	2,480	14,352
Cash flows related to investing activities		
1.8 Payment for purchases of: (a) prospects	-	-
(b) equity investments	-	-
(c) other fixed assets	(7,824)	(15,177)
1.9 Proceeds from sale of: (a) prospects	-	-
(b) equity investments	-	-
(c) other fixed assets	96	96
1.10 Loans to other entities	-	-
1.11 Loans repaid by other entities	-	-
1.12 Other (Office bond refund)	375	375
Net investing cash flows	(7,353)	(14,706)
1.13 Total operating and investing cash flows (carried forward)	(4,873)	(354)

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1.13	Total operating and investing cash flows (brought forward)	(4,873)	(354)
	Cash flows related to financing activities		
1.14	Proceeds from issues of shares, options, etc.	-	-
1.15	Proceeds from sale of forfeited shares	-	-
1.16	Proceeds from borrowings	301	301
1.17	Repayment of borrowings	(3,433)	(3,433)
1.18	Dividends paid	-	-
1.19	Other	-	-
	Net financing cash flows	(3,132)	(3,132)
	Net increase (decrease) in cash held	(8,005)	(3,486)
1.20	Cash at beginning of quarter/year to date	12,609	8,075
1.21	Exchange rate adjustments to item 1.20	(13)	2
1.22	Cash at end of quarter	4,591	4,591

Payments to directors of the entity, associates of the directors, related entities of the entity and associates of the related entities

		Current quarter \$A'000
1.23	Aggregate amount of payments to the parties included in item 1.2	104
1.24	Aggregate amount of loans to the parties included in item 1.10	-
1.25	Explanation necessary for an understanding of the transactions	
	Payments to directors include salary and related benefits.	

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

The Company's wholly-owned subsidiary Midwest Vanadium Pty Ltd (**MVPL**) was required to deposit US\$5 million into its interest reserve account (**IRA**) on 3 February 2014 and pay the US\$19.3 million February 2014 and US\$21.8 million August 2014 half yearly interest payments on its senior secured notes.

MVPL did not make the IRA deposit or the half yearly interest payments. The majority of the holders of its senior secured notes have agreed to forbear MVPL's default for failure to deposit US\$5 million in the IRA and MVPL's failure to pay the half yearly interest payments until 16 January 2015. Discussions regarding a new forbearance agreement are ongoing.

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

N/A

Financing facilities available

Add notes as necessary for an understanding of the position.

	Amount available \$A'000	Amount used \$A'000
3.1 Loan facilities	735,963	735,963
3.2 Credit standby arrangements	-	-

Loan facilities as at 31 December 2014 include:

1. US\$335m in Senior Secured Notes converted at 0.8202 (being the exchange rate at 31 December 2014), due in February 2018, with interest payable at 12.25% p.a. plus accrued interest of US\$41.0m
2. US\$1.7m additional payment amount due in Senior Secured Notes converted at 0.8202 (being the exchange rate at 31 December 2014), due in February 2018, with interest payable at 12.25% p.a. plus accrued interest of US\$0.1m
3. A\$41.8m in Class A Convertible Bonds, due March 2015, with interest payable at 17.5% p.a. plus accrued interest of A\$3.7m
4. A\$67.7m in Class B Convertible Bonds, due March 2015, with interest payable at 22.5% p.a. plus accrued interest of A\$7.5m
5. A\$56.9m in Class C Convertible Bonds, due March 2015, with interest payable at 22.5% p.a. plus accrued interest of A\$5.3m
6. A\$29.9m in Class D Convertible Bonds, due March 2015, with interest payable at 22.5% p.a. plus accrued interest of A\$2.8m
7. A\$24.2m in Promissory Notes, due March 2015, with interest payable at 22.5% p.a. plus accrued interest of A\$2.8m
8. A\$29.7m in Secured Loan from Droxford International limited, with interest payable at 17.0% p.a. plus accrued interest of A\$3.0m

Estimated cash outflows for next quarter

	\$A'000
4.1 Exploration and evaluation	-
4.2 Development	12,145,839
4.3 Production	-
4.4 Administration	13,324,263
Total	25,470,102

The above analysis only includes estimated outflows for the next quarter - operating and capital.

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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
5.1 Cash on hand and at bank	4,591	12,609
5.2 Deposits at call	-	-
5.3 Bank overdraft	-	-
5.4 Other (provide details)	-	-
Total: cash at end of quarter (item 1.22)	4,591	12,609

Changes in interests in mining tenements and petroleum tenements

	Tenement reference and location	Nature of interest (note (2))	Interest at beginning of quarter	Interest at end of quarter
6.1 Interests in mining tenements and petroleum tenements relinquished, reduced or lapsed	N/A			
6.2 Interests in mining tenements and petroleum tenements acquired or increased	N/A			

Issued and quoted securities at end of current quarter

Description includes rate of interest and any redemption or conversion rights together with prices and dates.

	Total number	Number quoted	Issue price per security (see note 3) (cents)	Amount paid up per security (see note 3) (cents)
7.1 Preference + securities <i>(description)</i>				
7.2 Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs, redemptions				
7.3 + Ordinary securities	154,757,339	154,757,339		
	66 Class B	-		

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7.4	Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs				
7.5	+Convertible debt securities <i>(description)</i>	416,986,960*	Nil	\$0.2625	\$0.2625
7.6	Changes during quarter (a) Increases through issues (b) Decreases through securities matured, converted				
7.7	Options <i>(description and conversion factor)</i>			<i>Exercise price</i>	<i>Expiry date</i>
7.8	Issued during quarter				
7.9	Exercised during quarter				
7.10	Expired during quarter				
7.11	Debentures <i>(totals only)</i>				
7.12	Unsecured notes <i>(totals only)</i>				


*The convertible debt securities shown at 7.5 above relate to:

1. A\$41.8m in Class A Convertible Bonds convertible at 26.25 cents each on or before 6 March 2015;
 2. A\$67.7m in Class B Convertible Bonds convertible at 26.25 cents each on or before 6 March 2015.
- These convertible debt securities are included in financing facilities in 3.1 above.

Compliance statement

- 1 This statement has been prepared under accounting policies which comply with accounting standards as defined in the Corporations Act or other standards acceptable to ASX (see note 5).
- 2 This statement does give a true and fair view of the matters disclosed.

Sign here:


(Company Secretary)

Date: 30 January 2015

Print name: Tony Veitch

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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 "Nature of interest" (items 6.1 and 6.2) includes options in respect of interests in mining tenements and petroleum tenements acquired, exercised or lapsed during the reporting period. If the entity is involved in a joint venture agreement and there are conditions precedent which will change its percentage interest in a mining tenement or petroleum tenement, it should disclose the change of percentage interest and conditions precedent in the list required for items 6.1 and 6.2.
- 3 **Issued and quoted securities** The issue price and amount paid up is not required in items 7.1 and 7.3 for fully paid securities.
- 4 The definitions in, and provisions of, *AASB 6: Exploration for and Evaluation of Mineral Resources* and *AASB 107: Statement of Cash Flows* apply to this report.
- 5 **Accounting Standards** ASX will accept, for example, the use of International Financial Reporting 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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