ANNUAL REPORT 2011

ATLANTIC LTD

CORPORATE INFORMATION

DIRECTORS

Ian McMaster (Non-Executive Chairman)
Michael Minosora (Managing Director)
Tony Veitch (Executive Director)
Alan Mulgrew (Non-Executive Director)
Jay Wacher (Non-Executive Director)
Phiong Phillipus Darma
(Non-Executive Director)

COMPANY SECRETARY

Richard Maltman

INDEPENDENT AUDITORS

Ernst & Young
11 Mounts Bay Road
PERTH WA 6000

REGISTERED & PRINCIPAL OFFICE

Level 29
Bankwest Tower
108 St Georges Terrace
PERTH WA 6000
Telephone: + 61 8 6141 7100
Facsimile: + 61 8 6141 7101

POSTAL ADDRESS

PO Box Z5431
St Georges Terrace
PERTH WA 6831

HOME EXCHANGE

Australian Securities Exchange
Exchange Plaza
2 The Esplanade
PERTH WA 6000

ASX Codes

ATI
ATIO

SHARE REGISTRY

Security Transfer Registrars Pty Ltd
PO Box 535
APPLECROSS WA 6953
Telephone: +61 8 9315 2333

BUILDING A WORLD CLASS
RESOURCES GROUP

CONTENTS

ATLANTIC LTD 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.

CHAIRMAN'S LETTER

Dear Shareholders

On behalf of the Board of Atlantic Ltd, I am pleased to present this Annual Report for the year ended 30 June 2011.

After adopting a new corporate strategy in 2010, Atlantic has rapidly progressed towards becoming a multi-commodity resources group. The Company's most significant step has been to complete the acquisition of the Windimurra vanadium project, which is now approaching first production. The project has called for an exceptional effort from a small team to fully fund the acquisition, and has since seen the construction effort largely completed, with commissioning underway.

Early indications are that the market is keen to access what is expected to be a premium quality supply of ferrovanadium, and the management team is confident that it will place Windimurra's growing output at attractive prices.

Equally important has been Atlantic's growth in terms of capability and structure. Midwest Vanadium Pty Ltd ("**MVPL**"), now a wholly owned subsidiary of Atlantic, has recruited a fully staffed and highly skilled operations team which is actively engaged in commissioning activities in the lead up to first production.

During the construction phase, Atlantic can be proud of its positive occupational health and safety record with minimal lost time injuries and no fatalities recorded. This record has been underpinned by a rigorous safety program embedded throughout the Company.

Meaningful advances have been made towards the establishment of an iron ore business. Atlantic made strong progress towards developing an iron ore logistics chain with capacity to export 1.5 million tonnes per annum through the Port of Geraldton. A test shipment of iron fines was undertaken mid-year, with a further shipment imminent and subject to the completion of the full mine to port logistics chain.

Atlantic has also sought to expand its portfolio where attractive opportunities exist. Our business development team continued dialogue with relevant local and national authorities to progress the previously announced bauxite project in Vietnam. This dialogue very recently culminated in Atlantic signing an agreement with Vietnam's Institute of Mining Science & Metallurgy to undertake a development study of the bauxite industry in Vietnam's Central Highlands. The agreement brings Atlantic one step closer to application to develop its proposed 'mine-rail-port' bauxite project.

In addition, a lengthy pipeline of investment opportunities has been screened for their fit with Atlantic's strategy and capabilities. The Board can assure shareholders that while we are determined to grow Atlantic, we will only do so if the opportunities on offer meet strict hurdle rates and demonstrate a capacity to add substantial shareholder value.

Atlantic's vision to build a world class resources group is now firmly in place. The Board and Executive Leadership Team has grown over the past year in terms of managerial and governance capabilities. I am excited by Atlantic's significant prospects and look forward to reporting on Atlantic's further achievements.

Yours sincerely

IAN MCMASTER

Chairman

17 October, 2011

MANAGING DIRECTOR'S REPORT

The past year has seen Atlantic complete the acquisition of the Windimurra Vanadium Project, refinance the Project through a successful $US335 million secured note issue, largely complete construction of the plant and commence commissioning of the plant at Windimurra.

The Company has also made significant progress in the development of our operational and corporate teams.

These teams and the talented people in them are the important foundation on which Atlantic's business is built.

VISION AND STRATEGY

Atlantic's vision is to build a world class resources group.

Atlantic's strategy to achieve its vision is to combine its strong financing capability with a highly disciplined and innovative approach to acquire resources projects that are low cost, long life and near production. This, together with developing a high quality operations team, is how we expect to deliver superior returns to shareholders.

The current global macro-economic environment continues to provide opportunities to deliver on the Company's vision and uncertainty will provide opportunities for patient and disciplined investors against the backdrop of strong global demand for commodities due to the industrialisation of emerging economies.

During the year, Atlantic reviewed numerous acquisition opportunities, a number of which are under review.

The Company adopts strict acquisition filters when evaluating investment opportunities which it applies in a disciplined and structured manner.

PEOPLE

I am particularly pleased that Atlantic has successfully recruited across all key business disciplines to enhance our business and corporate capability.

We have built a talented operational team to manage our Windimurra business across all disciplines and complemented this with a team of professionals in our corporate office in business development, legal, finance, human resources, marketing and investor relations.

WINDIMURRA VANADIUM PROJECT

WINDIMURRA ACQUISITION

Atlantic completed the acquisition of 100% of the Windimurra Project in September 2010. The key elements that make Windimurra such a compelling opportunity for Atlantic include:

- high quality, long life mining inventory with significant expansion potential;
- globally significant vanadium project (with an estimated 7% of world vanadium production);
- lowest quartile of the global vanadium industry cost curve, net of iron ore income once operating at nameplate capacity, with further operational improvements identified by Atlantic;
- near-term production;
- robust vanadium market fundamentals including a potential to price vanadium pentoxide product at a premium given the high quality product that will be produced from the only gas-fired kiln in the vanadium industry; and
- valuable iron ore by-products and co-products.

Since acquisition, Atlantic has:

- expanded the reserve base at Windimurra by 30%;
- increased plant production capacity by 11% to 6,300 tonnes of contained vanadium per annum as a result of higher head grade; and
- extended the Windimurra mine life to 28 years.

Further initiatives, including the potential development of a complementary vanadium pentoxide production circuit, will solidify Windimurra's status as a world class vanadium producer.

MANAGING DIRECTOR'S REPORT

Reserves and Resources

The Windimurra tenements cover a 27 kilometre strike length of the Vanadiferous Magnetite Shephard Discordant Zone. Of this strike length, approximately six kilometres, inclusive of the existing pit, has been drill tested and included within the existing resource estimate at Windimurra. The resource remains open, both along strike and at depth.

During the year, an infill grade control drilling program led to a 19% increase in Windimurra's JORC-compliant global mineral resource to 210 million tonnes at 0.47% V_2O_5. This was followed by a 30% increase in the JORC-compliant ore reserve estimate for Windimurra to 128 million tonnes at 0.47% V_2O_5.

As a result of the reserve increase, the potential mine life of Windimurra was extended to 28 years from 24 years previously.

The current JORC-compliant Mineral Resources and Ore Reserves at Windimurra are outlined below.

Mineral Resources

February 2011

	Tonnes (Mt)*	V_2O_5%	Tonnes (V)	Grade V%
Measured	49.9	0.46	124,700	0.25
Indicated	100.3	0.47	260,700	0.26
Inferred	59.8	0.48	161,400	0.27
TOTAL	210.0	0.47	546,800	0.26

*(Grades reported to a lower cut-off of 0.275% V_2O_5)

Ore Reserves

May 2011

	Tonnes (Mt)*	V_2O_5%	Tonnes (V)	Grade V%
Proven	49.3	0.46	128,200	0.26
Probable	78.3	0.47	206,000	0.26
TOTAL	127.6	0.47	334,200	0.26

**(Grades reported to a lower cut-off of 0.34% V_2O_5 oxide, 0.32% V_2O_5 transitional, 0.27% V_2O_5fresh)

(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 life of mine open pit design resulting in a waste to ore stripping ratio of 0.7:1 (tonnes).

See competent person statements at the end of the Managing Director's Report.

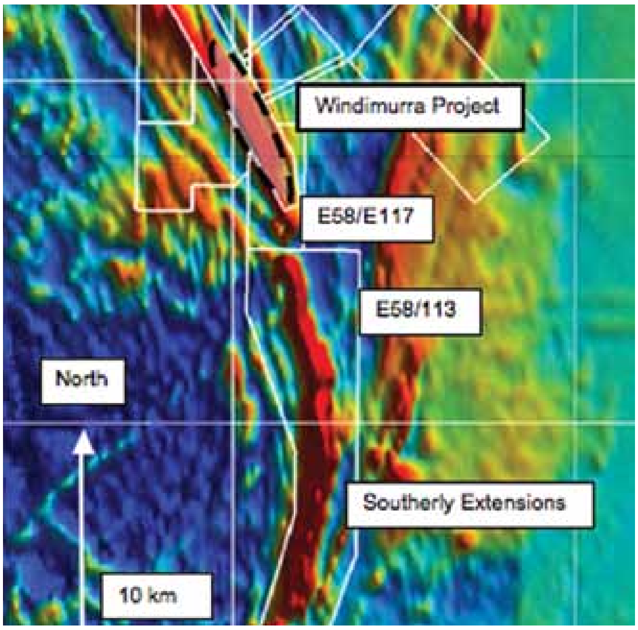
Exploration

During the year, a drill program showed encouraging results at Windimurra's southern tenements and confirmed that the Windimurra vanadium bearing horizon extends south throughout the additional 21 kilometre strike length. The drill program also identified vanadium distributions with grades as high as 0.57% V_2O_5 over 16 metres.

Twenty RC holes were drilled along the high magnetic signature south of the known ore body at Windimurra on 100%-owned exploration tenements E58/113 and E58/117. Five lines of drilling, at five kilometres spacing, on drill fences to a depth of 120 metres, were undertaken over the strike length of the magnetic signature within these tenements.

The drilling was designed to identify the primary geological constraints and quantify broad vanadium distributions throughout this prospective ground.

The figure below shows the magnetic signature of the Windimurra vanadium bearing mineralisation horizon, including the southern tenement area.



Mining

As part of the reserve upgrade completed during the year, a revised life of mine plan was developed for Windimurra.

This new life of mine plan provides for the mining of oxidised, transitional and fresh magnetite-rich ore to a depth of 150 metres, with transitional and fresh ores to be bench mined for grade control.

Under the new life of mine plan, mining will commence in the central pit and move to the northern part of the ore body followed by the southern part of the ore body.

MANAGING DIRECTOR'S REPORT

As a result of the reserve increase and revised mine plan, ore head grade reporting to the vanadium processing plant has been increased to 0.51% V_2O_5 from 0.47% V_2O_5 over a 10 year period following ramp-up. These improvements translate into higher plant capacity and operational savings.

During the year, contract miner Minepower commenced work on the northern cutback of the existing pit. Pre-stripping commenced in June and mining is now into the main ore body with vanadium rich ore currently being delivered to the primary crusher.

Negotiations for approvals under Section 18 of the Aboriginal Heritage Act 1972 (WA) to access the central pit within the mine plan are well advanced and the Company is hopeful that approvals will be obtained in advance of mining.

Blending

The mineralisation of the ore body is split into bands of softer, less magnetised oxide ore at the surface, a band of transitional ore and finally at depth, a band of fresh ore which is more magnetically susceptible.

Ore is being blended on the run of mine (ROM) stockpile from separate stockpiles of ore, segregated by the degree of oxidation. This method of blending will yield an improved level of recovery in the processing plant relative to mining costs.

The photograph below shows the three ore types on the ROM pad in preparation for primary crushing.

Processing

The diagram below shows the conventional vanadium process flow of the plant now largely constructed at Windimurra.

The production of ferrovanadium from vanadiferous magnetite involves:

- production of a magnetite concentrate via primary and secondary crushing, grinding and magnetic separation (the photograph below shows an inventory of crushed ore in preparation for beneficiation into magnetite concentrate);

- roasting of this concentrate with soda ash (a source of CO_2 and sodium) in a rotary kiln to convert the vanadium to water soluble sodium vanadate (the photograph below shows the 102 metre long by 4.75 metre diameter rotary gas-fired kiln installed at Windimurra);

- leaching of the roasted ore with water (the photograph below shows the leach vats undergoing commissioning);

- de-silication of the pregnant solution using sulphuric acid and aluminium sulphate;
- precipitation of ammonium metavanadate using ammonium sulphate; and
- reduction of ammonium metavanadate to vanadium trioxide (V_2O_3) and then to ferrovanadium (the photograph below shows commissioning of the electric arc furnace).

As mentioned, Atlantic has revised expected plant production capacity to around 6,300 tonnes of contained vanadium per annum, up 11% from 5,700 tonnes per annum previously.

The photograph below shows crushed ore moving through the secondary and tertiary crushers.

Vanadium Demand

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

Vanadium is primarily used as an alloy which strengthens and improves the high temperature performance of steels. Other key uses for vanadium include titanium alloys for the aerospace industry, catalysts and batteries (including vanadium redox flow batteries and vanadium lithium batteries).

Vanadium prices are not openly quoted on any exchange, however ferrovanadium and vanadium pentoxide prices are regularly published in industry publications such as Metal Bulletin and Ryan's Notes.

Atlantic is optimistic about the prices for vanadium in the long term as steel production and demand continues to grow and the intensity of use of vanadium in steel making increases in both the established and the key emerging market economies.

Strong customer interest has been received from the global vanadium market for Windimurra ferrovanadium. Atlantic has also received strong market interest in vanadium pentoxide production and the Company is giving serious consideration to installing a vanadium pentoxide production circuit at Windimurra to service this premium market.

Iron Ore

The production of ferrovanadium produces a haematite fines by-product that, once removed from the leach vats, is deposited in the calcine tailings storage area. This iron ore fines material, together with an existing stockpile of fines from the previous operations at Windimurra, is a marketable product and Atlantic has made significant progress to establish an iron ore business alongside the vanadium business. During the year, Atlantic commenced marketing of this iron ore fines product and a trial shipment of 500 tonnes of the existing iron ore fines material was sent to a Chinese customer in May 2011. Following this, a conditional agreement was reached for a further 30,000 tonnes of iron ore fines subject to the completion of Windimurra's logistics chain.

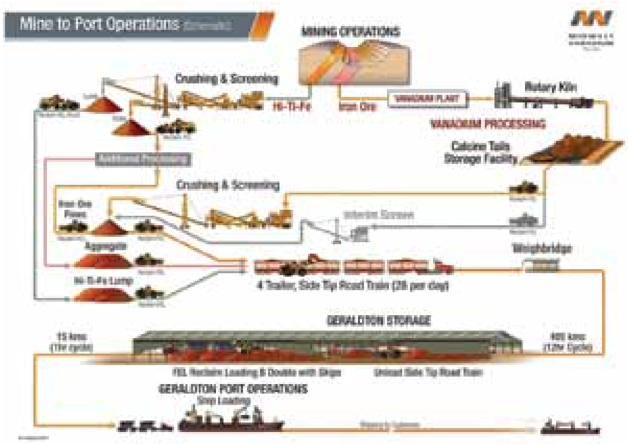
In addition, work is continuing on a high specific gravity aggregate product as well as a high titanium magnetite lump product that is currently classified as a waste product in the mine plan.

Atlantic has been pleased with the favourable customer feedback received for our aggregate and lump iron ore products and we are excited about commencing iron ore exports in the current year.

As part of our overall product development work, Atlantic has commenced work with a Chinese research institute to examine the potential to separate the iron, titanium and vanadium in the ore at Windimurra with a view to producing a high grade, low impurity iron powder and titanium concentrate as well as Windimurra's existing high quality vanadium products. Titanium concentrates and iron powder are in high demand and currently attract strong pricing. This work has delivered positive early results and we will continue to examine this potentially significant value-add opportunity this year.

MANAGING DIRECTOR'S REPORT

At the date of this report, Atlantic had made significant progress towards the establishment of its iron ore logistics solution (see diagram below).



Atlantic has now secured all necessary approvals from the Environmental Protection Authority (EPA) for its iron ore logistics business covering mine site handling, transportation and port loading.

Atlantic has largely completed discussions with the Port of Geraldton regarding a port services agreement that will facilitate the export of over 1.5 million tonnes of iron ore per annum. In addition, we have progressed negotiations with potential logistics service providers to implement the handling, transport and ship loading of iron ore and we are in the process of finding an intermediate storage solution. Whilst we are behind our original schedule for the commencement of exports of iron ore, we now have all necessary approvals to begin exports.

Next Steps

At the date of this report, I am pleased to advise that the vanadium plant construction is now largely complete and wet and process commissioning is underway.

We are currently undertaking additional modifications to the crushing, milling and beneficiation ("**CMB**") area as we commission the plant, which has delayed first production of vanadium. However, we look forward to being able to announce the commencement of production of vanadium and the export of iron ore by- and co-products.

With commissioning and the transition to operations now our focus, and with our highly skilled operations team now at near full strength, Atlantic is well positioned to become a mining production company.

We are constantly identifying new initiatives at Windimurra that will add value to our business. These will each be considered by Atlantic in due course.

As mentioned, Atlantic is giving serious consideration to installing a vanadium pentoxide production circuit at Windimurra in the near term. The capability to produce two vanadium products will provide Windimurra with production and marketing flexibility. The business case for vanadium pentoxide production is supported by our unique gas-fired kiln production process, a positive supply and demand dynamic and numerous approaches to Atlantic for vanadium pentoxide off-take.

Research work to produce a high grade low impurity iron powder and a titanium concentrate will also continue this year and I look forward to reporting on the outcome of this testing.

VIETNAM INTEGRATED BAUXITE PROJECT

Vietnam has the potential to develop a world class aluminium industry given the extensive bauxite (gibbsite) deposits found in the Central Highlands region of southern Vietnam and the country's proximity to major world demand centres.

Vietnam's Central Highlands are believed to host the world's third largest bauxite deposits. A key characteristic of the bauxites in the Central Highlands is that they are amenable to upgrading by simple washing and screening to recover an alumina-rich, silica-depleted concentrate.

Atlantic very recently signed an agreement with Vietnam's Institute of Mining Science & Metallurgy, under the Vietnamese Ministry of Industry and Trade, to undertake a development study of Atlantic's proposed integrated 'mine-rail-port' bauxite supply chain solution, to be developed in stages, which includes a 260 kilometre third party access heavy haul rail line from the Central Highlands to the coast.

MANAGING DIRECTOR'S REPORT

SUMMARY

Atlantic has undertaken an exciting journey over the past year and I am confident that the team we have built has positioned us well to deliver our strategy and realise our vision of becoming a world class resources group.

This vision is now firmly supported by a competent business development team actively engaged in screening development opportunities.

I would like to thank all of our staff and contractors for their outstanding, and at times super human, efforts over the last year in delivering Atlantic's achievements – talented people were the key to our achievements this year and remain the key to our future success.

Atlantic has advanced its business substantially in the last year and our team remains committed to repeating that success in the year ahead.

MICHAEL MINOSORA

Managing Director

17 October, 2011

The Directors' Report and Financial Statements in the subsequent sections of the Annual Report were submitted to the Australian Securities Exchange on 17 August, 2011. The Chairman's Letter and Managing Director's Report dated 17 October, 2011 include events subsequent to the date of lodgment of the Directors' Report and Financial Statements. This includes events specified in the Company's announcement to the Australian Securities Exchange on 19 September, 2011.

Competent Person Statement – Resources

The information in this report relating to exploration activities and mineral resources at the Project 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 Mine Geologist. Mr Arthur has over 25 years experience in this style of mineralisation 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 mineralisation 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 in this report of his resource statement in the form and context in which it appears.

Competent Person Statement – Reserves

The information in this report relating to ore reserves has been compiled under the guidance of Quinton de Klerk, Director and Principal Consultant at Cube Consulting Pty Ltd (CUBE). Mr de Klerk is a Member of The Australasian Institute of Mining and Metallurgy and has sufficient experience which is relevant to the activity which he is reporting on 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 report of the matters based on the information compiled by him, in the form and context in which it appears.

DIRECTORS' REPORT

Your Directors have pleasure in submitting their report on the Consolidated Entity, being Atlantic Ltd ("**Atlantic**" or the "**Company**") and its controlled entities ("the **Group**"), for the year ended 30 June 2011.

DIRECTORS

The Directors of the Company during the year and until the date of this report are set out below. Directors were in office for the entire period unless otherwise stated.

MR IAN MCMASTER – AM NON-EXECUTIVE CHAIRMAN

Appointed 12 April 2010

BE (Metallurgy), ME

Ian McMaster is a former Chief Executive Officer of CSR Sugar, a position he held for seven years. Prior to this, Mr McMaster spent more than 30 years with BHP Billiton in a range of senior executive roles in the steel and minerals businesses in New South Wales, Victoria, Western Australia and China.

During the past three years he has also served as a Director of the following listed company:

Intrepid Mines Limited (current directorship)

Special Duties

Chairman of Remuneration & Nomination Committee and Member of Health, Safety & Environment Committee and Audit Committee.

MR MICHAEL MINOSORA – MANAGING DIRECTOR

Appointed 25 September 2009

BBus, MBA, FCA

Mr Minosora is a fellow of the Institute of Chartered Accountants in Australia who has over 20 years' experience in the corporate advisory arena, advising on significant corporate transactions both in Australia and South East Asia. Mr Minosora was previously Chief Financial Officer of Fortescue Metals Group, Managing Director with Azure Capital and Managing Partner of Ernst & Young in Western Australia.

During the past three years he has held no other directorships of listed companies.

Special Duties

None.

MR TONY VEITCH – EXECUTIVE DIRECTOR

Appointed 4 July 2007

BCom, MBA

Mr Veitch has a Bachelor of Commerce degree and a Master of Business Administration. Mr Veitch previously acted as a consultant to a wide range of private and public companies. Prior to that, Mr Veitch was the Manager of Corporate Projects for the London Stock Exchange and worked with the Australian Securities Exchange.

During the past three years he has also served as a Director of the following listed company:

Baraka Energy & Resources Limited

Special Duties

None.

MR ALAN MULGREW – NON-EXECUTIVE DIRECTOR

Appointed 12 April 2010

BA (MGNT), DIP CORP FIN, GRAICD, JP

Mr Mulgrew provides strategic advice to numerous major institutions in the aviation, construction, infrastructure and energy sectors. Mr Mulgrew spent more than 35 years as a senior aviation executive both within Australia and overseas, including managing responsibility for Perth and Sydney Airports. Mr Mulgrew has held a number of high profile directorships, including Chairman, with both private and public companies.

During the past three years he has held no other directorships of listed companies.

Special Duties

Chairman of Health, Safety & Environment Committee and Member of Audit Committee and Remuneration & Nomination Committee.

MR JAY WACHER – NON-EXECUTIVE DIRECTOR

Appointed 12 April 2010

BCom, LLB, ASAA

Mr Wacher is currently a Commissioner of PT Elang Mahkota Teknologi Tbk (Emtek Group), an Indonesian-based television and telecommunications services business, having been the Finance Director from 2009 until 2011. Prior to that, Mr Wacher was Finance Director of a world class plantation company, PT London Sumatra Indonesia Tbk, which was acquired by an international investment consortium in 2004 in a debt restructuring.

Mr Wacher has 17 years experience in corporate finance and private equity investment and has 12 years experience in business in South East Asia. Mr Wacher was previously a director of Carnegie, Wylie & Company, the Australian investment bank and private equity firm, and before that a Director of Arthur Anderson Corporate Finance.

During the past three years he has also served as a Director of the following listed company:

PT Elang Mahkota Teknologi Tbk (Emtek Group) (current directorship)

Special Duties

Chairman of Audit Committee and Member of Remuneration & Nomination Committee and Health, Safety & Environment Committee.

MR PHIONG PHILLIPUS DARMA – NON-EXECUTIVE DIRECTOR

Appointed 18 November 2010

BAcc, MAcc

Mr Phillipus is a senior executive of the Salim Group of Companies. Mr Phillipus has extensive experience in the resources sector. He was involved in the acquisition of PT Sebuku Iron Lateritic Ore, an iron ore mining company located in South Kalimantan and currently appointed as commissioner of the company. He is also a member of the Steering Committee of PT Ithaca Resources, an emerging coal company in East Kalimantan. In addition to his current roles, Mr Phillipus has previously held senior positions with PT Indocement Tunggal Prakarsa, the largest cement company in Indonesia.

During the past three years he has also served as a Director of the following listed companies:

Gallant Venture Ltd (current directorship)

PT Indosiar Karya Media Tbk

Special Duties

Member of Audit Committee.

COMPANY SECRETARY

RICHARD MALTMAN – COMPANY SECRETARY

Appointed 8 June 2011

BCom, LLB, GAICD

Mr Maltman is a lawyer with nearly 20 years experience, practising principally in the resources sector. He has considerable experience in resource project acquisition, development and operations. He has held a number of non-executive board positions with listed resources companies. Prior to joining Atlantic, Mr Maltman ran his own legal practice for eight years, after working for a major Australian law firm.

TONY VEITCH – COMPANY SECRETARY

Appointed 14 April 2011, resigned 8 June 2011

YASMIN BROUGHTON – COMPANY SECRETARY

Appointed 10 August 2010, resigned 14 April 2011

STACEY APOSTOLOU – COMPANY SECRETARY

Appointed 15 March 2010, resigned 13 August 2010

DIRECTORS' INTERESTS IN THE SECURITIES OF THE COMPANY

As at the date of this report, the interests of the Directors in the shares and options of the Company were:

Directors	Shares	Listed Options	Unlisted Options	Class B Performance Shares
Ian McMaster	100,000	-	-	-
Michael Minosora	*5,174,692	-	-	8
Tony Veitch	**1,400,000	80,000	-	-
Alan Mulgrew	280,000	-	-	-
Jay Wacher	409,571	-	-	-
Phiong Phillipus Darma	-	-	-	-

* 3,960,000 post-consolidation shares have been issued to Mr Minosora pursuant to the Company's Executive Share Incentive Plan ("ESIP"), whereby the shares are secured by a limited recourse loan by the Company to Mr Minosora. Furthermore, the shares have vesting conditions and may only be sold should the Company's shares trade at greater than A$1.25 for a 10 day period. As at 30 June 2011, all the shares are fully vested to Mr Minosora.

** 1,000,000 post-consolidation shares have been issued to Mr Veitch pursuant to the Company's ESIP, whereby the shares are secured by a limited recourse loan by the Company to Mr Veitch. Furthermore, the shares have vesting conditions and may only be sold should the Company's shares trade at greater than A$1.875 for a 10 day period. As at 30 June 2011, all the shares are fully vested to Mr Veitch.

PRINCIPAL ACTIVITIES OF THE GROUP

The principal activities of the Group during the year were the acquisition and development of mineral resource projects.

DIVIDENDS

No dividends were paid during the year and no recommendation is made for the payment of a dividend.

REVIEW AND RESULTS OF OPERATIONS

HIGHLIGHTS

- Acquisition of 100% interest in Windimurra vanadium project;
- Successful debt (US$335m) and equity (A$55m) capital raisings to fully fund completion of construction and commissioning of the Windimurra vanadium project;
- Vanadium output forecast revised upwards by 11% to 6,300 tonnes of contained vanadium per annum;
- Major sales and marketing agreement signed for 100% of ferrovanadium production from Windimurra, with 65% of volume price protected in a cap-and-collar mechanism;
- Windimurra JORC-compliant ore reserve increased by 30% and mine life extended to 28 years;
- Windimurra JORC-compliant resource increased by 19% and encouraging exploration results from southern tenements; and
- Windimurra vanadium project on track for first production in the third quarter, calendar year 2011.

The Group recorded a net profit after tax for the year of A$12.3m (2010: net loss of A$7.7m restated).

WINDIMURRA VANADIUM PROJECT

Early in the financial year, shareholders approved a change in the strategic direction of Atlantic. Following this approval, Atlantic completed a A$55m equity capital raising and the acquisition of the Windimurra vanadium project ("**Windimurra**" or "the **Project**") through the acquisition of 100% of Midwest Vanadium Pty Ltd ("**MVPL**"), the entity that owns 100% of the Project, on 21 September 2010.

During the year, Atlantic made strong progress on the funding and development of Windimurra.

Atlantic successfully completed the funding for the development of Windimurra following a senior secured note issue by MVPL in the amount of US$335m in February 2011. The proceeds of the debt issue were also used to acquire certain Project related assets and retire all existing external debt of MVPL.

During the financial year, Atlantic made significant progress towards the completion of construction of Windimurra.

Electrical Construction & Maintenance Australia Pty Ltd and Kerman Contracting Ltd were appointed as key contractors for the completion of construction of Windimurra. In addition, open pit mining specialist Minepower was appointed to complete civil works including tailings facilities and civil infrastructure work for Windimurra. These three contractors worked closely with our project management and project services contractor Projects In Control Pty Ltd ("**PinC**") to oversee all aspects of construction completion at Windimurra.

The primary, secondary and tertiary crushers of the crushing, milling and beneficiation plant ("**CMB**") circuit were wet commissioned during the final quarter of the financial year. Approximately 42,000 tonnes of crushed ore were fed to the crushed ore stockpile in preparation for wet commissioning of the balance of the CMB circuit.

At year end, construction of the gas-fired kiln is largely complete, with commissioning of the kiln to begin as soon as the kiln gas burner fit out is completed and final commissioning of the CMB plant allows consistent feed input. Once the kiln is operational, wet commissioning of the leach vats and the de-silication and precipitation circuits will take place.

At period end, construction of the back end of the vanadium plant, which includes the pyrometallurgical process comprising a flash dryer and two ferrovanadium electric arc furnaces ("**EAFs**"), was well underway with the second EAF scheduled for installation shortly after year end.

Following completion of construction, production at Windimurra is expected to ramp up to a capacity of 6,300 tonnes per annum of contained vanadium and generate 1 million tonnes per annum of iron ore fines by-product. Project capacity was revised upwards by 11% during the year following resource and reserve upgrades and mine plan and production re-modelling.

During the year, and as part of operational readiness for the Project, Atlantic took significant steps to roll out a cognitive behavioural safety program. Windimurra has well developed health and safety procedures in place, and the focus of this program was to maximise the efficiency of these procedures within the Windimurra operational environment.

In parallel with the ongoing construction and operational readiness work at Windimurra, the Windimurra team continued to develop initiatives to identify operational improvements. Atlantic commenced work to bring online its existing vanadium pentoxide circuit – a legacy of Windimurra's previous operations. Preliminary engineering concept and design work was commenced during the year on this additional vanadium pentoxide circuit.

Other key Project achievements during the year included:

GAS SUPPLY

During the financial year, gas agreements were concluded for the supply and transportation of gas to the Project through to the end of 2012.

Gas supply from the Mid West Gas Pipeline to the Windimurra power station was enabled towards the end of the financial year which allowed the commissioning of the Jenbacher reciprocating gas fired power generators and Solar Tauras gas turbine power generators.

KEY REAGENT SUPPLY CONTRACT REACHED

During the year, a major supply agreement was reached with Redox Pty Ltd, a leading chemical distributor, to supply the Project with soda ash from the American Natural Soda Ash Corporation. Soda ash represents the largest reagent cost for the Project and is a key ingredient in the vanadium production process.

MARKETING – VANADIUM

In January 2011, an exclusive five year sales and marketing agreement was executed with Element Commodities Ltd ("**Element**") and Wengfu (Group) Co Ltd ("**Wengfu**"). The agreement provides for the sale of 100% of Windimurra's ferrovanadium production to Wengfu at market prices, subject to price protection with a minimum floor price and maximum cap price (collar mechanism) for up to 65% of Windimurra's annual ferrovanadium production.

Marketing of the ferrovanadium production from Windimurra was commenced during the year and Atlantic's vanadium marketing agent, Element, has received strong interest from customers for Windimurra's ferrovanadium product. In addition, due to the high quality vanadium pentoxide that can be produced utilising the gas fired kiln at Windimurra, Atlantic has also received a number of approaches for potential vanadium pentoxide off-take. This significant market interest has precipitated work on the vanadium pentoxide circuit at Windimurra.

MARKETING – IRON ORE BY-PRODUCT

During the year, Tennant Metals Pty Ltd and Coal and Ore Trading Ltd were appointed to market Windimurra's iron ore products.

A trial shipment of 500 tonnes of iron ore fines was sent to a Chinese customer in May 2011. The product was sourced from the 1.8 million tonne existing iron ore fines stockpile at Windimurra. During the June 2011 fourth quarter, an agreement was reached for the sale of an initial 30,000 tonnes of iron ore fines, subject to acceptance of the trial shipment with a long term contract for the sale of product to be negotiated thereafter. Subsequent to year end, Windimurra is now working towards finalising a shipment date for the initial 30,000 tonnes which is dependent on completing its logistics chain.

DIRECTORS' REPORT

IRON ORE LOGISTICS

During the financial year, significant progress was made towards establishing its iron ore logistics supply chain from Windimurra to the Port of Geraldton.

In particular, significant progress was made on a definitive port services agreement with the Geraldton Port Authority that will facilitate the export of up to 2 million tonnes per annum of iron ore. Progress on the agreement is at an advanced stage and is expected to be finalised in the near future.

Major approvals for the processing, loading, transportation and port loading of iron ore from Windimurra were progressed during the year with the relevant State Government departments and agencies, with necessary approvals required to commence the transportation of ore from Windimurra expected early in the new financial year.

Civil engineering design for the iron ore load out at Windimurra was completed and necessary civil work is now underway, with a dedicated weigh bridge, wheel wash down and road configuration being established to maximise loading efficiency near the existing iron ore fines stockpile.

At financial year end, Atlantic had progressed discussions with a major logistics services provider to manage the logistics supply chain from site through to the Port of Geraldton. These discussions have encompassed the road haulage of iron ore from Windimurra to intermediate storage in the outskirts of Geraldton, reloading for transport to the port for vessel loading and port loading of iron ore through a container based solution.

VANADIUM RESERVE AND RESOURCE REVISED UPWARDS

During the year, a 30% increase in the JORC-compliant ore reserve estimate for Windimurra to 128 million tonnes at 0.47% V_2O_5 was announced. This followed an infill grade control drilling program which led to a 19% increase in Windimurra's JORC-compliant global mineral resource to 210 million tonnes at 0.47% V_2O_5.

As a result of the ore reserve increase, the potential mine life of Windimurra was extended to 28 years from 24 years previously.

WINDIMURRA PRODUCTION CAPACITY INCREASED

In parallel with the calculation of the expanded ore reserve for Windimurra, a revised mine plan in conjunction with Cube Consulting was also completed. The revised mine plan shows Windimurra will initially process ore with a head grade of 0.51% V_2O_5, an increase from 0.47% V_2O_5 in the previous mine plan. This 8.5% increase in head grade is sustainable for a 10 year period following ramp-up.

As a result of this increase in head grade, expected plant output capacity was revised up to around 6,300 tonnes of contained vanadium per annum, up 11% from the previous forecast of 5,700 tonnes per annum, over a period of 10 years following ramp-up.

ENCOURAGING RESULTS FROM EXPLORATION DRILLING IN WINDIMURRA'S SOUTHERN TENEMENTS

In March 2011, a drill program at Windimurra's southern tenements confirmed that the Windimurra vanadium bearing horizon extends south throughout the additional 21 kilometre strike length. The drill program also identified vanadium distributions with grades as high as 0.57% V_2O_5 over 16 metres.

VIETNAM

During the year, dialogue with Vietnamese Government officials slowed due to the 11th National Party Congress and subsequent elections held in January 2011.

Following the Party Congress, there was an increased level of dialogue with the Vietnam Government and other key stakeholders regarding Atlantic's proposed Highlands bauxite mine, rail and port project. This dialogue remains positive and Atlantic remains committed to the development of this major infrastructure project to support the development of Vietnam's bauxite and alumina industries.

KEY APPOINTMENTS

During the financial year and up to the date of this report, Atlantic has significantly boosted its senior management team.

Michael Marriott was appointed as Chief Operating Officer of Atlantic and Managing Director of MVPL in September 2010. Mr Marriott holds significant international experience across a number of resources businesses. Previously, he was Chief Executive Officer at Consolidated Minerals, DRDGold, Lonmin Zimbabwe, Ashanti Goldfields, Cluff Resources and Anglo American.

Philip Baillie joined the Atlantic team as General Manager Operations mid way through the financial year. Mr Baillie comes to Atlantic from similar roles at Onslow Salt and the Radio Hill copper and nickel mine.

Alan Bradshaw, a highly experienced human resources practitioner, joined Atlantic as Group Human Resources Manager later in the year. Mr Bradshaw joined Atlantic from previous roles at Monadelphous, Woodside Petroleum and Wesfarmers Energy.

Richard Maltman, an experienced legal practitioner, joined Atlantic as General Counsel and Company Secretary just prior to year end. Mr Maltman holds a Bachelor of Law with Honours and a Bachelor of Commerce in accounting and finance and has held a number of non-executive board positions with listed resources companies.

Joseph Resudek joined Atlantic as General Manager, Business Development later in the year. Mr Resudek relocated from New York City where he worked in private equity, most recently at New York Modern Holdings Private Equity.

Ross Glossop, who holds a wealth of experience in chief financial officer roles, joined Atlantic as Chief Financial Officer just after year end. Mr Glossop previously held senior finance roles with Barrick Gold Corporation, Bellzone Mining, Oceana Gold Corporation and Apex Minerals.

SHARE CAPITAL

On 13 August 2010, shareholders of the Company approved a 1 for 25 consolidation of share capital. This consolidation of share capital was completed on 30 August 2010.

SIGNIFICANT CHANGES IN THE STATE OF AFFAIRS

There were no significant changes in the state of affairs of the Group during the financial year not otherwise dealt with in this report.

EVENTS SUBSEQUENT TO BALANCE DATE

There have been no significant events subsequent to balance date.

LIKELY DEVELOPMENTS

The likely developments of the Consolidated Entity and the expected results of those operations in the coming financial year are as follows:

i. Completion of construction and commissioning of the Windimurra Vanadium Project;

ii. First production from the Windimurra Vanadium Project;

iii. Continued progression of the Vietnamese project; and

iv. The Group will continue to pursue its strategy of building a portfolio of resource projects through direct acquisition or investments in other resource based companies.

ENVIRONMENTAL REGULATION AND PERFORMANCE

The Group holds licences and abides by Acts and Regulations issued by the relevant mining and environmental protection authorities of Australia. These licences, Acts and Regulations specify limits and regulate the management of discharges to the air, surface waters and groundwater associated with the mining operations as well as the storage and use of hazardous materials.

There have been no significant breaches of the Consolidated Entity's licence conditions or of the relevant Acts and Regulations.

DIRECTORS' MEETINGS

The number of meetings of directors (including meetings of committees of directors) held during the year and the number of meetings attended by each director is set out below. All directors were eligible to attend all meetings held, unless otherwise noted.

	Directors' meetings	Audit	Remuneration & Nomination	Health, Safety & Environment
Number of meetings held:	11	5	3	3
Number of meetings attended:				
Ian McMaster	11	5	3	3
Michael Minosora	11	N/A	N/A	N/A
Tony Veitch	9	N/A	N/A	N/A
Alan Mulgrew	11	5	3	3
Jay Wacher	11	5	3	2
Phiong Phillipus Darma *	3	1	N/A	N/A

* Phiong Phillipus Darma was appointed on 18 November 2010 and eligible to attend six of the 11 Board meetings and one of the five Audit Committee meetings held.

REMUNERATION REPORT

The following information has been audited.

This report outlines the remuneration arrangements in place for the key management personnel of Atlantic for the financial year ended 30 June 2011. The information provided in this Remuneration Report has been audited as required by Section 308(3C) of the *Corporations Act 2001.*

The Remuneration Report details the remuneration arrangements of key management personnel ("KMP") who are defined as those persons having authority and responsibility for planning, directing and controlling the major activities of the Company and the Group, directly or indirectly, including any Director (whether executive or otherwise) of the parent company, and includes the executives of the Parent and the Group receiving the highest remuneration.

KEY MANAGEMENT PERSONNEL

(i) DIRECTORS

Mr Ian McMaster (Non-Executive Chairman)

Mr Michael Minosora (Managing Director)

Mr Tony Veitch (Executive Director)

Mr Alan Mulgrew (Non-Executive Director)

Mr Jay Wacher (Non-Executive Director)

Mr Phiong Phillipus Darma (Non-Executive Director), appointed 18 November 2010

(ii) EXECUTIVES

Mr Michael Marriott (Executive Director Midwest Vanadium Pty Ltd), commenced 30 August 2010, appointed 6 October 2010

Mr Thanh Nguyen (Executive Director Azure Mining International Pty Ltd and Atlantic (Middle East) Pty Ltd), appointed 11 November 2009 and 17 November 2009 respectively

Mr Brian McMaster (Non-Executive Director of Atlantic Vanadium Holding Pty Ltd and Midwest Vanadium Pty Ltd), appointed 22 September 2010 and 6 October 2010 respectively, resigned 16 August 2011

Mr Richard Maltman (General Counsel/Company Secretary), commenced 30 May 2011, appointed as Company Secretary 8 June 2011

Mr Joseph Resudek (General Manager Business Development), appointed 30 May 2011

Mr Alan Bradshaw (Group Human Resources Manager), appointed 11 April 2011

Mr Ross Glossop (Chief Financial Officer), appointed 25 July 2011

Mr Philip Baillie (General Manager Operations Midwest Vanadium Pty Ltd), appointed 5 January 2011

There were no other changes to KMP after the reporting date and before the date the financial report was authorised for issue, other than that noted above.

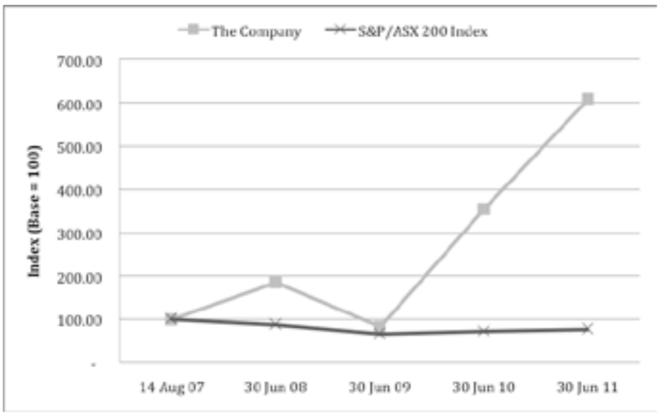
REMUNERATION PHILOSOPHY

The performance of the Company depends upon the quality of the Directors and executives. The philosophy of the Company in determining remuneration levels is to:

- set competitive fixed annual remuneration packages to attract and retain high calibre employees;
- provide competitive variable remuneration plans to reward exceptional performance;
- link executive rewards to shareholder value creation; and
- establish demanding performance objectives which are derived from the Strategic Plan.

COMPANY PERFORMANCE AND LINK TO REMUNERATION

As the Company is transitioning to production the Company's earnings do not reflect the Company's performance and cannot be used as a long-term incentive measure. Consideration of the Company's earnings will be more relevant as the Company matures. The chart below compares, assuming an initial investment of A$100, the yearly percentage change in the cumulative total shareholder return on the Company's ordinary shares against the cumulative total shareholder return of the S&P/ASX 200 Index for the Company's four most recently completed financial years.



	14 Aug 2007	30Jun 2008	30Jun 2009	30Jun 2010	30Jun 2011
The Company	A$100	A$185.71	A$82.70	A$355.61	A$608.67
S&P/ASX 200 Index	A$100	A$87.43	A$66.30	A$72.11	A$77.25
EPS/ (Loss per share)	-	A$0.51	(A$0.03)	(A$0.18)	A$.13

REMUNERATION COMMITTEE

The Remuneration Committee of the Board of Directors of the Company is responsible for determining and reviewing compensation arrangements for the Directors, the Managing Director and the executive team.

The Remuneration Committee assesses the appropriateness of the nature and amount of remuneration of Directors and executives on a periodic basis by reference to relevant employment market conditions with an overall objective of ensuring maximum stakeholder benefit from the retention of a high quality Board and executive team. The Remuneration Committee receives independent remuneration advice from a number of remuneration specialists.

REMUNERATION STRUCTURE

In accordance with best practice Corporate Governance, the structure of Non-Executive Director and executive remuneration is separate and distinct from other remuneration plans.

NON-EXECUTIVE DIRECTOR REMUNERATION

The Board seeks to set aggregate remuneration at a level that provides the Company with the ability to attract and retain Directors of the highest calibre, whilst incurring a cost that is acceptable to shareholders.

The ASX Listing Rules specify that the aggregate remuneration of Non-Executive Directors shall be determined from time to time by General Meeting. The latest determination was at the Extraordinary General Meeting held on 30 June 2011 when shareholders approved an aggregate remuneration of $500,000 per year.

The amount of aggregate remuneration sought to be approved by shareholders and the manner in which it is apportioned amongst Directors is reviewed annually. The Board considers advice from external shareholders as well as the fees paid to Non-Executive Directors of comparable companies when undertaking the annual review process.

Each Director receives a fee for being a Director of the Company. An additional fee is also paid for each Board committee on which a Director sits. The payment of additional fees for serving on a committee recognises the additional time commitment required by Directors who serve on one or more sub-committees.

The remuneration of Non-Executive Directors for the year ended 30 June 2011 is detailed in Table 1 of this report.

SENIOR MANAGER AND EXECUTIVE DIRECTOR REMUNERATION

Remuneration consists of fixed annual remuneration and variable remuneration (comprising short-term and long-term incentive schemes).

FIXED ANNUAL REMUNERATION

Fixed remuneration is reviewed annually by the Remuneration Committee. The process consists of a review of relevant comparative remuneration in the market and internally and, where appropriate, external advice on policies and practices. The Remuneration Committee has access to external, independent advice where necessary.

Senior executives are given the opportunity to receive their fixed (primary) remuneration in a variety of forms including cash and fringe benefits such as motor vehicles and expense payment plans. It is intended that the manner of payment chosen will be optimal for the recipient without creating undue cost for the Group.

The fixed remuneration component of the most highly remunerated Group and Company executives is detailed in Table 1.

VARIABLE REMUNERATION – SHORT-TERM INCENTIVE

The Group operates a discretionary annual short-term incentive ("STI") program that is available to executives and awards a cash bonus subject to the attainment of clearly defined Group, business unit and individual measures.

The objective of the STI is to reward performance that is over and above expectation levels and is linked to the achievement of the Company's operational targets by the executives charged with meeting those targets. The total potential STI available is set at a level so as to provide sufficient incentive to executives to achieve the operational targets and such that the cost to the Group is reasonable in the circumstances.

The executive has to demonstrate outstanding performance in order to trigger payments under the short-term incentive scheme.

On 30 June 2011 Mr Michael Minosora was awarded a bonus payment of A$400,000. The bonus is in relation to the successful acquisition of Midwest Vanadium Pty Ltd, the raising of A$55m of equity (with negligible brokerage) and the US$335m capital raising through the placement of senior secured notes.

VARIABLE REMUNERATION – LONG-TERM INCENTIVE

Atlantic Executive Share Incentive Plan ("ESIP")

The objective of the Atlantic Executive Share Incentive Plan ("ESIP") is to link the achievement of the Group's operational targets with the remuneration received by the executives charged with meeting those targets. The total potential short-term incentive available is set at a level so as to provide sufficient incentive to the senior manager to achieve the operational targets such that the cost to the Group is reasonable in the circumstances.

The aggregate of ESIP shares available for executives across the Group is subject to the approval of the Remuneration Committee and must not exceed 5% of the total number of shares on issue, except in certain permitted circumstances detailed in the key terms of the ESIP.

The key features of the ESIP are set out below.

Vesting conditions of shares issued to directors

(a) 1,000,000 shares at A$1.75 per share to Mr Tony Veitch, Executive Director, on 5 July 2010.

The shares vest immediately, but are not tradeable until the Company's shares have traded above A$1.875 each for more than 10 consecutive trading days. As at 30 June 2011, all shares are fully vested.

(b) 400,000 shares to Mr Michael Marriott, Managing Director of MVPL, on 30 November 2010.

These shares comprise:

- 200,000 shares at A$1.30 per share which vest after 24 months; and
- 200,000 shares at A$1.30 per share which vest after 36 months.

These shares are not tradeable until they vest, and then only if the Company's shares have traded above A$1.50 each for more than 10 consecutive trading days. As at 30 June 2011, none of these shares have vested.

(c) 3,960,000 shares to Mr Michael Minosora, Managing Director, on 24 December 2009.

These shares comprise:

- 1,320,000 shares at A$0.825 per share which vest after 6 months;
- 1,320,000 shares at A$1.00 per share which vest after 12 months; and
- 1,320,000 shares at A$1.25 per share which vest after 18 months.

The shares are not tradeable until the Company's shares have traded above A$1.25 each for more than 10 consecutive trading days. As at 30 June 2011, all shares are fully vested.

ESIP limits

Under the ESIP, the Company must not offer shares under the ESIP (Plan Shares) if, at the time of offer, the total number of shares issued under the ESIP (including shares which are proposed to be issued pursuant to offers made under the ESIP) during the 5 year period up to and including the date of offer, exceeds 5% of the total number of shares on issue. For the purposes of calculating this 5% limit, offers made under a disclosure document or Product Disclosure Statement, or offers that do not otherwise require a disclosure document or Product Disclosure Statement, are excluded.

Special conditions

The ESIP provides that the Board has the power to impose special conditions on the issue of Plan Shares under the ESIP (such as performance hurdles or retention periods). Apart from the vesting conditions, no other special conditions have been set. The Company believes as the ESIP shares are not issued at less than the current market price there is an inherent performance hurdle on these ESIP shares.

Loan

The Board may, in its absolute discretion, grant a loan to a participant for the purposes of subscribing for Plan Shares. Loans granted under the ESIP will be non-recourse (other than against the Plan Shares held by the participant to which the loan relates) and interest free unless otherwise determined by the Board at the time of granting the loan. If the ESIP shares have vested, the loan will become immediately repayable upon the first to occur of:

- cessation of employment;
- the participant selling, transferring, mortgaging, charging or otherwise disposing of or dealing with an interest in the Plan Shares;
- the participant creating or attempting to create a third party interest in the Plan Shares; or
- the participant becoming bankrupt.

If the ESIP shares have vested, a participant may repay the loan at any time during the term of the loan.

Trustee arrangements

Where the Board provides a loan to assist an eligible employee to participate in the ESIP, the Board may determine that the Plan Shares acquired be held by a trustee (appointed by the Board) on trust for the benefit of the participant. In such circumstances, and subject to any special conditions imposed on the offer of Plan Shares, the trustee may only transfer the Plan Shares to the participant after the loan has been repaid in full. If the participant fails to repay the loan when it becomes due and payable, then subject to any special conditions, the trustee may sell the relevant Plan Shares and apply the net proceeds against the outstanding amount of the loan. Any excess proceeds will be remitted to the participant.

Dividend and voting rights

The participant will be entitled to dividends and to vote at a General Meeting of the Company. However, whilst any loan is still outstanding in relation to the acquisition of Plan Shares, dividends will be applied on the participant's behalf in repayment of the principal amount outstanding under the loan. Further, whilst Plan Shares are held by a trustee, voting rights will be exercised on the participant's behalf by proxy through the trustee.

Takeovers and schemes of arrangements

If a takeover bid is made for the Company, or an application is to be made to the Court under Section 411 of the *Corporations Act 2001* in respect of a proposed reconstruction or amalgamation relating to the Company, the Board has the discretion to waive any of the conditions restricting the participant from selling, transferring, mortgaging, charging or otherwise disposing or dealing with any interest in the Plan Shares.

Amendments to ESIP rules

The Board may amend the ESIP rules from time to time.

Hedging of equity awards

It is Company policy that executives cannot hedge unvested equity awards.

There were no alterations to the terms and conditions of ESIP shares awarded as remuneration since their award date.

TABLE 1: REMUNERATION FOR THE YEAR ENDED 30 JUNE 2011

	Short-term benefits			Post employment	Share-based payment		
	Salary & fees	Bonuses	Non-monetary benefits	Super-annuation	Equity settled ESIP	Total	Performance related
	A$	A$	A$	A$	A$	A$	%
Non-Executive Directors							
Ian McMaster	142,202	-	-	12,798	-	155,000	-
Alan Mulgrew	125,000	-	-	-	-	125,000	-
Jay Wacher	117,982	-	-	7,018	-	125,000	-
Phiong Phillipus Darma	54,403	-	-	-	-	54,403	-
Total Non-Executive Directors	439,587	-	-	19,816	-	459,403	-
Executive Directors							
Michael Minosora (i)	593,806	400,000	-	22,706	1,137,183	2,153,695	19%
Tony Veitch	229,358	-	-	20,642	753,959	1,003,959	-
Other Key Management Personnel							
Brian McMaster	57,022	-	-	5,132	-	62,154	-
Thanh Nguyen	243,755	-	-	-	-	243,755	-
Michael Marriott	300,917	-	-	24,399	96,574	421,890	-
Richard Maltman	35,700	-	-	1,266	-	36,966	-
Yasmin Broughton	159,487	-	-	13,560	-	173,047	-
Stacey Apostolou	10,500	-	-	-	-	10,500	-
Alan Bradshaw	51,458	-	-	4,631	-	56,089	-
Joseph Resudek	21,373	-	-	1,266	-	22,639	-
Philip Baillie	133,878	-	-	10,468	-	144,346	-
Total Executive Key Management Personnel	1,837,254	400,000	-	104,070	1,987,716	4,329,040	-
Totals	2,276,841	400,000	-	123,886	1,987,716	4,788,443	-

(i) On 30 June 2011, Mr Minosora was awarded a bonus payment of A$400,000, of which A$25,000 was paid on 12 August 2011 and A$375,000 remains outstanding as at the date of this report. The bonus is in relation to the successful acquisition of Midwest Vanadium Pty Ltd, the raising of A$55m of equity (with negligible brokerage) and the US$335m capital raising through the placement of senior secured notes.

TABLE 2: REMUNERATION FOR THE YEAR ENDED 30 JUNE 2010

	Short-term benefits			Post employment	Share-based payment		
	Salary & fees	Bonuses	Non-monetary benefits	Super-annuation	Equity settled ESIP	Total	Performance related
	A$	A$	A$	A$	A$	A$	%
Non-Executive Directors							
Ian McMaster	25,229	-	-	2,270	-	27,499	-
Alan Mulgrew	20,000	-	-	-	-	20,000	-
Jay Wacher	20,000	-	-	-	-	20,000	-
Jim Malone	12,500	-	-	-	-	12,500	-
Total Non-Executive Directors	77,729	-	-	2,270	-	79,999	-
Executive Directors							
Michael Minosora	188,779	-	-	16,990	1,908,056	2,113,825	-
Tony Veitch	72,339	-	-	5,160	-	77,499	-
John Hannaford	93,803	-	-	-	-	93,803	-
Thanh Nguyen	254,861	-	-	-	-	254,861	-
Other Key Management Personnel							
Jonathan Fisher	89,685	-	-	8,072	45,445	143,202	-
Morgan Barron (i)	48,000	-	-	-	-	48,000	-
Stacey Apostolou (i)	12,500	-	-	-	-	12,500	-
Total Executive Key Management Personnel	759,967	-	-	30,222	1,953,501	2,743,690	-
Totals	837,696	-	-	32,492	1,953,501	2,823,689	-

(i) Comparatives have been restated to include Company Secretaries as per the definition of an executive under the *Corporations Act 2001*.

TABLE 3: RIGHTS OVER SHARES AWARDED, EXERCISED, LAPSED AND VESTED THROUGH ESIP DURING THE YEAR ENDED 30 JUNE 2011 (CONSOLIDATED)

	Rights over shares awarded during the year	Grant date	Fair value per rights over shares at grant date	Fair value of rights over shares granted during the year	Fair value of rights over shares exercised during the year	Fair value of rights over shares lapsed during the year	Remuneration consisting of shares for the year	Rights over shares vested during the year
	No.		A$	A$	A$	A$	%	No.
Non-Executive Directors								
Ian McMaster	-	-	-	-	-	-	-	-
Alan Mulgrew	-	-	-	-	-	-	-	-
Jay Wacher	-	-	-	-	-	-	-	-
Phiong Phillipus Darma	-	-	-	-	-	-	-	-
Executive Directors								
Michael Minosora	-	-	-	-	-	-	53%	3,960,000
Tony Veitch	1,000,000	5 Jul 2010	0.75	753,959	-	-	75%	1,000,000
Other Key Management Personnel								
Brian McMaster	-	-	-	-	-	-	-	-
Thanh Nguyen	-	-	-	-	-	-	-	-
Michael Marriott	400,000	30 Nov 2010	1.00	399,526	-	-	23%	-
Richard Maltman	-	-	-	-	-	-	-	-
Yasmin Broughton	-	-	-	-	-	-	-	-
Stacey Apostolou	-	-	-	-	-	-	-	-
Alan Bradshaw	-	-	-	-	-	-	-	-
Joseph Resudek	-	-	-	-	-	-	-	-
Philip Baillie	-	-	-	-	-	-	-	-
Totals	1,400,000	-	-	1,153,485	-	-	-	4,960,000

TABLE 4: RIGHTS OVER SHARES AWARDED, EXERCISED, LAPSED AND VESTED THROUGH ESIP DURING THE YEAR ENDED 30 JUNE 2010 (CONSOLIDATED)

	Rights over shares awarded during the year	Grant date	Fair value per rights over shares at grant date	Fair value of rights over shares granted during the year	Fair value of rights over shares exercised during the year	Fair value of rights over shares lapsed during the year	Remuneration consisting of shares for the year	Rights over shares vested during the year
	No.		A$	A$	A$	A$	%	No.
Non-Executive Directors								
Ian McMaster	-	-	-	-	-	-	-	-
Alan Mulgrew	-	-	-	-	-	-	-	-
Jay Wacher	-	-	-	-	-	-	-	-
Jim Malone	-	-	-	-	-	-	-	-
Executive Directors								
Michael Minosora	3,960,000	24 Dec 2009	0.77	3,044,991	-	-	90%	
Tony Veitch	-	-	-	-	-	-	-	-
John Hannaford	-	-	-	-	-	-	-	-
Thanh Nguyen	-	-	-	-	-	-	-	-
Other Key Management Personnel								
Jonathan Fisher	400,000	15 Mar 2010	0.52	206,698	-	-	32%	-
Morgan Barron	-	-	-	-	-	-	-	-
Stacey Apostolou	-	-	-	-	-	-	-	-
Totals	4,360,000	-	-	3,251,689	-	-	-	-

SERVICE AGREEMENTS

Remuneration and other terms of employment for the Directors and senior executives are also formalised in Service Agreements. Major provisions of the agreements relating to remuneration are set out below:

Name	Fixed Annual Remuneration A$	Contract duration	Notice period Company	Notice period Employee	Termination provision
Non-Executive Directors					
Ian McMaster	155,000 per annum	No fixed term	1 month	1 month	No provision
Alan Mulgrew	125,000 per annum	No fixed term	1 month	1 month	No provision
Jay Wacher	125,000 per annum	No fixed term	1 month	1 month	No provision
Phiong Phillipus Darma **	95,000 per annum	No fixed term	1 month	1 month	No provision
Executive Directors					
Michael Minosora **	700,000 per annum	No fixed term	6 months	6 months	Accrued leave entitlements
Tony Veitch	250,000 per annum	No fixed term	6 months	6 months	Accrued leave entitlements
Other Key Management Personnel					
Brian McMaster	80,000 per annum	No fixed term	1 month	1 month	No provision
Thanh Nguyen**	US$20,000 per month	-	-	-	-
Michael Marriott	390,000 per annum	No fixed term	6 months	3 months	Accrued leave entitlements
Richard Maltman *	325,000 per annum	No fixed term	3 months	3 months	Accrued leave entitlements
Yasmin Broughton	180,000 per annum	No fixed term	1 month	1 month	Accrued leave entitlements
Stacey Apostolou	7,000 per month	-	-	-	-
Alan Bradshaw	250,000 per annum	No fixed term	1 month	1 month	Accrued leave entitlements
Joseph Resudek **	250,000 per annum	No fixed term	3 months	3 months	Accrued leave entitlements
Philip Baillie	330,000 per annum	No fixed term	1 month	1 month	Accrued leave entitlements

* In addition to his Fixed Annual Remuneration, Mr Maltman receives a pre-tax sum of A$7,500 per month (discretionary sum) in addition to his base remuneration. The discretionary sum equates to A$90,000 per annum and will be offset against any incentive payments payable to him under the executive incentive plan. The discretionary sum will be paid over a two year period.

** The contracts for these Key Management Personnel are not final at the date of this report. It is anticipated that there will be no material changes to that outlined above.

This is the end of the audited Remuneration Report.

SHARES UNDER OPTION

As at the date of this report, the Company has the following options over ordinary shares on issue:

Date granted	Expiry date	Exercise price	Number of shares under option
10 Mar 2009	31 Dec 2011	A$0.200	5,022,483
22 Sep 2010	31 Aug 2012	A$1.325	169,811
Total			5,192,294

These options do not entitle the holders to participate in any share issue of the Company or any other body corporate. 6,596,008 ordinary shares (post-consolidation) were issued as a result of the exercise of options during the year ended 30 June 2011.

INDEMNIFICATION AND INSURANCE OF DIRECTORS AND OFFICERS

The Group incurred premiums to insure the Directors and Officers against liabilities for costs and expenses incurred by them in defending any legal proceedings arising out of their conduct while acting in the capacity of Director of the Company, other than conduct involving a wilful breach of duty in relation to the Company. Under the terms and conditions of the insurance contract, the nature of liabilities insured against and the premium paid cannot be disclosed.

NON-AUDIT SERVICES

The following non-audit services were provided by the Company’s auditor, Ernst & Young. The Directors are satisfied that the provision of non-audit services is compatible with the general standard of independence for auditors imposed by the *Corporations Act 2001*.

Ernst &Young received or are due to receive the following amounts for the provision of statutory non-audit services:

	A$
Tax planning	102,559
Assurance services for the senior secured note issue	240,046
Transaction advisory services for the senior secured note issue	32,960
	375,565

HLB Mann Judd received or are due to receive the following amounts for the provision of statutory non-audit services:

	A$
Assurance services provided on issue of a prospectus	30,000

ROUNDING

The amounts contained in the financial report have been rounded to the nearest A$1,000 (unless otherwise stated) pursuant to the option available to the Company under ASIC Class Order 98/0100. The Company is an entity to which the class order applies.

AUDITOR’S INDEPENDENCE DECLARATION

A copy of the Auditor’s Independence Declaration as required under Section 307C of the *Corporations Act 2001* is set out on page 33.

Signed in accordance with a resolution of the board of Atlantic Ltd.

MICHAEL MINOSORA

Managing Director

Dated this 17th day of August 2011

CORPORATE GOVERNANCE STATEMENT

Atlantic is committed to building and delivering sustainable value for shareholders and maximising stakeholder interests as the Company grows and manages a diversified portfolio of assets. The Board of Directors recognises that high standards of corporate governance are essential to achieving that objective. The Company continues to develop and review its corporate governance practices. This statement summarises the Corporate Governance policies and practices adopted by the Company and its Controlled Entities (collectively the Group).

ROLE OF THE BOARD

The Board represents shareholders' interests in maintaining a successful business, which seeks to optimise medium to long-term financial gains for shareholders.

The Board operates within the principles set out in the Board Charter, a copy of which is available on the Atlantic website (www.atlanticltd.com.au).

The Board is responsible for evaluating and setting the strategic directions for the Group, establishing goals for management and monitoring the achievement of those goals. The Managing Director is responsible to the Board for the day-to-day management of the Group's operations and implementation of the Company's strategic direction

The Board has sole responsibility for the following:

- developing, reviewing and monitoring the Company's long-term business strategies;
- providing strategic direction to management;
- approving and monitoring budgets, major capital commitments, capital management, acquisitions and divestiture;
- ensuring that the Company has systems in place for risk management, internal compliance and control, codes of conduct and compliance with legislative requirements and ethical standards;
- reviewing and approving the Company's financial statements and other reporting obligations;
- appointing and removing the Managing Director, the Executive Director and any other Directors and approving their remuneration;
- appointing and removing the Chief Financial Officer and Company Secretary and approving their remuneration;
- establishing and maintaining corporate governance standards;
- establishing a culture within the Company which strives for and rewards best practice in all areas of the business;
- monitoring Board performance and whether the Board is appropriately skilled to meet the changing needs of the Company;
- determining the strategic direction of the Group and measuring performance of management against approved strategies;
- reviewing and monitoring the adequacy of resources for management to properly carry out approved strategies and business plans;
- approving and monitoring financial and other reporting to regulatory bodies, shareholders and other organisations;
- determining that satisfactory arrangements are in place for auditing the Group's financial affairs;
- ensuring that policies and compliance systems consistent with the Group's objectives and best practice are in place and that the Company and its officers act legally, ethically and responsibly on all matters.

Whilst at all times the Board retains full responsibility for guiding and monitoring the Company, in discharging its stewardship it makes use of committees. Specialist committees are able to focus on a particular responsibility and provide informed feedback to the Board.

The Board has established the following committees:

- Audit;
- Remuneration and Nomination; and
- Health, Safety and Environment.

The roles and responsibilities of these committees are discussed later within this Corporate Governance Statement.

CORPORATE GOVERNANCE STATEMENT

MANAGEMENT FUNCTIONS

The Company has established the functions that are reserved for management. Management is responsible, on a shared basis with and subject to the approval of the Board, for developing corporate and operational strategy for the Group, and is directly responsible for implementing the Company's strategy. Management is also responsible for:

- safeguarding the Company's assets;
- managing the executive team responsible for the Group's operations;
- assessing business opportunities which are of potential benefit to the Group;
- overseeing shareholder communications;
- reporting relevant matters to the Board; and
- maximising the utilisation of available resources.

DIVERSITY

The Company has in place an Equal Opportunity Policy which reflects the Company's existing core principles of equality, diversity and recruitment and promotion on the basis of merit. The Company recognises the competitive advantage of developing and retaining a diverse and talented workforce. The Company is committed to treating all people with respect and dignity. Training and development is focused on developing employees in their areas of strengths.

The Company has global operational aspirations and as such highly values the contribution that people from a diverse range of backgrounds, cultures and communities can make. Our equal opportunity employment strategy supports the contribution from people with differences in ethnicity, gender, language, age, sexual orientation, religion, socio-economic status, physical and mental ability, thinking styles, experience and education.

During the reporting period, the Company implemented various strategies aimed at promoting and encouraging a diverse and talented workforce. By reasons of the uniqueness of the Company's vanadium project in the Australian context, and the Company's other overseas projects, the Company has recruited highly talented operational personnel from various countries and with diverse cultural and operational backgrounds. The Company has also implemented flexible working arrangements, both generally and with specific employees, that are designed to encourage women to either remain in, or return to, the workforce and to allow all employees to accommodate work and family arrangements.

The Company, in consultation with the Board and Remuneration Committee, is currently preparing a draft Diversity Policy for consideration and adoption by the Board as an extension of the Company's Equal Opportunity Employment Policy. The Policy is expected to be in place during the second half of 2011 and will make provision for the Board to determine measurable objectives in line with the overall objectives of the policy.

As at 30 June 2011, the proportion of women employed across the Group, as a whole, at manager/supervisor level, at senior management level and at Board level were:

	Number of employees	Number of women	Percentage
Employees	100	23	23%
Managers/ Supervisors	27	8	30%
Senior Management	5	0	0%
Board (including subsidiaries)	*9	0	0%

* Includes three Directors of the Company's subsidiaries who are not Directors of the Company.

COMPOSITION OF THE BOARD

The Board comprises six Directors, being two Executive Directors and four Non-Executive Directors. Two Non-Executive Directors are considered to be independent and two Non-Executive Directors are considered not to be independent due to their roles with substantial shareholders of the Company following the 2010 Prospectus Offer.

The Board does not comprise a majority of independent Directors.

Director	Independent	Non-Executive	Appointment date
Ian McMaster	Yes	Yes	11 Apr 2010
Michael Minosora	No – Managing Director	No	25 Sep 2009
Tony Veitch	No – Executive Director	No	4 Jul 2007
Alan Mulgrew	Yes	Yes	11 Apr 2010
Jay Wacher	No	Yes	11 Apr 2010
Phiong Phillipus Darma	No	Yes	18 Nov 2010

The skills, experience and expertise relevant to each Director of the Company are included in the Director's Report.

Atlantic's Constitution requires Directors (other than the Managing Director) to retire from office at the third Annual General Meeting of the Company after their election or re-election, provided that at least one Director (being the Director who has held office the longest since last being elected or re-elected) must retire from office at each Annual General Meeting. A retiring Director may stand for re-election at the Annual General Meeting.

EVALUATION OF THE BOARD, COMMITTEES AND SENIOR MANAGEMENT

The Board has adopted a self-evaluation process to measure its own performance and the performance of its committees during each financial year.

During the reporting period, an evaluation and review was conducted by an external party to assess the performance of the current Directors and the Board's contribution to the governance of the Company.

BOARD COMMITTEES

AUDIT COMMITTEE

The Board has established an Audit Committee which operates under a charter approved by the Board. It is the Board's responsibility to ensure that an effective internal control framework exists within the Group. This includes internal controls to deal with both the effectiveness and efficiency of significant business processes, the safeguarding of assets, the maintenance of proper accounting records, and the reliability of financial information as well as non-financial considerations. The Board has delegated responsibility for establishing and maintaining a framework of internal control and ethical standards to the Audit Committee.

The Audit Committee also provides the Board with additional assurance regarding the reliability of financial information for inclusion in the Financial Reports.

The members of the Audit Committee are:

Mr Jay Wacher – Chairman

Mr Ian McMaster

Mr Alan Mulgrew

Mr Phiong Phillipus Darma

All members of the Audit Committee are Non-Executive Directors.

A copy of the Audit Committee Charter is available on the Company's website.

REMUNERATION AND NOMINATION COMMITTEE

The role of the Remuneration and Nomination Committee is to assist the Board in establishing policies and practices which:

- enables the Company to attract and retain capable Directors and employees who achieve operational excellence and create value for shareholders;
- reward employees fairly and responsibly, taking into consideration the results of the Company, individual performance and industry remuneration conditions; and
- assist the Board to meet its oversight responsibilities in relation to Corporate Governance practices.

The members of the Remuneration and Nomination Committee are:

Mr Ian McMaster – Chairman

Mr Jay Wacher

Mr Alan Mulgrew

All members of the Remuneration and Nomination Committee are Non-Executive Directors. A majority of the Committee is independent.

A copy of the Remuneration Committee Charter is available on the Company's website.

HEALTH, SAFETY AND ENVIRONMENT COMMITTEE

The role of the Health, Safety and Environment Committee is to assist the Board in the effective discharge of its responsibilities in relation to health, safety and the environment.

The Committee is authorised by the Board to review and investigate any matter within the scope of its charter and make recommendations to the Board in relation to the outcomes.

The members of the Health, Safety and Environment Committee are:

Mr Alan Mulgrew – Chairman

Mr Ian McMaster

Mr Jay Wacher

All members of the Health, Safety and Environment Committee are Non-Executive Directors. A majority of the Committee is independent.

A copy of the Health, Safety and Environment Policy and the Health, Safety and Environment Committee Charter is available on the Company's website.

CORPORATE GOVERNANCE STATEMENT

INDEPENDENT PROFESSIONAL ADVICE AND ACCESS TO COMPANY INFORMATION

All Directors have the right of access to all relevant Company information, to the Company's executives and, subject to prior consultation with the Chairman, may seek independent professional advice concerning any aspect of the Company's operations or undertakings at the Company's expense.

CODE OF ETHICS AND CONDUCT

The Company has implemented a Code of Ethics and Conduct which provides guidelines aimed at maintaining high ethical standards, corporate behaviour and accountability within the Company.

All Directors and employees are expected to:

- uphold high moral and ethical standards in conducting the Company's business;
- comply with all relevant laws and regulations;
- avoid real or perceived conflicts of interest;
- respect confidentiality and not misuse Company information, assets or facilities;
- value and maintain professionalism when dealing with others both internally and externally;
- act in the best interests of shareholders;
- by their actions contribute to the Company's reputation as a good corporate citizen which seeks the respect of the community and environment in which it operates;
- perform their duties in ways that minimise environmental impacts and maximise workplace safety;
- exercise fairness, courtesy, respect, consideration and sensitivity in all dealings within their workplace and with customers, suppliers and the public generally; and
- act with honesty, integrity, decency and responsibility at all times.

CONFLICTS OF INTEREST

In accordance with the *Corporations Act 2001* and the Company's Constitution, Directors must keep the Board advised, on an ongoing basis, of any interest that could potentially conflict with those of the Company. Where the Board believes that a significant conflict exists, the Director concerned does not receive the relevant Board papers and is not present at the meeting whilst the item is considered.

DEALINGS IN COMPANY SECURITIES

The Company's Securities Dealing Policy imposes trading restrictions on all Directors, employees, contractors, consultants and advisers of the Company who are in possession of unpublished price-sensitive information in relation to the securities of the Company.

If an employee possesses inside information, the person must not:

- trade in the Company's securities;
- advise others or procure others to trade in the Company's securities; or
- pass on the inside information to others – including colleagues, family or friends – knowing (or where the employee or Director should have reasonably known) that the other persons will use that information to trade in, or procure someone else to trade in, the Company's securities.

This prohibition applies regardless of how the employee or Director learns the information. Directors and senior executives of Atlantic are required to notify the Company Secretary before dealing in the Company's securities.

In addition to the above, Directors must notify the Company Secretary as soon as practicable, but not later than 5 business days, after they have bought or sold the Company's securities or exercised options. In accordance with the provisions of the *Corporations Act 2001* and the ASX Listing Rules, the Company must notify ASX of any transactions conducted by Directors in the securities of the Company.

Breaches of this policy will be subject to disciplinary action, which may include termination of employment.

A copy of the Company's Securities Dealing Policy is available on the Company's website.

CORPORATE GOVERNANCE STATEMENT

CONTINUOUS DISCLOSURE

The Company is committed to providing relevant up-to-date information to its shareholders and the broader investment community in accordance with its Continuous Disclosure obligations under the ASX Listing Rules and the *Corporations Act 2001*.

The Board has implemented a Continuous Disclosure Policy to ensure that information considered material by the Company is immediately reported to the ASX. Other information such as Company presentations are also disclosed to the ASX and are on the Company's website.

The Company's website provides access to all current and historical information, including ASX announcements, financial reports and other releases.

SHAREHOLDER COMMUNICATION

In adopting a Continuous Disclosure Policy, the Board ensures that shareholders are provided with up-to-date information.

Communication to shareholders is facilitated by the production of the annual report, quarterly and half yearly reports, public announcements and the posting of all ASX announcements and other information on the Company's website.

Shareholders are encouraged to attend and participate in the Annual General Meeting of the Company. Shareholders may raise questions at shareholder meetings and the external auditor is in attendance at the Annual General Meeting to address any questions in relation to the conduct of the audit.

RISK MANAGEMENT

The Board is responsible for the oversight of the Company's risk management and control framework. Responsibility for control and risk management is delegated to the appropriate level of management within the Company, with the Managing Director and Executive Director having ultimate responsibility to the Board for the risk management and control framework.

Areas of significant business risk to the Company are highlighted in the Business Plan presented to the Board by the Managing Director each year.

Arrangements put in place by the Board to monitor risk management include regular reporting to the Board in respect of operations and the financial position of the Group.

ASX BEST PRACTICE RECOMMENDATIONS

The table below contains a list of each of the ASX Best Practice Recommendations and whether the Company was in compliance with the recommendations throughout the year ended 30 June 2011. Where the Company considers that it is divergent from these recommendations, or that it is not practical to comply, there is an explanation of the Company's reasons set out below in the table.

CORPORATE GOVERNANCE STATEMENT

	Principle/Recommendation	Complied
1	**Lay solid foundations for management and oversight**	
1.1	Establish and disclose the functions reserved to the Board and those delegated to management.	√
1.2	Disclose the process for evaluating the performance of senior executives.	√
2	**Structure the Board to add value**	
2.1	A majority of the Board should be independent Directors.	See Note 1 & Note 2
2.2	The Chair should be an independent Director.	√
2.3	The roles of Chair and Chief Executive Officer should not be exercised by the same individual.	√
2.4	The Board should establish a Nomination Committee.	√
2.5	Disclose the process for evaluating the performance of the Board, its committees and individual Directors.	√
3	**Promote ethical and responsible decision making**	
3.1	Establish a Code of Conduct and disclose a code, or a summary of the code, as to: • the practices necessary to maintain confidence in the Company's integrity; • the practices necessary to take into account their legal obligations and the reasonable expectations of their stakeholders; and • the responsibility and accountability of individuals for reporting and investigating reports of unethical practices.	√
3.2	Establish a policy concerning diversity and disclose the policy or a summary of that policy. The policy should include requirements for the Board to establish measurable objectives for achieving gender diversity and for the Board to assess annually both the objectives and progress in achieving them.	See Note 3
3.3	Disclose in each annual report the measurable objectives for achieving gender diversity set by the Board in accordance with the Diversity Policy and progress towards achieving them.	See Note 3
3.4	Disclose in each annual report the proportion of women employees in the whole organisation, women in senior executive positions and women on the Board.	√
4	**Safeguard integrity in financial reporting**	
4.1	The Board should establish an Audit Committee.	√
4.2	The Audit Committee should be structured so that it: • consists only of Non-Executive Directors; • consists of a majority of independent Directors; • is chaired by an independent Chair, who is not Chair of the Board • has at least three members.	√ See Note 1 & Note 2 See Note 1 & Note 2 √
4.3	The Audit Committee should have a formal charter.	√

	Principle/Recommendation	Complied
5	**Make timely and balanced disclosure**	
5.1	Establish and disclose written policies and procedures designed to ensure compliance with ASX Listing Rule disclosure requirements and to ensure accountability at a senior management level for that compliance.	√
6	**Respect the rights of shareholders**	
6.1	Design and disclose a communications policy for promoting effective communication with shareholders and encouraging their participation at General Meetings.	√
7	**Recognise and manage risk**	
7.1	Establish policies for the oversight and management of material business risks and disclose a summary of those policies.	√
7.2	The Board should require management to design and implement the risk management and internal control system to manage the Company's material business risks and report to it on whether those risks are being managed effectively. The Board should disclose that management has reported to it as to the effectiveness of the Company's management of its material business risks.	√
7.3	The Board should disclose whether it has received assurance from the Chief Executive Officer (or equivalent) and the Chief Financial Officer (or equivalent) that the declaration provided in accordance with Section 295A of the *Corporations Act 2001* is founded on a sound system of risk management and internal control and that the system is operating effectively in all material respects in relation to financial reporting risks.	√
8	**Remunerate fairly and responsibly**	
8.1	The Board should establish a Remuneration Committee.	√
8.2	The Remuneration Committee should be structured so that it: • consists of a majority of independent Directors; • is chaired by an independent Chair; • has at least three members.	 √ √ √
8.3	Clearly distinguish the structure of Non-Executive Directors' remuneration from that of executive Directors and senior executives.	√

Note 1: Mr Jay Wacher is not considered to be an independent Director as a company of which he is a Director is a substantial shareholder of Atlantic. Mr Wacher does not have a relevant interest in the shares held by the substantial shareholder.

Note 2: Mr Phiong Phillipus Darma is not considered to be an independent Director as a company of which he is a senior executive is a substantial shareholder of Atlantic. Mr Phillipus does not have a relevant interest in the shares held by the substantial shareholder.

Note 3: The Company's Diversity Policy was not in place during the reporting period. The Company, in consultation with the Board and Remuneration Committee, is currently preparing a draft Diversity Policy for consideration and adoption by the Board. The policy will make provision for the Board to determine measurable objectives in line with the overall objectives of the policy. The terms of the policy will be outlined, and the Company's compliance with these objectives and performance against the measurable objectives, will be reported in the 2011/2012 Annual Report.

Various corporate governance practices are discussed within this statement. For further information on the Company's corporate governance practices and policies, please refer to the Company's website.

ERNST & YOUNG

Ernst & Young Building
11 Mounts Bay Road
Perth WA 6000 Australia
GPO Box M939 Perth WA 6843

Tel: +61 8 9429 2222
Fax: +61 8 9429 2436
www.ey.com/au

Auditor's Independence Declaration to the Directors of Atlantic Limited

In relation to our audit of the financial report of Atlantic Limited for the year ended 30 June 2011, to the best of my knowledge and belief, there have been no contraventions of the auditor independence requirements of the *Corporations Act 2001* or any applicable code of professional conduct.

Ernst & Young

Ernst & Young

J C Palmer
Partner
Perth
17 August 2011

Liability limited by a scheme approved under Professional Standards Legislation

JP:KE:ATLANTIC:053

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 30 JUNE 2011

	Note	2011 A$'000	Restated 2010 A$'000
Revenue	4	2,347	174
Other income	4	16,401	-
Discount on acquisition	22	32,822	-
Corporate expenses	4	(10,047)	(4,617)
Administrative expenses	4	(4,443)	(158)
Finance expenses	4	(24,780)	-
Impairment of exploration expenditure		-	(3,132)
Profit/(loss) before income tax		12,300	(7,733)
Income tax (expense)/benefit	6	-	-
Profit/(loss) after income tax		12,300	(7,733)
Other comprehensive income		-	-
Total Comprehensive Income/(Loss) for the Period		12,300	(7,733)
		Cents	Cents
Basic earnings/(loss) per share	7	12.6	(17.6)
Diluted earnings/(loss) per share	7	11.6	(17.6)

The above Consolidated Statement of Comprehensive Income should be read in conjunction with the accompanying notes to the Financial statements.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 30 JUNE 2011

	Note	2011 A$'000	Restated 2010 A$'000
Assets			
Current assets			
Cash and cash equivalents	8	100,248	4,118
Trade and other receivables	9	13,587	117
Inventory	10	1,922	-
Other current assets	11	1,239	-
Total current assets		116,996	4,235
Non-current assets			
Property, plant and equipment	12	281,107	308
Cash and cash equivalents	8	17,937	-
Trade and other receivables	9	8,667	-
Total non-current assets		307,711	308
Total assets		424,707	4,543
Liabilities			
Current liabilities			
Trade and other payables	13	28,994	545
Loans and borrowings	14	16	-
Provisions	15	2,967	-
Total current liabilities		31,977	545
Non-current liabilities			
Loans and borrowings	14	298,453	-
Provisions	15	15,615	-
Total non-current liabilities		314,068	-
Total liabilities		346,045	545
Net Assets		78,662	3,998
Equity			
Contributed equity	16	90,878	28,432
Reserves	17	(2,339)	(2,257)
Accumulated Losses		(9,877)	(22,177)
Total Equity		78,662	3,998

Atlantic has a correction of an error that, as outlined in note 30, has caused a restatement of property, plant and equipment, contributed equity, shares reserved for Executive Share Incentive Plan and accumulated losses. A third statement of financial position has not been presented as the error has no effect on the 2009 financial position.

The above Consolidated Statement of Financial Position should be read in conjunction with the accompanying notes to the Financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 30 JUNE 2011

	Note	Ordinary shares	Option reserve	Shares Reserved for Executive Incentive Plan	Accumulated losses	Total
		A$'000	A$'000	A$'000	A$'000	A$'000
Balance at 1 Jul 2010 (previously stated)		24,093	128	1,717	(22,225)	3,713
Restatements:						
Shares issued under Executive Share Incentive Plan ("ESIP")	30	4,339	-	(4,339)	-	-
Amounts expensed for shares issued under ESIP	30	-	-	237	(237)	-
Property, plant and equipment capitalised	30	-	-	-	285	285
Restated balance 1 Jul 2010		28,432	128	(2,385)	(22,177)	3,998
Profit for the year					12,300	12,300
Other comprehensive income		-	-	-	-	-
Total comprehensive loss for the year		-	-	-	12,300	12,300
Transactions with owners in their capacity as owners:						
Shares issued	16	60,722	-	-	-	60,722
Transaction costs on share issues	16	(546)	-	-	-	(546)
Options issued	17	-	76	-	-	76
Shares issued under ESIP	17	2,270	-	(2,270)	-	-
Amounts expensed for shares issued under ESIP	17	-	-	2,112	-	2,112
Balance at 30 Jun 2011		90,878	204	(2,543)	(9,877)	78,662

The above Consolidated Statement of Changes in Equity should be read in conjunction with the accompanying notes to the Financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2010

	Note	Ordinary shares A$'000	Class A shares A$'000	Option reserve A$'000	Shares Reserved for Executive Incentive Plan A$'000	Accumulated losses A$'000	Total A$'000
Balance at 1 Jul 2009		17,429	750	128	-	(14,444)	3,863
Loss for the year		-	-	-	-	(7,781)	(7,781)
Other comprehensive income		-	-	-	-	-	-
Total comprehensive loss for the year		-	-	-	-	(7,781)	(7,781)
Transactions with owners in their capacity as owners:							
Shares issued	16	5,931	-	-	-	-	5,931
Transaction costs on share issues	16	(17)	-	-	-	-	(17)
Conversion of Class A Performance shares	16	750	(750)	-	-	-	-
Amounts expensed for shares issued under ESIP	17	-	-	-	1,717	-	1,717
Balance at 30 Jun 2010 (previously stated)		24,093	-	128	1,717	(22,225)	3,713
Restatements:							
Shares issued under ESIP	30	4,339	-	-	(4,339)	-	-
Amounts expensed for shares issued under ESIP	30	-	-	-	237	(237)	-
Property, plant and equipment capitalised	30	-	-	-	-	285	285
Restated Balance at 30 Jun 2010		28,432	-	128	(2,385)	(22,177)	3,998

The above Consolidated Statement of Changes in Equity should be read in conjunction with the accompanying notes to the Financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 30 JUNE 2011

	Note	2011 A$'000	Restated 2010 A$'000
Cash flows from operating activities			
Payments to suppliers and employees		(21,332)	(2,235)
Acquisition costs for Midwest Vanadium Pty Ltd		(152)	(283)
Interest received		1,957	174
Interest paid		(323)	-
Net cash flows used in operating activities	20	(19,850)	(2,344)
Cash flows from investing activities			
Purchase of property, plant and equipment		(82,290)	(316)
Payments for exploration activities		-	(653)
Cash acquired on acquisition of Midwest Vanadium Pty Ltd	22	27,617	-
Payment for shares in Midwest Vanadium Pty Ltd	22	(16,000)	-
Net cash flows used in investing activities		(70,673)	(969)
Cash flows from investing activities			
Proceeds from issue of shares		56,982	5,931
Capital raising costs		(470)	(17)
Repayment of borrowings		(166,504)	-
Proceeds from borrowings		334,554	-
Transaction costs relating to senior secured notes		(14,578)	-
Net cash flows from financing activities		209,984	5,914
Net increase in cash and cash equivalents		119,461	2,601
Cash and cash equivalents at beginning of the period		4,118	1,517
Net foreign exchange differences		(5,394)	-
Cash and Cash Equivalents at End of the Period		118,185	4,118
Reconciliation of Cash and Cash Equivalents			
Current cash at bank and on hand	8	100,248	4,118
Non-current cash interest reserve	8	17,937	-
		118,185	4,118

The above Consolidated Statement of Cash Flows should be read in conjunction with the accompanying notes to the Financial statements

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2011

1 CORPORATE INFORMATION

The consolidated financial report of Atlantic Ltd for the year ended 30 June 2011 was authorised for issue in accordance with a resolution of the Directors on 17 August 2011.

Atlantic Ltd ("**Atlantic**" or the "**Company**") is a company limited by shares incorporated in Australia whose shares are publicly traded on the Australian Securities Exchange. The registered office and principal place of business of the Company is Level 29, Bankwest Tower, 108 St Georges Terrace, Perth WA 6000. The financial report of the Company for the year ended 30 June 2011 comprises the Company and its subsidiaries (together referred to as the "**Consolidated Entity**" or "**Group**").

The nature of the operations and principal activities of the Group are described in the Directors' Report.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A BASIS OF PREPARATION

The financial report is a general purpose financial report that has been prepared in accordance with Australian Accounting Standards and Interpretations, other authoritative pronouncements of the Australian Accounting Standards Board and the *Corporations Act 2001*. The financial report has been prepared on a historical cost basis, except for items which have been measured at fair value as disclosed below in the accounting policies and notes to the Financial statements.

The financial report also complies with International Financial Reporting Standards ("**IFRS**") as issued by the International Accounting Standards Board.

The financial report is presented in Australian dollars and all values are rounded to the nearest thousand dollars (A$'000) unless otherwise stated pursuant to the option available to the Company under ASIC Class Order 98/100.

The accounting policies adopted are consistent with those of the previous year except as disclosed below.

B NEW ACCOUNTING STANDARDS AND INTERPRETATIONS

The following amended Australian Accounting Standards and Interpretations relevant to the operations of the Consolidated Entity and effective 1 July 2010 have been adopted from 1 July 2010.

- AASB 2009-5 Further Amendments to Australian Accounting Standards arising from the Annual Improvements Project [AASB 5, 8, 101, 107, 117, 118, 136 and 139], effective 1 January 2010;
- AASB 2009-8 Amendments to Australian Accounting Standards – Group Cash-Settled Share-based Payment Transactions [AASB 2], effective 1 January 2010;
- ASB 2009-10 Amendments to Australian Accounting Standards – Classification of Rights Issues [AASB 132], effective 1 February 2010;
- AASB 2009-12 Amendments to Australian Accounting Standards [AASB 5, 8,108,110,112,119,133,137, 139,1023 and 1031 and Interpretations 2, 4,16,1039 and 1052];
- AASB 2009-13 Amendments to Australian Accounting Standards arising from Interpretation 19 [AASB 1], effective 1 July 2010;
- AASB 2010-3 Amendments to Australian Accounting Standards arising from the Annual Improvements Project [AASB 3, 7, 121, 128, 131, 132 and 139], effective 1 July 2010;
- Interpretation 19 Extinguishing Financial Liabilities with Equity Instruments.

The adoption of these standards did not have any impact on the current period or any prior period and is not likely to affect future periods.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C ACCOUNTING STANDARDS AND INTERPRETATIONS ISSUED BUT NOT YET EFFECTIVE

Australian Accounting Standards and Interpretations that have recently been issued or amended but are not yet effective and have not been adopted by the Group for the year ended 30 June 2011. These are outlined in the table below.

Reference	Title	Summary of change	Application date of standard	Application date for Group
AASB 2009-11	Amendments to Australian Accounting Standards arising from AASB 9 [AASB 1, 3, 4, 5, 7, 101, 102, 108, 112, 118, 121, 127, 131, 132, 136, 139, 1023 and 1038 and Interpretations 10 and 12]	These amendments arise from the issuance of AASB 9 Financial Instruments that sets out requirements for the classification and measurement of financial assets. The requirements in AASB 9 form part of the first phase of the IASB's project to replace IAS 39 Financial Instruments: Recognition and Measurement. This Standard shall be applied when AASB 9 is applied.	1 Jan 2013	1 Jul 2013
AASB 2009-14	Amendments to Australian Interpretation – Prepayments of a Minimum Funding Requirement	These amendments arise from the issuance of Prepayments of a Minimum Funding Requirement (Amendment to IFRIC 14). The requirements of IFRIC 14 meant that some entities could not treat any surplus in a defined benefit pension plan as an economic benefit. The amendment requires entities to treat the benefit of such an early payment as a pension asset. Subsequently, the remaining surplus in the plan, if any, is subject to the same analysis as if no prepayment had been made.	1 Jan 2011	1 Jul 2011

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C ACCOUNTING STANDARDS AND INTERPRETATIONS ISSUED BUT NOT YET EFFECTIVE (CONTINUED)

Reference	Title	Summary of change	Application date of standard	Application date for Group
AASB 9 Financial Instruments	Amendments to Australian Accounting Standard - Financial Instruments and its associated amending standards	AASB 9 includes requirements for the classification and measurement of financial assets resulting from the first part of Phase 1 of the IASB's project to replace IAS 39 Financial Instruments: Recognition and Measurement (AASB 139 Financial Instruments: Recognition and Measurement). These requirements improve and simplify the approach for classification and measurement of financial assets compared with the requirements of AASB 139. The main changes from AASB 139 are described below. Financial assets are classified based on: (1) the objective of the entity's business model for managing the financial assets; (2) the characteristics of the contractual cash flows. This replaces the numerous categories of financial assets in AASB 139, each of which had its own classification criteria. AASB 9 allows an irrevocable election on initial recognition to present gains and losses on investments in equity instruments that are not held for trading in other comprehensive income. Dividends in respect of these investments that are a return on investment can be recognised in profit or loss and there is no impairment or recycling on disposal of the instrument. Financial assets can be designated and measured at fair value through profit or loss at initial recognition if doing so eliminates or significantly reduces a measurement or recognition inconsistency that would arise from measuring assets or liabilities, or recognising the gains and losses on them, on different bases.	1 Jan 2013	1 Jul 2013

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C ACCOUNTING STANDARDS AND INTERPRETATIONS ISSUED BUT NOT YET EFFECTIVE (CONTINUED)

Reference	Title	Summary of change	Application date of standard	Application date for Group
AASB 124 (Revised)	Related Party Disclosures (December 2009)	The revised AASB 124 simplifies the definition of a related party, clarifying its intended meaning and eliminating inconsistencies from the definition, including: (a) the definition now identifies a subsidiary and an associate with the same investor as related parties of each other; (b) entities significantly influenced by one person and entities significantly influenced by a close member of the family of that person are no longer related parties of each other; and (c) the definition now identifies that, whenever a person or entity has both joint control over a second entity and joint control or significant influence over a third party, the second and third entities are related to each other. A partial exemption is also provided from the disclosure requirements for government-related entities. Entities that are related by virtue of being controlled by the same government can provide reduced related party disclosures.	1 Jan 2011	1 Jul 2011
AASB 2010-4	Further Amendments to Australian Accounting Standards arising from the Annual Improvements Project [AASB 1, 7, 101, 134 and Interpretation 13]	Emphasises the interaction between quantitative and qualitative AASB 7 disclosures and the nature and extent of risks associated with financial instruments. Clarifies that an entity will present an analysis of other comprehensive income for each component of equity, either in the statement of changes in equity or in the notes to the Financial statements. Provides guidance to illustrate how to apply disclosure principles in AASB 134 for significant events and transactions. Clarifies that when the fair value of award credits is measured based on the value of the awards for which they could be redeemed, the amount of discounts or incentives otherwise granted to customers not participating in the award credit scheme, is to be taken into account.	1 Jan 2011	1 Jul 2011

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C ACCOUNTING STANDARDS AND INTERPRETATIONS ISSUED BUT NOT YET EFFECTIVE (CONTINUED)

Reference	Title	Summary of change	Application date of standard	Application date for Group
AASB 2010-5	Amendments to Australian Accounting Standards [AASB 1, 3, 4, 5, 101, 107, 112, 118, 119, 121, 132, 133, 134, 137, 139, 140, 1023 and 1038 and Interpretations 112, 115,127, 132, and 1042]	This Standard makes numerous editorial amendments to a range of Australian Accounting Standards and Interpretations, including amendments to reflect changes made to the text of IFRS by the IASB. These amendments have no major impact on the requirements of the amended pronouncements.	1 Jan 2011	1 Jul 2011
AASB 2010-6	Amendments to Australian Accounting Standards – Disclosures on Transfers of Financial Assets [AASB 1 and 7]	The amendments increase the disclosure requirements for transactions involving transfers of financial assets. They require enhancements to the existing disclosures in IFRS 7 where an asset is transferred but is not derecognised and introduce new disclosures for assets that are derecognised but the entity continues to have exposure to the asset after the sale.	1 Jul 2011	1 Jul 2011
AASB 2010-7	Amendments to Australian Accounting Standards arising from AASB 9 (December 2010)	The requirements for classifying and measuring financial liabilities were added to AASB 9. The existing requirements for the classification of financial liabilities and the ability to use the fair value option have been retained. However, where the fair value option is used for financial liabilities the change in fair value is accounted for as follows: (a) The change attributable to changes in credit risk is presented in other comprehensive income; (b) The remaining change is presented in profit or loss; (c) If this approach creates or enlarges an accounting mismatch in the profit or loss, the effect of the changes in credit risk are also presented in profit or loss.	1 Jan 2013	1 Jul 2013
AASB 2010-8	Amendments to Australian Accounting Standards – Deferred Tax: Recovery of Underlying Assets [AASB 112]	These amendments address the determination of deferred tax on investment property measured at fair value and introduce a rebuttable presumption that deferred tax on investment property measured at fair value should be determined on the basis that the carrying amount will be recoverable through sale. The amendments also incorporate SIC-21 Income Taxes – Recovery of Revalued Non-Depreciable Assets into AASB 112.	1 Jan 2012	1 Jul 2012

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C ACCOUNTING STANDARDS AND INTERPRETATIONS ISSUED BUT NOT YET EFFECTIVE (CONTINUED)

Reference	Title	Summary of change	Application date of standard	Application date for Group
AASB 1053	Application of Tiers of Australian Accounting Standards	This Standard establishes a differential financial reporting framework consisting of two Tiers of reporting requirements for preparing general purpose financial statements: (a) Tier 1: Australian Accounting Standards; (b) Tier 2: Australian Accounting Standards – Reduced Disclosure Requirements. Tier 2 comprises the recognition, measurement and presentation requirements of Tier 1 and substantially reduced disclosures corresponding to those requirements. The following entities apply Tier 1 requirements in preparing general purpose Financial statements: (a) For-profit entities in the private sector that have public accountability (as defined in this Standard); (b) The Australian Government and State, Territory and Local Governments. The following entities apply either Tier 2 or Tier 1 requirements in preparing general purpose financial statements: (a) For-profit private sector entities that do not have public accountability; (b) All not-for-profit private sector entities Public sector entities other than the Australian Government and State, Territory and Local Governments.	1 Jul 2013	1 Jul 2013
AASB 1054	Australian Additional Disclosures	This standard is as a consequence of Phase 1 of the joint Trans-Tasman Convergence project of the AASB and FRSB. This standard relocates all Australian specific disclosures from other standards to one place and revises disclosures in the following areas: (a) Compliance with Australian Accounting Standards; (b) The statutory basis or reporting framework for Financial statements; (c) Whether the financial statements are general purpose or special purpose; (d) Audit fees; (e) Imputation credits.	1 Jul 2011	1 Jul 2011

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C ACCOUNTING STANDARDS AND INTERPRETATIONS ISSUED BUT NOT YET EFFECTIVE (CONTINUED)

Reference	Title	Summary of change	Application date of standard	Application date for Group
*	Consolidated Financial statements IFRS 10	IFRS 10 establishes a new control model that applies to all entities. It replaces parts of IAS 27 Consolidated and Separate Financial statements dealing with the accounting for consolidated Financial statements and SIC-12 Consolidation – Special Purpose Entities. The new control model broadens the situations when an entity is considered to be controlled by another entity and includes new guidance for applying the model to specific situations, including when acting as a manager may give control, the impact of potential voting rights and when holding less than a majority voting rights may give control. This is likely to lead to more entities being consolidated into the Group.	1 Jan 2013	1 Jul 2013
*	Joint Arrangements IFRS 11	IFRS 11 replaces IAS 31 Interests in Joint Ventures and SIC-13 Jointly- controlled Entities – Non-monetary Contributions by Ventures. IFRS 11 uses the principle of control in IFRS 10 to define joint control, and therefore the determination of whether joint control exists may change. In addition IFRS 11 removes the option to account for jointly controlled entities (JCEs) using proportionate consolidation. Instead, accounting for a joint arrangement is dependent on the nature of the rights and obligations arising from the arrangement. Joint operations that give the venturers a right to the underlying assets and obligations themselves is accounted for by recognising the share of those assets and obligations. Joint ventures that give the venturers a right to the net assets is accounted for using the equity method. This may result in a change in the accounting for the joint arrangements held by the Group.	1 Jan 2013	1 Jul 2013
*	Disclosure of Interests in Other Entities IFRS 12	IFRS 12 includes all disclosures relating to an entity's interests in subsidiaries, joint arrangements, associates and structured entities. New disclosures have been introduced about the judgements made by management to determine whether control exists, and to require summarised information about joint arrangements, associates and structured entities and subsidiaries with non-controlling interests.	1 Jan 2013	1 Jul 2013

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C ACCOUNTING STANDARDS AND INTERPRETATIONS ISSUED BUT NOT YET EFFECTIVE (CONTINUED)

*	Fair Value Measurement IFRS 13	IFRS 13 establishes a single source of guidance under IFRS for determining the fair value of assets and liabilities. IFRS 13 does not change when an entity is required to use fair value, but rather, provides guidance on how to determine fair value under IFRS when fair value is required or permitted by IFRS. Application of this definition may result in different fair values being determined for the relevant assets. IFRS 13 also expands the disclosure requirements for all assets or liabilities carried at fair value. This includes information about the assumptions made and the qualitative impact of those assumptions on the fair value determined.	1 Jan 2013	1 Jul 2013

* The AASB has not issued these standards, which were finalised by the IASB in May 2011.

The impact of the adoption of these new and revised standards and interpretations has not been determined by the Company.

D BASIS OF CONSOLIDATION

The consolidated Financial statements comprise the Financial statements of Atlantic and its subsidiaries as at and for the period ended 30 June 2011 (the "**Group**").

Subsidiaries are all those entities over which the Group has the power to govern the financial and operating policies so as to obtain benefits from their activities. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether a group controls another entity.

The Financial statements of the subsidiaries are prepared for the same reporting period as the parent company, using consistent accounting policies. In preparing the consolidated Financial statements, all intercompany balances, transactions, unrealised gains and losses resulting from intra-group transactions and dividends have been eliminated in full.

Subsidiaries are fully consolidated from the date on which control is obtained by the Group and cease to be consolidated from the date on which control is transferred out of the Group.

Investments in subsidiaries held by Atlantic are accounted for at cost in the separate Financial statements of the parent entity less any impairment charges. Dividends received from subsidiaries are recorded as a component of other revenues in the separate income statement of the parent entity, and do not impact the recorded cost of the investment. Upon receipt of dividend payments from subsidiaries, the parent will assess whether any indicators of impairment of the carrying value of the investment in the subsidiary exist. Where such indicators exist, to the extent that the carrying value of the investment exceeds its recoverable amount, an impairment loss is recognised.

The acquisition of subsidiaries is accounted for using the acquisition method of accounting. The acquisition method of accounting involves recognising at acquisition date, separately from goodwill, the identifiable assets acquired, the liabilities assumed and any non-controlling interest in the acquiree. The identifiable assets acquired and the liabilities assumed are measured at their acquisition date fair values.

The difference between the above items and the fair value of the consideration (including the fair value of any pre-existing investment in the acquiree) is goodwill or a discount on acquisition.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units that are expected to benefit from the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units.

Where goodwill forms part of a cash-generating unit and part of the operation within that unit disposal of, the goodwill associated with the operation disposed of is included in the carrying amount of the operation when determining the gain or loss on disposal of the operation. Goodwill disposed of in this circumstance is measured based on the relative values of the operation disposed of and the portion of the cash-generating unit retained.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

E FOREIGN CURRENCY TRANSLATION

(i) Functional and presentation currency

Both the functional and presentation currency of Atlantic and its subsidiaries is Australian dollars (A$).

(ii) Transactions and balances

Transactions in foreign currencies are initially recorded in the functional currency by applying the exchange rates ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the rate of exchange ruling at the reporting date.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rate as at the date of the initial transaction. Foreign currency differences arising on retranslation are recognised in profit or loss, except for qualifying cash flow hedges, which are recognised directly in equity.

F SHARE-BASED PAYMENTS

(i) Equity-settled transactions

The Group provides benefits to its employees in the form of share-based payments, whereby employees render services in exchange for shares or rights over shares (equity-settled transactions).

The cost of these equity-settled transactions with employees is measured by reference to the fair value of the equity instruments at the date at which they are granted. The fair value is determined by an internal valuer using the Black-Scholes formula, taking into account the terms and conditions upon which the instruments were granted (see note 19).

In valuing equity-settled transactions, no account is taken of any performance conditions, other than conditions linked to the price of the shares of Atlantic (market conditions) if applicable.

The cost of equity-settled transactions is recognised, together with a corresponding increase in equity, over the period in which the performance and/or service conditions are fulfilled (the vesting period), ending on the date on which the relevant employees become fully entitled to the award (the vesting date).

The cumulative expense recognised for equity-settled transactions at each reporting date until vesting date reflects (i) the extent to which the vesting period has expired and (ii) the Group's best estimate of the number of equity instruments that will ultimately vest. No adjustment is made for the likelihood of market performance conditions being met as the effect of these conditions is included in the determination of fair value at grant date.

The statement of comprehensive income charge or credit for a period represents the movement in cumulative expense recognised as at the beginning and end of that period.

No expense is recognised for awards that do not ultimately vest, except for awards where vesting is only conditional upon a market condition.

If the terms of an equity-settled award are modified, as a minimum, an expense is recognised as if the terms had not been modified. In addition, an expense is recognised for any modification that increases the total fair value of the share-based payment arrangement, or is otherwise beneficial to the employee, as measured at the date of modification.

If an equity-settled award is cancelled, it is treated as if it had vested on the date of cancellation, and any expense not yet recognised for the award is recognised immediately. However, if a new award is substituted for the cancelled award and designated as a replacement award on the date that it is granted, the cancelled and new award are treated as if they were a modification of the original award, as described in the previous paragraph.

The dilutive effect, if any, of outstanding options is reflected as additional share dilution in the computation of earnings per share.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

F SHARE-BASED PAYMENTS (CONTINUED)

(ii) Executive Share Incentive Plan

The Executive Share Incentive Plan ("ESIP") is accounted for as an "in-substance" option plan due to the limited recourse nature of the loan between the employees and the Company to finance the purchase of ordinary shares. The dilutive effect, if any, of outstanding options is reflected as additional share dilution in the computation of diluted earnings per share. At the time of grant, the total loan value is recognised in issued capital, with a corresponding reduction in the ESIP Reserve. The total fair value of award under the plan is recognised as a share-based payment expense over the vesting period, with a corresponding increase in the ESIP Reserve.

G CASH AND CASH EQUIVALENTS

Cash and cash equivalents in the statement of financial position comprise cash at bank and in hand and short-term deposits with an original maturity of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

For the purposes of the statement of cash flows, cash and cash equivalents consist of cash and cash equivalents as defined above, net of outstanding bank overdrafts. Bank overdrafts are included within interest-bearing loans and borrowings in current liabilities on the statement of financial position.

H TRADE AND OTHER RECEIVABLES

Trade and other receivables, which generally have 30 to 90 day terms, are recognised at fair value less an allowance for impairment.

Collectability of trade and other receivables are reviewed on an ongoing basis. Individual debts that are known to be uncollectable are written off when identified. An impairment allowance is recognised when there is objective evidence that the Group will not be able to collect the receivable. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation and default are considered indicators that the trade receivable is impaired. The amount of the impairment loss is the receivable carrying amount compared to the present value of estimated future cash flows, discounted at the original effective interest rate. The amount of impairment loss is recognised in the consolidated statement of comprehensive income.

I INVENTORIES

Inventories are measured at the lower of cost and net realisable value. The cost of inventories is based on the first-in first-out principle, and includes expenditure incurred in acquiring the inventories, production or conversion costs and other costs incurred in bringing them to their existing location and condition.

Net realisable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and the estimated costs necessary to make the sale.

J FINANCIAL INSTRUMENTS

Financial instruments in the scope of AASB 139 Financial Instruments: Recognition and Measurement are classified as either financial assets at fair value through profit or loss, loans and receivables, held-to-maturity investments, or available-for-sale investments, as appropriate. The classification depends on the purpose for which the investments were acquired or originated. Designation is re-evaluated at each reporting date, but there are restrictions on reclassifying to other categories. When financial instruments are recognised initially, they are measured at fair value, plus, in the case of investments not at fair value through profit or loss, directly attributable transactions costs.

(i) Recognition and derecognition

All regular way purchases and sales of financial assets are recognised on the trade date i.e., the date that the Group commits to purchase the asset. Regular way purchases or sales are purchases or sales of financial assets under contracts that require delivery of the assets within the period established generally by regulation or convention in the market place. Financial assets are derecognised when the right to receive cash flows from the financial assets has expired or when the entity transfers substantially all the risks and rewards of the financial assets. If the entity neither retains nor transfers substantially all of the risks and rewards, it derecognises the asset if it has transferred control of the assets.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

J FINANCIAL INSTRUMENTS (CONTINUED)

(ii) Subsequent measurement

Financial assets at fair value through profit or loss

Financial assets classified as held for trading are included in the category "financial assets at fair value through profit or loss". Financial assets are classified as held for trading if they are acquired for the purpose of selling in the near term with the intention of making a profit. Derivatives are also classified as held for trading unless they are designated as effective hedging instruments. Gains or losses on financial assets held for trading are recognised in profit or loss and the related assets are classified as current assets in the statement of financial position.

Held-to-maturity investments

Non-derivative financial assets with fixed or determinable payments and fixed maturity are classified as held-to-maturity when the Group has the positive intention and ability to hold to maturity. Investments intended to be held for an undefined period are not included in this classification. Investments that are intended to be held-to-maturity are subsequently measured at amortised cost. This cost is computed as the amount initially recognised minus principal repayments, plus or minus the cumulative amortisation using the effective interest method of any difference between the initially recognised amount and the maturity amount. This calculation includes all fees and points paid or received between parties to the contract that are an integral part of the effective interest rate, transaction costs and all other premiums and discounts. For investments carried at amortised cost, gains and losses are recognised in profit or loss when the investments are derecognised or impaired, as well as through the amortisation process.

Loans and receivables

Loans and receivables including loan notes and loans to key management personnel are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Such assets are carried at amortised cost using the effective interest rate method. Gains and losses are recognised in profit or loss when the loans and receivables are derecognised or impaired. These are included in current assets, except for those with maturities greater than 12 months after balance date, which are classified as non-current.

Available-for-sale financial assets

Available-for-sale financial assets are those non-derivative financial assets, principally equity securities, that are designated as available-for-sale or are not classified as any of the three preceding categories. After initial recognition available-for-sale financial assets are measured at fair value with gains or losses being recognised as a separate component of equity until the investment is derecognised or until the investment is determined to be impaired, at which time the cumulative gain or loss previously reported in equity is recognised in profit or loss.

The fair values of investments that are actively traded in organised financial markets are determined by reference to quoted market bid prices at the close of business on the reporting date. For investments with no active market, fair values are determined using valuation techniques. Such techniques include: using recent arm's length market transactions; reference to the current market value of another instrument that is substantially the same; discounted cash flow analysis; and option pricing models, making as much use of available and supportable market data as possible and keeping judgemental inputs to a minimum.

K IMPAIRMENT OF ASSETS

(i) Financial Assets

Financial assets are assessed at each reporting date to determine whether there is any objective evidence that they are impaired. A financial asset is considered to be impaired if objective evidence indicates that one or more events have had a negative effect on the estimated future cash flows of that asset.

An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount, and the present value of the estimated future cash flows discounted at the original effective interest rate. An impairment loss in respect of an available-for-sale financial asset is calculated by reference to its fair value. All impairment losses are recognised in profit or loss.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

K IMPAIRMENT OF ASSETS (CONTINUED)

(i) Financial Assets

Individually significant financial assets are tested for impairment on an individual basis. The remaining financial assets are assessed collectively in groups that share similar credit risk characteristics.

An impairment loss is reversed if the reversal can be related objectively to an event occurring after the impairment loss was recognised. For financial assets measured at amortised cost, the reversal is recognised in profit or loss.

(ii) Non-financial assets

The carrying amounts of the Group's non-financial assets, other than inventories and deferred tax assets, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists then the asset's recoverable amount is estimated. For goodwill and intangible assets that have indefinite lives or that are not yet available for use, the recoverable amount is estimated at each reporting date.

An impairment loss is recognised if the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount. A cash-generating unit is the smallest identifiable asset group that generates cash flows that are largely independent from other assets and groups. Impairment losses are recognised in profit or loss. Impairment losses recognised in respect of cash-generating units are allocated first to reduce the carrying amount of any goodwill allocated to the units and then to reduce the carrying amount of the other assets in the unit (group of units) on a pro rata basis.

The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

An impairment loss in respect of goodwill is not reversed. In respect of other assets, impairment losses recognised in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

L PROPERTY, PLANT AND EQUIPMENT

(i) Recognition and measurement

Items of property, plant and equipment are measured at cost less accumulated depreciation and accumulated impairment losses.

Cost includes expenditure that is directly attributable to the acquisition of the asset. The cost of self-constructed assets includes the cost of materials and direct labour, any other costs directly attributable to bringing the asset to a working condition for its intended use, and the costs of dismantling and removing the items and restoring the site on which they are located. Purchased software that is integral to the functionality of the related equipment is capitalised as part of that equipment.

When parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

Gains and losses on disposal of an item of property, plant and equipment are determined by comparing the proceeds from disposal with the carrying amount of property, plant and equipment and are recognised net within "Other Income" in profit or loss.

(ii) Subsequent costs

The cost of replacing part of an item of property, plant and equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Group and its cost can be measured reliably. The carrying amount of the replaced part is derecognised. The costs of the day-to-day servicing of property, plant and equipment are recognised in profit or loss as incurred.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

L PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

(iii) Depreciation

Depreciation is recognised in profit or loss on a straight-line basis over the estimated useful lives of each part of an item of property, plant and equipment. Leased assets are depreciated over the shorter of the lease term and their useful lives unless it is reasonably certain that the Group will obtain ownership by the end of the lease term. Land is not depreciated.

The estimated useful lives are as follows:

Site buildings	4-28 years
Site plant and equipment	2-28 years
Office equipment	2-6 years
Leased assets	2-28 years

Depreciation methods, useful lives and residual values are reviewed at each reporting date.

(iv) Mine properties and development

Once a development decision has been taken, expenditure for the establishment of access to mineral reserves, together with capitalised exploration, evaluation expenditure, including an appropriate portion of related overhead expenditure directly attributable to the development property are capitalised and classified under non-current assets as "Mine properties and development."

No amortisation is provided in respect of mine properties and development until commercial production is declared by the Group (for new operations), or in which mining of a mineral resource has commenced.

After the commencement of production, amortisation of costs is provided on the unit-of-production method which results in an amortisation charge proportional to the depletion of the economically recoverable mineral reserves over the life of the mine.

(v) Derecognition

An item of property, plant and equipment is derecognised upon disposal or when no further future economic benefits are expected from its use or disposal.

M LEASES

The determination of whether an arrangement is or contains a lease is based on the substance of the arrangement at inception date, whether fulfilment of the arrangement is dependent on the use of a specific asset or assets or the arrangement conveys a right to use the asset, even if that right is not explicitly specified in an arrangement.

Finance leases, which transfer to the Group substantially all the risks and benefits incidental to ownership of the leased item, are capitalised at the inception of the lease at the fair value of the leased asset or, if lower, at the present value of the minimum lease payments. Lease payments are apportioned between the finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are recognised in finance costs in profit or loss.

Capitalised leased assets are depreciated over the shorter of the estimated useful life of the asset and the lease term if there is no reasonable certainty that the Group will obtain ownership by the end of the lease term.

Operating lease payments are recognised as an operating expense in the statement of comprehensive income on a straight-line basis over the lease term. Operating lease incentives are recognised as a liability when received and subsequently reduced by allocating lease payments between rental expense and reduction of the liability.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

N EXPLORATION AND EVALUATION

Exploration and evaluation expenditures in relation to each separate area of interest are recognised as an exploration and evaluation asset in the year in which they are incurred where the following conditions are satisfied:

(i) the rights to tenure of the area of interest are current; and

(ii) at least one of the following conditions is also met:

- (a) the exploration and evaluation expenditures are expected to be recouped through successful development and exploration of the area of interest, or alternatively, by its sale; or
- (b) exploration and evaluation activities in the area of interest have not at the reporting date reached a stage which permits a reasonable assessment of the existence or otherwise of economically recoverable reserves, and active and significant operations in, or in relation to, the area of interest are continuing.

Exploration and evaluation assets are initially measured at cost and include acquisition of rights to explore, studies, exploratory drilling, trenching and sampling and associated activities and an allocation of depreciation and amortisation of assets used in exploration and evaluation activities. General and administrative costs are only included in the measurement of exploration and evaluation costs where they are related directly to operational activities in a particular area of interest.

Exploration and evaluation assets are assessed for impairment when facts and circumstances suggest that the carrying amount of an exploration and evaluation asset may exceed its recoverable amount. The recoverable amount of the exploration and evaluation asset (for the cash generating unit(s) to which it has been allocated being no larger than the relevant area of interest) is estimated to determine the extent of the impairment loss (if any). Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but only to the extent that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in previous years.

Where a decision has been made to proceed with development in respect of a particular area of interest, the relevant exploration and evaluation asset is tested for impairment and the balance is then reclassified to Mine properties and development within Property, plant and equipment.

O TRADE AND OTHER PAYABLES

Trade and other payables are carried at amortised cost and due to their short-term nature they are not discounted. They represent liabilities for goods and services provided to the Group prior to the end of the financial year that are unpaid and arise when the Group becomes obliged to make future payments in respect of the purchase of these goods and services. The amounts are unsecured and are usually paid within 30 days of recognition.

P PROVISIONS

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

When the Group expects some or all of a provision to be reimbursed, for example under an insurance contract, the reimbursement is recognised as a separate asset but only when the reimbursement is virtually certain. The expense relating to any provision is presented in the statement of comprehensive income net of any reimbursement.

Provisions are measured at the present value of management's best estimate of the expenditure required to settle the present obligation at the reporting date. The discount rate used to determine the present value reflects current market assessments of the time value of money and the risks specific to the liability. The increase in the provision resulting from the passage of time is recognised in finance costs.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

P PROVISIONS (CONTINUED)

(i) Employee leave benefits

Wages, salaries, annual leave and sick leave

Liabilities for wages and salaries, including non-monetary benefits, annual leave and accumulating sick leave due to be settled within 12 months of the reporting date are recognised in respect of employees' services up to the reporting date. They are calculated at undiscounted amounts based on remuneration wage and salary rates that the Group expects to pay as at reporting date including related on-costs, such as workers compensation insurance and payroll tax. Expenses for non-accumulating sick leave are recognised when the leave is taken and are measured at the rates paid or payable.

Long service leave

The liability for long service leave is recognised and measured as the present value of expected future payments to be made in respect of services provided by employees up to the reporting date using the projected unit credit method. Consideration is given to expected future wage and salary levels, experience of employee departures, and periods of service. Expected future payments are discounted using market yields at the reporting date on national government bonds with terms to maturity and currencies that match, as closely as possible, the estimated future cash outflows.

(ii) Rehabilitation

The Group is required to decommission and rehabilitate mines and processing sites, to the extent that an environmental disturbance has occurred, to a condition acceptable to the relevant authorities.

The provision is the best estimate of the present value of the expenditure required to settle the restoration obligation at the reporting date, based on current legal requirements and technology. Future restoration costs are reviewed annually and any changes are reflected in the provision at the end of the reporting period.

The amount of the provision for future rehabilitation costs is capitalised and is depreciated in accordance with the policy set out in note 2L(iv). The unwinding of the effect of discounting on the provision is recognised as a finance cost.

Q INTEREST-BEARING LOANS

All loans and borrowings are initially recognised at the fair value of the consideration received less directly attributable transaction costs. After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the effective interest method. Fees paid on the establishment of loan facilities that are yield related are included as part of the carrying amount of the loans and borrowings.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the reporting date.

R CONTRIBUTED EQUITY

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

S EARNINGS PER SHARE

Basic earnings per share is calculated as net profit/loss attributable to members of the parent, adjusted to exclude any costs of servicing equity (other than dividends), divided by the weighted average number of ordinary shares.

Diluted earnings per share is calculated as net profit/loss attributable to members of the parent, adjusted for:

- costs of servicing equity (other than dividends) and preference share dividends;
- the after tax effect of dividends and interest associated with dilutive potential ordinary shares that have been recognised as expenses; and
- other non-discretionary changes in revenues or expenses during the period that would result from the dilution of potential ordinary shares, divided by the weighted average number of ordinary shares and dilutive potential ordinary shares.

Divided by the weighted average number of ordinary shares and dilutive potential ordinary shares.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

T BORROWING COSTS

Borrowing costs directly attributable to the acquisition, construction or production of a qualifying asset (i.e., an asset that necessarily takes a substantial period of time to get ready for its intended use or sale) are capitalised as part of the cost of that asset. All other borrowing costs are expensed in the period they occur.

Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

The Windimurra Vanadium Project is not considered a qualifying asset due to the short-term development period.

U BUSINESS COMBINATIONS

Business combinations are accounted for using the acquisition method. The consideration transferred in a business combination shall be measured at fair value, which shall be calculated as the sum of the acquisition-date fair values of the assets transferred by the acquirer, the liabilities incurred by the acquirer to former owners of the acquiree and the equity issued by the acquirer, and the amount of any non-controlling interest in the acquiree. For each business combination, the acquirer measures the non-controlling interest in the acquiree either at fair value or at the proportionate share of the acquiree's identifiable net assets. Acquisition-related costs are expensed as incurred and included in administrative expenses.

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic conditions, the Group's operating and accounting policies and other pertinent conditions as at the acquisition date. This includes the separation of embedded derivatives in host contracts by the acquiree.

If the business combination is achieved in stages, the acquisition date fair value of the acquirer's previously held equity interest in the acquiree is remeasured to fair value at the acquisition date through profit or loss.

Any contingent consideration to be transferred by the acquirer will be recognised at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration which is deemed to be an asset or liability will be recognised in accordance with AASB 139 either in profit or loss as a change to other comprehensive income. If contingent consideration is classified as equity, it should not be remeasured until it is finally settled within equity.

V REVENUE RECOGNITION

Revenue is recognised and measured at the fair value of the consideration received or receivable to the extent it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured.

(i) Interest revenue

Revenue is recognised as interest accrues using the effective interest method. This is a method of calculating the amortised cost of a financial asset and allocating the interest income over the relevant period using the effective interest rate, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the net carrying amount of the financial asset.

(ii) Sale of goods

Revenue from the sale of goods is recognised when there has been a transfer of risks and rewards to the customer, no further work or processing is required, the quantity and quality of the goods has been determined, the price is fixed and generally title has passed.

W INCOME TAX AND OTHER TAXES

Current tax assets and liabilities for the current period are measured at the amount expected to be recovered from or paid to the taxation authorities based on the current period's taxable income. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted at the reporting date.

Current income tax relating to items recognised directly in equity is recognised in equity and not in the income statement.

Deferred income tax is provided on all temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

W INCOME TAX AND OTHER TAXES (CONTINUED)

Deferred income tax liabilities are recognised for all taxable temporary differences except:

- When the deferred income tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and that, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss;
- When the taxable temporary difference is associated with investments in subsidiaries, associates or interests in joint ventures, and the timing of the reversal of the temporary difference can be controlled and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred income tax assets are recognised for all deductible temporary differences, carry-forward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences and the carry-forward of unused tax credits and unused tax losses can be utilised, except:

- When the deferred income tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss;
- When the deductible temporary difference is associated with investments in subsidiaries, associates or interests in joint ventures, in which case a deferred tax asset is only recognised to the extent that it is probable that the temporary difference will reverse in the foreseeable future and taxable profit will be available against which the temporary difference can be utilised.

The carrying amount of deferred income tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilised. Unrecognised deferred income tax assets are reassessed at each reporting date and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

Deferred tax assets and deferred tax liabilities are offset only if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred tax assets and liabilities relate to the same taxable entity and the same taxation authority.

Other taxes

Revenues, expenses and assets are recognised net of the amount of Goods and Services Tax ("GST") except:

- When the GST incurred on a purchase of goods and services is not recoverable from the Australian Tax Office ("ATO"), in which case the GST is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable;
- Receivables and payables, which are stated with the amount of GST included.

The net amount of GST recoverable from, or payable to, the ATO is included as part of receivables or payables in the consolidated statement of financial position.

Cash flows are included in the consolidated statement of cash flows on a gross basis and the GST component of cash flows arising from investing and financing activities, which is recoverable from, or payable to, the taxation authority is classified as part of operating cash flows.

Commitments and contingencies are disclosed net of the amount of GST recoverable from, or payable to, the ATO.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

X SEGMENT REPORTING

An operating segment is a component of an entity that engages in business activities from which it may earn revenues and incur expenses (including revenues and expenses relating to transactions with other components of the same entity), whose operating results are regularly reviewed by the entity's chief operating decision maker to make decisions about resources to be allocated to the segment and assess its performance and for which discrete financial information is available. This includes start up operations which are yet to earn revenues. Management will also consider other factors in determining operating segments such as the existence of a line manager and the level of segment information presented to the Board of Directors.

Operating segments have been identified based on the information provided to the chief operating decision makers, being the Board of Directors.

The Group aggregates two or more operating segments when they have similar economic characteristics, and the segments are similar in each of the following respects:

- Geographical location;
- National regulatory environment;
- Nature of the products and services, and
- Nature of the production processes.

Operating segments that meet the quantitative criteria as prescribed by AASB 8 are reported separately. However, an operating segment that does not meet the quantitative criteria is still reported separately where information about the segment would be useful to users of the Financial statements.

Information about other business activities and operating segments that are below the quantitative criteria are combined and disclosed in a separate category for "all other segments".

Y COMPARATIVE FIGURES

When required by Accounting Standards, comparative figures have been adjusted to conform to changes in presentation for the current financial year.

3 SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS

The preparation of the Financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts in the Financial statements. Management continually evaluates its judgements and estimates in relation to assets, liabilities, contingent liabilities, revenue and expenses. Management bases its judgements and estimates on historical experience and on other various factors it believes to be reasonable under the circumstances, the result of which form the basis of the carrying values of assets and liabilities that are not readily apparent from other sources.

Management has identified the following critical accounting policies for which significant judgements, estimates and assumptions are made. Actual results may differ from these estimates under different assumptions and conditions and may materially affect financial results or the financial position reported in future periods.

Further details of the nature of these assumptions and conditions may be found in the relevant notes to the Financial statements.

A SIGNIFICANT ACCOUNTING JUDGEMENTS

(i) Determination of mineral resources and ore reserves

The determination of reserves impacts the accounting for asset carrying values, depreciation and amortisation rates and the provision for rehabilitation. The Company estimates its mineral and ore reserves in accordance with the Australian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserve 2004 (the "JORC code"). There are numerous uncertainties inherent in estimating mineral resources and ore reserves and assumptions that are valid at the time of estimation may change significantly when new information becomes available. Changes in the forecast prices of commodities, exchange rates, production costs or recovery rates may change the economic status of reserves and may, ultimately, result in the reserves being restated.

3 SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS (CONTINUED)

B SIGNIFICANT ACCOUNTING ESTIMATES AND ASSUMPTIONS

The carrying amount of certain assets and liabilities are often determined based on estimates and assumptions of future events. The key estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of certain assets and liabilities are as follows:

(i) Impairment of capitalised mine property and development expenditure

The future recoverability of capitalised mine property and development expenditure is dependent on a number of factors, including whether the Group is able to commercially extract the resource itself or, if not, whether it can successfully recover the related mine property and development asset through sale.

Factors that could impact the future recoverability include the level of reserves and resources, future technological changes, which could impact the cost of mining, future legal changes, (including changes to environmental rehabilitation obligations) and changes to commodity prices.

To the extent that capitalised mine property and development expenditure is determined not to be recoverable in the future, profits and net assets will be reduced in the period in which this determination is made.

(ii) Impairment of property, plant and equipment

Property, plant and equipment is reviewed if there is any indication that the carrying amount may not be recoverable. Where a review for impairment is conducted, the recoverable amount is assessed by reference to the higher of 'value in use' (being the net present value of expected further cash flows of the relevant cash generating unit) and 'fair value less costs to sell'.

In determining value in use, future cash flows are based on:

- estimates of the quantities of ore reserves and mineral resources for which there is a high degree of confidence of economic extraction (life of mine is 28 years);
- future production levels;
- future commodity prices;
- future cash costs of production; and
- discount rate used of 15.117%.

Variations to the expected future cash flows, and the timing thereof, could result in significant changes to the value of property, plant and equipment. Any resulting impairment losses recognised could in turn impact future financial results.

(iii) Rehabilitation provision

Significant estimates and assumptions are made in determining the provision for rehabilitation of the mine as there are numerous factors that will affect the ultimate liability payable.

These factors include estimates of the extent and costs of rehabilitation activities, technological changes, regulatory changes, cost increases as compared to inflation rates, and changes in discount rates. These uncertainties may result in future actual expenditure differing from amounts currently provided.

(iv) Estimation of useful lives of assets

The estimation of useful lives of assets has been based on historical experiences as well as manufacturers' warranties (for plant and equipment), lease terms (for leased equipment) and turnover policies (for motor vehicles). In addition, the condition of the assets is assessed at least once a year and considered against remaining useful life. Adjustments to useful life are made when considered necessary.

3 SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS (CONTINUED)

B SIGNIFICANT ACCOUNTING ESTIMATES AND ASSUMPTIONS (CONTINUED)

(v) Recovery of deferred tax assets

Judgement is required in determining whether deferred tax assets are recognised on the statement of financial position. Deferred tax assets, including those arising from un-utilised tax losses, require management to assess the likelihood that the Group will generate taxable earnings in future periods, in order to utilise recognised deferred tax assets. Estimates of future taxable income are based on forecast cash flows from operations and the application of existing tax laws. To the extent that future cash flows and taxable income differ significantly from estimates, the ability of the Group to realise net deferred tax assets recognised could be impacted. Additionally, future changes in tax laws could limit the ability of the Group to obtain tax deductions in future periods.

The Group has unrecognised deferred tax assets arising from tax losses and other temporary differences. The ability of the Group to utilise its tax losses are subject to meeting the relevant statutory tests.

(vi) Share-based payments

The Group measures the cost of equity-settled transactions by reference to the fair value of the equity instruments at the date at which they are granted. The fair value is determined using the Black-Scholes formula, taking into account the terms and conditions upon which the instruments were granted. The related assumptions are detailed in note 19. The accounting estimates and assumptions relating to equity-settled share-based payments would have no impact on the carrying amounts of assets and liabilities within the next reporting period but may affect expenses and equity.

(vii) Significant estimate in determining the beginning of production

Considerations are made in the determination of the point at which development ceases and production commences for a mine development project. This point determines the cut-off between pre-production and production accounting.

The Group ceases capitalising pre-production costs and begins depreciation and amortisation of mine assets at the point commercial production commences. This is based on the specific circumstances of the project, and considers when the mine's plant becomes 'available for use' as intended by management.

Determining when the production start date is achieved an assessment is made by management and includes the following factors:

- the level of redevelopment expenditure compared to project cost estimates;
- completion of a reasonable period of testing of the mine plant and equipment;
- mineral recoveries, availability and throughput levels at or near expected/budgeted levels;
- the ability to produce ferrovanadium into a saleable form (where more than an insignificant amount is produced); and
- the achievement of continuous production.

Any revenues occurring during the pre-production period are capitalised and offset the capitalised development costs.

As at 30 June 2011 the Windimurra Vanadium Project was still in development.

(viii) Acquisition levy provision

Significant estimates and assumptions are made in determining the acquisition levy provision as there are numerous factors that will affect the ultimate liability payable.

These factors include estimates on the value attributable to the property, plant and equipment and the probability weighting applied to the property, plant and equipment value.

These uncertainties may result in the future actual payment being different to the amount currently provided.

4 REVENUE AND EXPENSES

	2011 A$'000	2010 A$'000
Revenue		
Interest	2,347	174
Other income		
Net foreign exchange gains	16,401	-

	2011 A$'000	Restated 2010 A$'000
Corporate expenses		
Depreciation	105	9
Business development expenses	435	23
Employee benefits expense	3,530	2,693
Acquisition costs (refer note 22(ii))	2,631	283
Other corporate expenses	3,346	1,609
	10,047	4,617
Administrative expenses		
Vietnam Bauxite Project administration costs	1,254	158
Depreciation	7	-
Employee benefits expense	452	-
Other administration expenses	2,730	-
	4,443	158

4 REVENUE AND EXPENSES (CONTINUED)

	2011 A$'000	Restated 2010 A$'000
Included in corporate and administrative expenses are the following:		
Employee benefits expense		
- Wages, salaries and Directors' fees	1,642	688
- Superannuation	228	51
- Share-based payments	2,112	1,954
	3,982	2,693
Finance expenses		
Interest expense - senior secured notes (i)	14,336	-
Interest expense - syndicated debt	4,451	-
Interest expense - finance leases and other borrowings	5,260	-
Unwinding of the discount of the rehabilitation provision	733	-
	24,780	-

(i) Interest accrued on the senior secured notes is calculated by using the effective interest rate and includes amortised borrowing costs of A$0.5m. Accrued interest at the coupon rate of 11.5% equals US$14.4m (A$13.8m).

5 DIVIDENDS

No dividends have been paid during the year. There is no dividend proposed.

6 INCOME TAX

(a) Income tax expense/(benefit) attributable to continuing operations

	2011 A$'000	2010 A$'000
Current income tax expense/(benefit)	(2,519)	(1,087)
Deferred income tax expense/(benefit)	2,519	1,087
	-	-

6 INCOME TAX (CONTINUED)

(b) Numerical reconciliation of income tax expense/(benefit) to prima facie tax expense/(benefit)

	2011 A$'000	Restated 2010 A$'000
Profit/(loss) before income tax	12,300	(7,733)
Income tax expense/(benefit) at 30% (2010: 30%)	3,690	(2,320)
Tax effect of:		
Non-deductible expenses	3,637	1,266
Non-assessable revenue	(9,846)	-
Temporary differences movement	316	-
Income tax expense/(benefit) adjusted for permanent differences	(2,203)	(1,054)
Tax losses not brought to account as future income tax benefits	2,203	1,054
Income tax expense/(benefit) attributable to operating loss	-	-

The tax rate used in the above reconciliation is the corporate tax rate of 30% payable in Australia by corporate entities on taxable profits under Australian tax law. There has been no change in this tax rate since the previous reporting period.

(c) Deferred tax assets not recognised

The consolidated entity has income tax losses of A$60,999,179 (2010: A$4,034,188) that are available indefinitely for offset against future assessable income as at 30 June 2011.

This benefit for tax losses will only be obtained if:

i. the Consolidated Entity derives future assessable income of a nature and of an amount sufficient to enable the benefit from the deductions for the losses to be realised;

ii. the Consolidated Entity continues to comply with the conditions for deductibility imposed by tax legislation; and

iii. no changes in tax legislation adversely affect the Consolidated Entity in realising the benefit from the deductions for the losses.

The following deferred tax assets are not brought to account, as it is not considered probable that future assessable income is sufficient to enable the benefit from the deferred tax assets to be realised:

	2011 A$'000	2010 A$'000
Income tax losses	18,300	1,210
Deductible temporary differences	55,841	66
	74,141	1,276

6 INCOME TAX (CONTINUED)

(d) Recognised deferred tax assets and liabilities

	Deferred tax assets 2011 A$'000	Deferred tax liabilities 2011 A$'000	Net 2011 A$'000
Borrowing costs	4,618	-	4,618
Business related costs	156	-	156
Cash and cash equivalents	1,420	-	1,420
Other current assets	-	(130)	(130)
Inventory	110	-	110
Employee benefits	146	-	146
Other payables	-	(92)	(92)
Borrowings	-	(10,614)	(10,614)
Acquisition levy provision	744	-	744
Property, plant and equipment	58,431	-	58,431
Provision for rehabilitation	1,052	-	1,052
Tax losses carried forward	18,300	-	18,300
Deferred tax assets/(liabilities)	84,977	(10,836)	74,141
Set-off of deferred tax liabilities	(10,836)	10,836	-
Unrecognised net deferred tax assets	(74,141)	-	(74,141)
Net deferred tax asset/(liabilities)	-	-	-

	Deferred tax assets 2010 A$'000	Deferred tax liabilities 2010 A$'000	Net 2010 A$'000
Business related costs	23	-	23
Employee benefits	11	-	11
Other payables	32	-	32
Tax losses carried forward	1,210	-	1,210
Deferred tax assets/(liabilities)	1,276	-	1,276
Set-off of deferred tax liabilities	-	-	-
Unrecognised net deferred tax assets	(1,276)	-	(1,276)
Net deferred tax assets/(liabilities)	-	-	-

6 INCOME TAX (CONTINUED)

(e) Movement in temporary differences during the year

	Balance 1 Jul 2010 A$'000	Acquisition of MVPL[1] A$'000	Recognised in profit or loss A$'000	Recognised in equity A$'000	Balance 30 Jun 2011 A$'000
Borrowing costs	-	732	3,886	-	4,618
Business related costs	23	75	58	-	156
Cash and cash equivalents	-	-	1,420	-	1,420
Other current assets	-	-	(130)	-	(130)
Inventory	-	-	110	-	110
Employee benefits	11	27	108	-	146
Other payables	32	74	(198)	-	(92)
Borrowings	-	(7,528)	(3,086)	-	(10,614)
Acquisition levy provision	-	-	744	-	744
Property, plant and equipment	-	56,866	1,565	-	58,431
Provision for rehabilitation	-	2,403	(1,351)	-	1,052
Tax losses carried forward	1,210	15,000	2,090	-	18,300
Unrecognised net deferred tax assets	(1,276)	(67,649)	(5,216)	-	(74,141)
	-	-	-	-	-

[1] The acquisition of Midwest Vanadium Pty Ltd ("MVPL") occurred on 21 September 2010.

	Restated balance 1 Jul 2009 A$'000	Recognised in profit or loss A$'000	Recognised in equity A$'000	Balance 30 Jun 2010 A$'000
Business related costs	24	(1)	-	23
Employee benefits	-	11	-	11
Other payables	10	22	-	32
Exploration and evaluation	(219)	219	-	-
Tax losses carried forward	374	836	-	1,210
Unrecognised net deferred tax assets	(189)	(1,087)	-	(1,276)
	-	-	-	-

7 EARNINGS/(LOSS) PER SHARE

	2011 A$'000	Restated 2010 A$'000
Profit/(loss) used to calculate basic and diluted EPS	12,300	(7,733)

	2011	Restated 2010
Weighted average number of post consolidation ordinary shares for basic earnings/(loss) per share	97,558,572	43,976,178
Effect of dilution:		
Share options	8,341,318	N/A
Weighted average number of post consolidation ordinary shares adjusted for the effect of dilution	105,899,890	43,976,178

There have been no transactions involving ordinary shares or potential ordinary shares that would significantly change the number of ordinary shares or potential ordinary shares outstanding between the reporting date and the date of completion of these Financial statements.

8 CASH AND CASH EQUIVALENTS

For the purpose of the statement of cash flows, cash and cash equivalents comprise the following:

	2011 A$'000	2010 A$'000
Current Cash And Cash Equivalents		
Cash at bank and on hand (i)	100,248	4,118
Non-Current Cash And Cash Equivalents		
Cash interest reserve (ii)	17,937	-

Restrictions on cash and cash equivalents:

(i) Included within the cash disclosed above is A$53.8m that is specifically reserved for the construction, commissioning and production of the Windimurra Vanadium Project owned by Midwest Vanadium Pty Ltd ("MVPL"). At 30 June 2011, the use of this cash required approval on behalf of the senior secured note holders from both the independent engineer and security trustee. Following project completion of the Windimurra Vanadium Project this approval is no longer required, and as a consequence any surplus funds will be unrestricted.

Also included in the cash above is an amount of US$38.5m (A$36.0m) for MVPL which is restricted to the payment of the first two interest payments under the senior secured notes (note 14(ii)).

(ii) The cash interest reserve is restricted to the interest payment required under the senior secured notes on 15 August 2012 (note 14(ii)).

9 TRADE AND OTHER RECEIVABLES

	2011 A$'000	2010 A$'000
Current Trade And Other Receivables		
Goods and Services Tax ("GST") receivable (i)	12,606	98
Sundry receivables	981	19
	13,587	117
Non-Current Trade And Other Receivables	8,667	-
Restricted cash on deposit (ii)	8,667	-

(i) Midwest Vanadium Pty Ltd's GST receivable for the period 1 September 2010 to 31 May 2011, amounting to A$11.2m was fully received on 19 July 2011 after finalisation of Australian Tax Office audits with no adjustments.

(ii) Restricted cash on deposit relates to cash backed unconditional environmental performance bonds, guaranteed by a financial institution, and cash backed bank guarantees for the operation of corporate credit cards and other facilities. The financial institution has taken security by way of right of offset against the term deposits of A$8.7m.

(iii) At 30 June 2011, the ageing analysis of GST and sundry receivables is as follows:

	Total	0 - 30 days	31 - 60 days	61 - 90 days	+91 days
2011	13,587	2,213	1,647	956	8,771
2010	117	117	-	-	-

Balances within GST and sundry receivables do not contain impaired assets and are not past due. It is expected that these balances will be received when due.

Fair value and credit risk

Due to the short-term nature of these GST and sundry receivables, their carrying value is assumed to approximate their fair value. The maximum exposure to credit risk is the fair value of GST and sundry receivables. Collateral is not held as security, nor is it the Group's policy to transfer (on-sell) receivables to special purpose entities.

Foreign exchange and interest rate risk

Detail regarding foreign exchange and interest rate risk exposure is disclosed in note 25.

10 INVENTORIES

	2011 A$'000	2010 A$'000
Store and consumable supplies - at cost	1,922	-

Inventory write-downs recognised as an expense totalled A$0.2m (2010: A$nil) for the Group.

11 OTHER ASSETS

	2011 A$'000	2010 A$'000
Prepayments	1,239	-

12 PROPERTY, PLANT AND EQUIPMENT

	Site plant & equipment A$'000	Leased assets A$'000	Office equipment A$'000	Assets under construction A$'000	Mine properties & development A$'000	Total A$'000
For the year ended 30 Jun 2011						
At 1 Jul 2010 net of accumulated depreciation	-	-	23	-	-	23
Restatements:						
Transferred from operating expenses	-	-	291	-	-	291
Additional depreciation charge for the year	-	-	(6)	-	-	(6)
At 1 Jul 2010 net of accumulated depreciation (restated)	-	-	308	-	-	308
Acquisition of Midwest Vanadium Pty Ltd	97,866	22,120	37	61,496	22,080	203,599
Additions	5,700	-	321	75,956	847	82,824
Transfers	21,960	(21,960)	-	-	-	-
Change in rehabilitation provision	-	-	-	-	(5,241)	(5,241)
Depreciation charge for the year	(217)	(31)	(135)	-	-	(383)
At 30 Jun 2011 net of accumulated depreciation	125,309	129	531	137,452	17,686	281,107
At 30 Jun 2011						
Cost	125,526	160	675	137,452	17,686	281,499
Accumulated depreciation	(217)	(31)	(144)	-	-	(392)
Net carrying amount	125,309	129	531	137,452	17,686	281,107

Included in the additions line for Assets Under Construction is an amount of A$0.3m of capitalised depreciation.

12 PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

	Office equipment A$'000	Total A$'000
For the year ended 30 Jun 2010		
At 1 Jul 2009 net of accumulated depreciation	-	-
Additions	26	26
Depreciation charge for the year	(3)	(3)
At 30 Jun 2010 net of accumulated depreciation (previously stated)	23	23
Restatements:		
Additional property, plant and equipment capitalised	291	291
Additional depreciation charge for the year	(6)	(6)
At 30 Jun 2010 net of accumulated depreciation (restated)	308	308
At 30 Jun 2010		
Cost (restated)	317	317
Accumulated depreciation (restated)	(9)	(9)
Net carrying amount (restated)	308	308

Acquisition of property, plant and equipment

The Group engaged Grays Online Asset Services, an accredited independent valuer that uses the International Valuation Standards Committee, International Valuation Standards as a reference to determine the market value for existing use of its acquired site plant and equipment, leased assets, office equipment and assets under construction from the Midwest Vanadium Pty Ltd ("MVPL") acquisition. Market value for existing use is the amount for which the assets could be exchanged between a knowledgeable willing buyer and a knowledgeable willing seller in an arms length transaction as at the valuation date. A combination of Sales Analysis method and Depreciated Replacement cost method has been used to determine the market value. The effective date of the valuation was 21 September 2010.

The Group also engaged SRK Consulting, an accredited independent valuer to determine the technical value of its acquired landholdings from the MVPL acquisition. This assessment of technical value is based on the unencumbered market value of the MVPL landholdings, where unencumbered market value refers to the amount for which the landholdings might reasonably have been sold in an open market, free from any encumbrance to which they were subject. This technical valuation is based on the landholdings value in exchange and not its value in use. The effective date of this valuation was 12 May 2010. There was no significant change in the landholdings value from 12 May 2010 to 21 September 2010.

SRK Consulting deemed the value of landholdings to be A$16.9m.

Purchases since that date have been measured at cost.

Property, plant and equipment pledged as security for liabilities

Refer to note 14 for details of the security that exists over these assets.

13 TRADE AND OTHER PAYABLES

	2011 A$'000	2010 A$'000
Trade payables	2,940	321
Other payables	12,601	224
Senior secured note interest payable	13,453	-
	28,994	545

Fair value

Due to the short-term nature of these payables, their carrying value is assumed to approximate their fair value.

Interest rate, foreign exchange and liquidity risk

Information regarding interest rate, foreign exchange and liquidity risk exposure is set out in note 25.

14 LOANS AND BORROWINGS

	2011 A$'000	2010 A$'000
Current Loans and Borrowings		
Obligations under finance leases (i)	16	-
Non-Current Loans and Borrowings		
Senior secured notes (ii)	298,453	-

(i) Finance leases

The Group has a finance lease for an item of machinery with a carrying amount of A$0.1m. This lease contract expires within one year.

Finance lease commitments of the Group are payable as follows:

	2011 A$'000	2010 A$'000
Within one year	16	-
Total minimum lease payments	16	-
Less amounts representing finance charges	-	-
Present value of minimum lease payments	16	-

14 LOANS AND BORROWINGS (CONTINUED)

(ii) Senior secured notes

On 16 February 2011, Atlantic announced that its indirect wholly-owned subsidiary Midwest Vanadium Pty Ltd ("MVPL") had successfully placed US$335m of 11.5% senior secured notes, maturing on 15 February 2018, to North American, Asian and European institutional investors.

The proceeds were partially used to repay all of MVPL's existing external debt, including a A$90m face value syndicated senior bank loan and lease facilities attached to the power station at Windimurra, for a total payment of A$91.1m. The repayment was completed immediately following the receipt of proceeds from the note issue. A further A$60m payment was also made for the purchase of the Project's crushing and beneficiation plant from Mineral Resources Ltd.

The senior secured notes carrying value is calculated by using the amortised cost method and netting off transaction costs of A$14.6m. The senior secured notes initial proceeds of US$335.0m were received on 17 February 2011 and converted to A$333.8m at A$1:US$1.0035. As at 30 June 2011, the AUD:USD exchange rate is A$1:US$1.0739, converting the face value of the senior secured notes to A$311.9m.

Collateral

The notes are senior to all of MVPL's existing and future unsecured indebtedness to the extent of the value of the collateral.

The obligations of MVPL under the senior secured note agreement are secured by:

- first-ranking fixed and floating charges or other equivalent security interests over all present and future assets, except the credit balance of certain bank accounts established as collateral for Permitted Hedging Obligations in an amount not to exceed US$60m (nil as at 30 June 2011) and the restricted cash backed unconditional environmental performance bonds of A$8.7m;
- first-ranking share mortgages over all of the shares in the capital of MVPL;
- first-ranking mortgage over the mining tenements related to the Windimurra Vanadium Project held by MVPL; and
- a 'featherweight charge' over all the assets and undertakings of MVPL (other than the assets of MVPL which are subject to the fixed and floating charge referred above).

The total assets over which security exists amounts to A$411.5m.

Interest on the notes accrues at 11.5% pa and is payable semi-annually in arrears on 15 February and 15 August of each year.

Interest rate, foreign exchange, liquidity risk and fair value

Details regarding interest rate, foreign exchange, liquidity risk and fair value is disclosed in note 25.

15 PROVISIONS

	2011 A$'000	2010 A$'000
Current Provisions		
Annual leave (iii)	487	-
Acquisition levy (i)	2,480	-
	2,967	-
Non-Current Provisions		
Rehabilitation provision (ii)	15,615	-
	15,615	-

Movements in provisions

	Acquisition levy A$'000	Rehabilitation provision A$'000
At 1 Jul 2010	-	-
Provision acquired	-	20,123
Arising during the year	2,480	-
Unwinding of discount	-	733
Movement due to changes in assumptions	-	(5,241)
At 30 Jun 2011	2,480	15,615

Nature of provisions:

(i) Acquisition levy

The acquisition levy provision represents the Group's best estimate of the amount payable in connection with the acquisition of Midwest Vanadium Pty Ltd during the period (refer to note 22).

(ii) Rehabilitation provision

The rehabilitation provision represents the Group's best estimate of the costs required to rehabilitate the existing environmental disturbance relating to the plant, tailings storage facilities, pits and waste dump at the Windimurra Vanadium Project site.

15 PROVISIONS (CONTINUED)

Key assumptions include:

- Inflation: 3% per annum.
- Discount rate: 5.75% per annum.
- Years before rehabilitation activities will need to be undertaken: 28 years.

In accordance with Western Australian law, land disturbed by the Group in Western Australia must be restored in accordance with the environmental conditions attached to government approval upon the decommissioning of the mine.

Because of the long-term nature of the liability, the estimate of the provision is subject to change based on amendments to the laws and regulations, and as new information concerning the Group's operations become available. In particular, the Group has assumed that the site will be restored using technology and materials that are currently available.

(iii) Annual leave

Refer to note 2P for the relevant accounting policy and a discussion of the significant estimations and assumptions applied in the measurement of this provision.

16 CONTRIBUTED EQUITY

Ordinary Shares

	2011 A$'000	Restated 2010 A$'000
Issued and fully paid ordinary shares	90,878	28,432

Ordinary shares participate in dividends and the proceeds on winding up of the parent entity in proportion to the number of shares held. At Shareholders' Meetings, each ordinary share is entitled to one vote when a poll is called, otherwise each shareholder has one vote on a show of hands.

The Company consolidated its issued capital on a 1 for 25 basis on 30 August 2010. Shares issued during the reporting period but prior to the consolidation are presented on a pre-consolidation basis.

16 CONTRIBUTED EQUITY (CONTINUED)

	No. Shares	A$'000
Ordinary Shares		
Movements in ordinary shares on issue (restated)		
At 1 Jul 2009	768,157,053	17,429
Issue of shares upon conversion of Class A Performance Shares	150,000,000	750
Issue of shares @ A$0.035 on 22 Oct 2009	140,000,000	4,900
Executive Share Incentive Plan issue on 24 Dec 2009	99,000,000	4,059
Executive Share Incentive Plan issue on 15 Mar 2010	10,000,000	280
Exercise of options	125,487,888	1,031
Issue costs	-	(17)
At 30 Jun 2010 (restated)	1,292,644,941	28,432
Executive Share Incentive Plan issue on 5 Jul 2010	25,000,000	1,750
1:25 consolidation of ordinary shares on 30 Aug 2010	(1,264,939,033)	-
Issue of shares @ A$1.10 on 22 Sep 2010	53,900,000	59,290
Executive Share Incentive Plan issue on 30 Nov 2010	400,000	520
Exercise of options	6,596,008	1,432
Issue costs	-	(546)
At 30 Jun 2011	113,601,916	90,878

	No. Shares	A$'000
Performance Shares		
Movements in Class B Performance shares		
At 1 Jul 2009	1,500	-
At 30 Jun 2010	1,500	-
1:25 consolidation of performance shares on 30 Aug 2010	(1,434)	-
At 30 Jun 2011	66	-

Class B Performance Shares do not participate in dividends and the proceeds on a winding up of the parent entity. Class B Performance Shares hold no voting rights at Shareholders' Meetings when a poll is called, and are not eligible to participate in votes on a show of hands.

These Class B Performance Shares convert to a total of 6 million ordinary shares upon the delineation of a resource of not less than 30mt of greater than 35% Al_2O_3 on the Bao Loc exploration area. As at 30 June 2011, the above condition has not been met and the dilutive effect of these Class B Performance Shares has not been considered in the EPS calculation (note 7).

The Class B Performance Shares have a carrying value of A$15.

17 RESERVES

Movements in reserves (restated)

	No. Shares	A$'000
Shares Reserved for Executive Share Incentive Plan		
At 1 Jul 2009	-	-
Executive Share Incentive Plan issue on 24 Dec 2009	99,000,000	(4,059)
Executive Share Incentive Plan issue on 15 Mar 2010	10,000,000	(280)
Amounts of expenses for shares issued to executives (restated)	-	1,954
At 30 Jun 2010 (restated)	109,000,000	(2,385)
Executive Share Incentive Plan issue on 5 Jul 2010	25,000,000	(1,750)
1:25 consolidation of ordinary shares on 30 Aug 2010	(128,640,000)	-
Executive Share Incentive Plan issue on 30 Nov 2010	400,000	(520)
Amounts of expenses for shares issued to executives	-	2,112
At 30 Jun 2011	5,760,000	(2,543)

The Shares Reserved for Executive Share Incentive Plan (“ESIP” Reserve) is used to record the fair value of shares issued under this plan. At the time of grant the total loan value of shares issued under the plan is recognised in issued capital, with a corresponding reduction in the ESIP Reserve. The ESIP is accounted for as an “in-substance” option plan due to the limited recourse nature of the loan between employees and the Company to finance the purchase of ordinary shares. The total fair value of the award under the plan is recognised as a share-based payment expense over the vesting period, with a corresponding increase in the ESIP Reserve. Information on the valuation of the award under the ESIP during the period is disclosed in note 19.

	A$'000
Options Reserve	
At 1 Jul 2009	128
At 30 Jun 2010	128
Options issued during the period*	76
At 30 Jun 2011	204

* Information on the valuation of these options is disclosed in note 19.

The Options Reserve is used to recognise the fair value of all options issued.

18 OPTIONS OVER ORDINARY SHARES

During the year, 6,596,008 options (post-consolidation) were exercised to take up ordinary shares.

As at 30 June 2011, the Company had a total of 5,435,894 unissued ordinary shares on which options are outstanding with exercise prices ranging from A$0.20 to A$1.325.

As at 30 June 2011, the Company had a total of 5,760,000 issued ordinary shares related to Executive Share Incentive Plan ("ESIP") grants where the loans remain outstanding (refer note 19 for more information on the ESIP). The awards have been accounted for as in substance options.

19 SHARE-BASED PAYMENTS

Share-based payment transactions

Share-based payment transactions recognised during the period were as follows:

	2011 A$'000	Restated 2010 A$'000
Options issued in consideration for services (i)	76	-
Amounts expensed for shares issued under the Company's Executive Share Incentive Plan (ii) (restated)	2,112	1,954
	2,188	1,954

(i) Options issued in consideration for services

On 22 September 2010, the Company issued 169,811 (post-consolidation) options with an exercise price of A$1.325 to brokers in consideration for services in relation to the equity capital raising completed on that date. The issue was approved by shareholders at the Extraordinary General Meeting held on 13 August 2010. There are no voting rights attached to the options and they may be exercised at any time on or before 31 August 2012.

The fair value of this option issue was treated as a cost of the capital raising and offset against issued capital in the consolidated statement of financial position. The fair value was calculated as A$0.1m.

Fair value of options granted

The fair value at grant date of options issued is determined using a Black-Scholes option pricing model that takes into account the exercise price, the term of the option, the impact of dilution, the non-tradeable nature of the option, the share price at grant date and expected price volatility of the underlying share, the expected dividend yield and the risk-free interest rate for the term of the option.

The table below summarises the model inputs (post-consolidation) for options granted during the year ended 30 June 2011:

Options granted for no consideration	169,811
Exercise price (A$)	1.325
Issue date	22 Sep 2010
Expiry date	31 Aug 2012
Underlying security spot price at grant date (A$)	1.00
Expected price volatility of the Company's shares	91.3%
Expected dividend yield	0%
Risk-free interest rate	4.87%
Black-Scholes valuation per option (A$, post-consolidation)	0.4472

19 SHARE-BASED PAYMENTS (CONTINUED)

The expected price volatility is based on the historic volatility of the Company's share price in the market.

Weighted average remaining contractual life

The weighted average remaining contractual life for the share options outstanding as at 30 June 2011 is 6 months (2010: 1.5 years).

Exercise price

The exercise price for options outstanding at the end of the year was $1.325 (2010: $0.25).

(ii) Shares issued under the Executive Share Incentive Plan ("ESIP")

Executive Share Incentive Plan

Under the plan, eligible employees are offered shares in Atlantic at prices determined by the Board. The Board has the ultimate discretion to impose special conditions on the shares issued under the ESIP and can grant a loan to a participant for the purposes of subscribing for plan shares. Shares issued under loan facilities are held on trust for the benefit of the participant and will only be transferred into the participant's name once the loan has been fully repaid. ESIP participants receive all the rights associated with the ordinary shares.

Loans granted to participants are limited recourse and interest free unless otherwise determined by the Board. The loans are to be repaid via the application of any dividends received from the shares and/or the sale of the plan shares. Where the loan is repaid by the sale of shares, any remaining surplus on sale is remitted to the participant while any shortfall is borne by the Group.

The Company issued the following shares (on a post-consolidation basis) under the ESIP:

(a) 400,000 shares to Mr Michael Marriott, Managing Director of MVPL, on 30 November 2010. These shares comprise:

- 200,000 shares at A$1.30 per share which vest after 24 months; and
- 200,000 shares at A$1.30 per share which vest after 36 months.

These shares are not tradeable until they vest, and then only if the Company's shares have traded above A$1.50 each for more than 10 consecutive trading days. As at 30 June 2011, none of these shares have vested.

(b) 1,000,000 shares at A$1.75 per share to Mr Tony Veitch, Executive Director, on 5 July 2010 after shareholder approval on 30 June 2010.

The shares vest immediately, but are not tradeable until the Company's shares have traded above A$1.875 each for more than 10 consecutive trading days. As at 30 June 2011, all shares are fully vested.

(c) 400,000 shares to Mr Jonathan Fisher, Business Development Manager,on 15 March 2010.

These shares comprise:

- 200,000 shares at A$0.70 per share which vest after 12 months; and
- 200,000 shares at A$0.70 per share which vest after 24 months.

The shares are not tradeable until the Company's shares have traded above A$1.25 each for more than 10 consecutive trading days. As at 30 June 2011, 200,000 shares are fully vested.

19 SHARE-BASED PAYMENTS (CONTINUED)

(d) 3,960,000 shares to Mr Michael Minosora, Managing Director, on 24 December 2009.

These shares comprise:

- 1,320,000 shares at A$0.825 per share which vest after 6 months;
- 1,320,000 shares at A$1.00 per share which vest after 12 months; and
- 1,320,000 shares at A$1.25 per share which vest after 18 months.

The shares are not tradeable until the Company's shares have traded above A$1.25 each for more than 10 consecutive trading days. As at 30 June 2011, all shares are fully vested.

Fair value of shares granted

Shares granted under the ESIP are accounted for as "in-substance" options due to the limited recourse nature of the loan between the employees and the Company to finance the purchase of ordinary shares. The fair value at grant date for the various tranches of shares issued under the ESIP is determined using a Black-Scholes model using the following model inputs:

Shares issued to Mr Michael Marriott on 30 November 2010 (both tranches):

Loan price per share (A$)	1.30
Valuation date	30 Nov 2010
Loan expiry date	30 Nov 2015
Underlying security spot price at valuation date (A$)	1.30
Expected price volatility of the Company's shares	100%
Expected dividend yield	0%
Risk-free interest rate	4.99%
Black-Scholes valuation per share (A$, post-consolidation)	0.9988

Shares issued to Mr Tony Veitch on 5 July 2010:

Loan price per share (A$)	1.75
Valuation date	5 Jul 2010
Loan expiry date	-
Underlying security spot price at valuation date (A$)	0.975
Expected price volatility of the Company's shares	100%
Expected dividend yield	0%
Risk-free interest rate	4.57%
Black-Scholes valuation per share (A$, post-consolidation)	0.7540

Shares issued to Mr Jonathan Fisher on 15 March 2010 (both tranches):

Loan price per share (A$)	0.70
Valuation date	15 Mar 2010
Loan expiry date	15 Mar 2015
Underlying security spot price at valuation date (A$)	0.675
Expected price volatility of the Company's shares	100%
Expected dividend yield	0%
Risk-free interest rate	5.27%
Black-Scholes valuation per share (A$, post-consolidation)	0.5167

19 SHARE-BASED PAYMENTS (CONTINUED)

Shares issued to Mr Michael Minosora on 24 December 2009 (tranche 1):

Loan price per share (A$)	0.825
Valuation date	27 Nov 2009
Loan expiry date	24 Dec 2014
Underlying security spot price at valuation date (A$)	1.00
Expected price volatility of the Company's shares	100%
Expected dividend yield	0%
Risk-free interest rate	4.81%
Black-Scholes valuation per share (A$, post-consolidation)	0.7933

Shares issued to Mr Michael Minosora on 24 December 2009 (tranche 2):

Loan price per share (A$)	1.00
Valuation date	27 Nov 2009
Loan expiry date	24 Dec 2014
Underlying security spot price at valuation date (A$)	1.00
Expected price volatility of the Company's shares	100%
Expected dividend yield	0%
Risk-free interest rate	4.81%
Black-Scholes valuation per share (A$, post-consolidation)	0.7707

Shares issued to Mr Michael Minosora on 24 December 2009 (tranche 3):

Loan price per share (A$)	1.25
Valuation date	27 Nov 2009
Loan expiry date	24 Dec 2014
Underlying security spot price at valuation date (A$)	1.00
Expected price volatility of the Company's shares	100%
Expected dividend yield	0%
Risk-free interest rate	4.81%
Black-Scholes valuation per share (A$, post-consolidation)	0.7428

20 CASH FLOW STATEMENT RECONCILIATION

(i) Reconciliation of profit/(loss) for the year to net cash flows from operations:

	2011 A$'000	Restated 2010 A$'000
Profit/(loss) after income tax	12,300	(7,733)
Adjustments for:		
Depreciation	112	9
Discount on acquisition	(32,822)	-
Net foreign exchange gains	(15,980)	-
Impairment expense	-	3,132
Share-based payments expense	2,112	1,954
Unwinding of the discount of the rehabilitation provision	733	-
Inventory adjustment	253	-
Non cash interest expense	22,942	-
Changes in assets and liabilities:		
(Increase) in trade and other receivables	(13,968)	(98)
(Increase) in prepayments	(59)	-
(Increase) in inventory	(385)	-
Increase in trade and other payables	1,945	392
Increase in provisions	2,967	-
Net cash used in operating activities	(19,850)	(2,344)

(ii) Non cash financing activities

On 21 September 2010, Atlantic issued 3,400,000 fully paid ordinary shares at an issue price of A$1.10 per share as part payment for the acquisition of Midwest Vanadium Pty Ltd (note 22).

21 OPERATING SEGMENTS

Identification of reportable segments

The Group has identified its operating segments based on the internal reports that are reviewed and used by the Board of Directors (the chief operating decision makers) in assessing performance and in determining the allocation of resources.

The operating segments are identified by management based on the projects within the Group. Discrete financial information about each of these operating businesses is reported to the Board of Directors on a monthly basis.

Description of Projects

Windimurra Vanadium Project

The Windimurra Vanadium Project is a new segment as a consequence of the acquisition of Midwest Vanadium Pty Ltd ("MVPL") (refer note 22). The Project is located approximately 600 kilometres north east of Perth and 80 kilometres south east of Mount Magnet in Western Australia and hosts one of the largest proven reserves of vanadium in the world.

Customers

MVPL has entered into major customer sales and marketing agreements for ferrovanadium production and iron ore fines.

Vietnam

The Group is involved in two early stage development projects in Vietnam. The Group was actively engaged in dialogue with Vietnamese authorities for the proposed development of an integrated "mine-rail-port" bauxite supply chain solution. The Group has pursued an interest in the Bao Loc Bauxite Project in Vietnam through Azure Mining International Pty Ltd ("AMI"), a 100%-owned subsidiary of the Company.

Unallocated items

Part of the following items and associated assets and liabilities are not allocated to operating segments as they are not considered part of the core operations of any segment:

- Interest revenue;
- Other income;
- Corporate expenses;
- Discount on acquisition; and
- Share-based payment expense.

Accounting policies and inter-segment transactions

The accounting policies used by the Group in reporting segments internally are the same as those contained in note 2 to the accounts and in the prior period except as detailed below.

It is the Group's policy that if items of revenue and expense are not allocated to operating segments then any associated assets and liabilities are also not allocated to segments. This is to avoid asymmetrical allocations within segments which management believe would be inconsistent.

Inter-entity sales are recognised based on an internally set transfer price. The price aims to reflect what the business operation could achieve if they sold their output and services to external parties at arm's length.

21 OPERATING SEGMENTS (CONTINUED)

Segment information

	Windimurra Vanadium Project A$'000	Vietnam A$'000	Unallocated Corp/Other A$'000	Unallocated Elimination A$'000	Consolidated A$'000
30 Jun 2011					
Segment revenue - external	1,855	-	492	-	2,347
Segment revenue - internal	-	-	1,742	(1,742)	-
Other income	16,410	-	(9)	-	16,401
Discount on acquisition (i)	-	-	32,822	-	32,822
Corporate expenses	-	-	(11,301)	1,254	(10,047)
Administration expenses	(3,648)	(1,254)	-	459	(4,443)
Finance expenses	(26,075)	-	-	1,295	(24,780)
Segment operating profit/(loss) before tax	(11,458)	(1,254)	23,746	1,266	12,300
Income tax (expense)/benefit					-
Profit after income tax					12,300
Included in the above:					
Share-based payment expense	97	-	2,015	-	2,112
Segment assets	420,169	-	61,396	(56,858)	424,707
Segment liabilities	346,142	2,541	1,582	(4,220)	346,045
Capital expenditure	82,564	-	260	-	82,824

(i) Refer note 22 for details of the discount on acquisition.

21 OPERATING SEGMENTS (CONTINUED)

Segment Information (continued)

	Vietnam A$'000	Unallocated corp/other A$'000	Restated consolidated A$'000
30 Jun 2010			
Segment revenue - external	-	174	174
Corporate expenses	-	(4,617)	(4,617)
Administration expenses	(158)	-	(158)
Impairment of exploration expenditure	(3,132)	-	(3,132)
Segment operating profit/(loss) before tax	(3,290)	(4,443)	(7,733)
Income tax (expense)/benefit			-
Loss after income tax			(7,733)
Included in the above:			
Share-based payment expense	-	1,954	1,954
Segment assets	-	4,543	4,543
Segment liabilities	4	541	545
Capital expenditure	-	317	317

22 BUSINESS COMBINATIONS

On 21 September 2010, the Company's wholly owned subsidiary, Atlantic Vanadium Holdings Pty Ltd ("AVHPL"), acquired 100% of the voting shares of Midwest Vanadium Pty Ltd ("MVPL"), a Company that owns 100% of the Windimurra Vanadium Project with the intention of finalising the development of the Windimurra Vanadium Project. The Project is located approximately 600 kilometres north east of Perth and 80 kilometres south east of Mount Magnet in Western Australia and hosts one of the largest proven reserves of vanadium in the world.

The total consideration transferred was A$19,740,000 and comprised cash of A$16,000,000 paid or payable by Atlantic on behalf of AVHPL, and the issue of 3,400,000 fully paid ordinary shares in Atlantic on behalf of AVHPL. In the absence of a quoted price at the date of acquisition the ordinary shares had a fair value of A$1.10 per share, based on the price of a share placement for cash on 21 September 2010. The fully paid ordinary shares have a total fair value of A$3,740,000.

22 BUSINESS COMBINATIONS (CONTINUED)

The fair values of the identifiable assets and liabilities of MVPL as at the date of acquisition were:

	Fair value on acquisition A$'000
Cash and cash equivalents	27,617
Receivables	8,169
Inventories	1,790
Property, plant and equipment (iii)	181,519
Mine property and development	22,080
	241,175
Trade and other payables	(11,590)
Provisions	(20,211)
Loans and borrowings (i)	(156,812)
	(188,613)
Fair value of identifiable net assets	52,562
Discount on acquisition	(32,822)
Consideration transferred	19,740
Acquisition date fair value of consideration transferred	
Cash paid by Atlantic on behalf of AVHPL	16,000
Shares issued by Atlantic on behalf of AVHPL, at fair value	3,740
Consideration transferred	19,740
Direct costs relating to the acquisition (ii)	2,914
Cash inflow on acquisition	
Net cash acquired with MVPL	27,617
Net consolidated cash inflow	27,617

22 BUSINESS COMBINATIONS (CONTINUED)

(i) The syndicated secured bank loan, which remained payable to the lenders under the Varied DOCA (Deed of Company Arrangement), has been recognised at its acquisition date fair value. Initially, the value of the loan was determined using a nominal interest rate of 16.42% for Australian dollar denominated debt following the Group's acquisition of MVPL on 21 September 2010, which derived a provisional carrying value for the secured loan of A$50.9m. This initial fair value calculation was included in the senior secured note offering information. Subsequently, the fair value of the secured loan was reassessed using a market interest rate of 15.74% and repayment expectations as at 21 September 2010, which derived an adjusted fair value of A$66.6m. The balance of loans and borrowings acquired relate to finance lease liabilities and the amounts payable to MRL to acquire the crushing and beneficiation plant. These loans and borrowings were repaid following the US$335m senior secured note placement in February 2011 (refer note 14). The settlement of these loans and borrowings resulted in a A$1.0m loss.

(ii) For the year ended 30 June 2011, the direct costs relating to the acquisition were A$2,630,883 (refer to note 4). However, the total direct costs were A$2,914,258 (including a A$2,479,658 provision for acquisition levy), as a consequence of some costs being incurred prior to 30 June 2010.

(iii) Refer to note 12 for details on the valuation of property, plant and equipment undertaken.

The fair values of the identifiable assets and liabilities of MVPL were finalised as at 30 June 2011 and as such the provisional disclosures have now ceased.

Included in the business acquisition were receivables. These related mainly to GST recoveries and deposits backed bank guarantees, which had a gross contractual value equal to their face value. Management expects to collect all receivable amounts in full. Further, also included in the business acquisition are carried forward tax losses which have not been brought to account because at balance date the Group does not believe that the relevant probability criteria were met.

From the date of acquisition, MVPL has contributed A$1,855,253 to interest revenue and a A$20,057,327 net loss after tax (excluding the discount on acquisition) to the Group for the year ended 30 June 2011. MVPL's contribution to the net profit does not include direct costs relating to the acquisition, which have been expensed as incurred by the Group.

No disclosure has been included of the impact of MVPL on the consolidated statement of comprehensive income had the acquisition occurred at the beginning of the reporting period as it is impractical to do so. MVPL was in receivership and administration prior to the acquisition and as a consequence was not operating.

The discount on acquisition was a result of MVPL being purchased from the administrators by AVHPL who had the capability to secure a future fund raising to settle MVPL's remaining secured debt facilities. This resulted in AVHPL paying less than the fair value of identifiable net assets for MVPL.

23 RELATED PARTY DISCLOSURES

Subsidiaries

The consolidated Financial statements include the Financial statements of Atlantic and the subsidiaries listed in the following table.

Name		Country of incorporation	% Equity interest 2011	% Equity interest 2010
Atlantic Vanadium Holding Pty Ltd	(a)	Australia	100%	62.5%
Azure Mining International Pty Ltd	(d)	Australia	100%	100%
Atlantic (Middle East) Pty Ltd	(c), (d)	Australia	100%	100%
Atlantic Incentive Plan Pty Ltd	(d)	Australia	100%	100%
Midwest Vanadium Pty Ltd	(b)	Australia	100%	-

(a) Atlantic Vanadium Holding Pty Ltd ("AVHPL") was incorporated on 10 May 2010 and became wholly-owned on 21 September 2010. AVHPL is the holding company of Midwest Vanadium Pty Ltd.

(b) Midwest Vanadium Pty Ltd was acquired on 21 September 2010.

(c) Atlantic Cambodia Pty Ltd changed its name to Atlantic (Middle East) Pty Ltd on 3 February 2011.

(d) These entities are not required to be separately audited. An audit of the entity's results and position is performed for the purpose of inclusion in the consolidated accounts.

Ultimate parent

Atlantic Ltd is the ultimate Australian parent entity and ultimate parent of the Group.

Loans to subsidiaries

Terms and conditions of loans

Loans between entities in the wholly owned Group are non interest bearing, unsecured and are payable upon reasonable notice having regard to the financial situation of the Company.

Directors

The names of persons who were directors of Atlantic at any time during the financial year are as follows:

Ian McMaster – Chairman

Michael Minosora – Managing Director

Tony Veitch – Executive Director

Alan Mulgrew – Non-Executive Director

Jay Wacher – Non-Executive Director

Phiong Phillipus Darma – Non-Executive Director (appointed 18 November 2010)

23 RELATED PARTY DISCLOSURES (CONTINUED)

Transactions with Directors and Director-related entities

The following transactions were undertaken between the Company and the following Director-related parties during the years ended 30 June 2011 and 30 June 2010:

- Ambrosia Empire Limited, a company in which Mr Thanh Nguyen has a beneficial interest, was paid consulting fees of US$240,000 (2010: US$240,000). At 30 June 2011, an amount of US$20,000 (30 June 2010: US$nil) was owed to Ambrosia Empire Limited;
- Strategic Solutions (WA) Pty Ltd, a company in which Mr Alan Mulgrew has a beneficial interest, was paid Directors' fees of A$125,000 (2010: A$20,000) and project consulting fees of A$10,500 (2010: A$97,301). At 30 June 2011, no amount was owed to Strategic Solutions (WA) Pty Ltd (30 June 2010: A$40,057 excluding GST was owed to Strategic Solutions (WA) Pty Ltd);
- During the year Mr Phiong Phillipus Darma was paid Directors' fees of A$54,403. At 30 June 2011, A$54,403 was owed to Mr Phillipus;
- During the year Mr Jay Wacher was paid Directors' fees of A$125,000. At 30 June 2011, no amount was owed to Mr Wacher;
- During the year Mr Ian McMaster was paid Directors' fees of A$155,000. At 30 June 2011, no amount was owed to Mr McMaster;
- During the year Mr Michael Minosora was paid A$1,016,512. At 30 June 2011, of this amount A$400,000 was owed to Mr Minosora;
- During the year Mr Brian McMaster was paid Directors' fees of A$62,154. At 30 June 2011, no amount was owed to Mr McMaster;
- Ardath Investments Pty Ltd, a company in which Mr Tony Veitch has a beneficial interest, was paid Directors' fees of A$nil (2010: A$15,000). At 30 June 2011, no amount was owed to Ardath Investments Pty Ltd (30 June 2010: A$nil);
- Citadel Capital Pty Ltd, a company in which Mr Tony Veitch has a beneficial interest, was paid project consulting fees of A$nil (2010: A$124,500). At 30 June 2011, no amount was owed to Citadel Capital Pty Ltd (30 June 2010: A$nil);
- During the year ended 30 June 2010, and prior to Mr Alan Mulgrew joining the Board, Strategic Solutions (WA) Pty Ltd entered into an agreement to be entitled to be issued 200,000 fully paid ordinary shares in the capital of Atlantic (post-consolidation) on the signing of a binding agreement with the Vietnam Government or similar body on terms acceptable to Atlantic to allow it to proceed with the mining and export of bauxite from Vietnam and to examine the development of a rail line to service the bauxite industry in Vietnam;
- During the year ended 30 June 2010, Kilkenny Enterprises Pty Ltd, a company in which Mr Jim Malone has a beneficial interest, was paid Directors' fees of A$12,500. At 30 June 2010, no amount was owed to Kilkenny Enterprises Pty Ltd;
- During the year ended 30 June 2010, Riverview Corporation Pty Ltd, a company in which Mr John Hannaford has a beneficial interest, was paid Directors' fees of A$22,500. At 30 June 2010, no amount was owed to Riverview Corporation Pty Ltd; and
- During the year ended 30 June 2010, Ventnor Capital Pty Ltd, a company in which Mr John Hannaford has a beneficial interest, was paid Executive Directors' fees of A$71,303, bookkeeping and financial administration fees of A$36,312, serviced office charges of A$36,364 and project consulting fees of A$38,814. At 30 June 2010, no amount was owed to Ventnor Capital Pty Ltd.

All transactions with related parties are made in arm's length transactions both at normal market prices and on normal commercial terms unless otherwise stated.

24 KEY MANAGEMENT PERSONNEL

(a) Key Management Personnel

(i) Executive Directors

Mr Michael Minosora (Managing Director)

Mr Tony Veitch (Executive Director)

Mr John Hannaford (Executive Director), resigned 12 April 2010 (included in 2010 Key Management Personnel)

(ii) Other Key Management Personnel

Mr Michael Marriott (Managing Director of Midwest Vanadium Pty Ltd), commenced 30 August 2010, appointed 6 October 2010

Mr Thanh Nguyen (Executive Director of Azure Mining International Pty Ltd and Atlantic (Middle East) Pty Ltd), appointed 11 November 2009 and 17 November 2009 respectively

Mr Richard Maltman (General Counsel/Company Secretary), commenced 30 May 2011, appointed as Company Secretary 8 June 2011

Ms Yasmin Broughton (General Counsel/Company Secretary), resigned 14 April 2011

Ms Stacey Apostolou (Company Secretary), resigned 13 August 2010

Mr Joseph Resudek (General Manager Business Development), appointed 30 May 2011

Mr Alan Bradshaw (Group Human Resource Manager), appointed 11 April 2011

Mr Ross Glossop (Chief Financial Officer), appointed 25 July 2011

Mr Philip Baillie (General Manager Operations Midwest Vanadium Pty Ltd), appointed 5 January 2011

Mr Jonathan Fisher (Business Development Manager) (included in 2010 Key Management Personnel)

Mr Morgan Barron (Company Secretary), resigned 31 March 2010

(b) Compensation for Key Management Personnel

	2011 A$	Restated 2010 A$
Short-term employee benefits	2,676,841	837,696
Post-employment benefits	123,886	32,492
Share-based payment	1,987,716	1,953,501
Total compensation for Key Management Personnel	4,788,443	2,823,689

A portion of total compensation for Key Management Personnel has been capitalised as part of the development costs of Windimurra Vanadium Project.

Detailed remuneration disclosures are provided in the Remuneration Report within the Director's Report on pages 16 to 26.

24 KEY MANAGEMENT PERSONNEL (CONTINUED)

(c) Shareholdings of Key Management Personnel

	Balance 1 Jul	Granted as remuneration	Net change other	Balance 30 Jun
2011				
Executive Directors				
Michael Minosora	1,214,700	-	-	1,214,700
Tony Veitch	320,000	-	80,000	400,000
Other Key Management Personnel				
Thanh Nguyen	1,546,258	-	(192,000)	1,354,258
Michael Marriott	-	-	-	-
Richard Maltman	-	-	-	-
Yasmin Broughton	-	-	-	-
Stacey Apostolou	-	-	-	-
Alan Bradshaw	-	-	-	-
Joseph Resudek	-	-	-	-
Philip Baillie	-	-	-	-
2010				
Executive Directors				
Michael Minosora	8	-	1,214,692	1,214,700
Tony Veitch	320,000	-	-	320,000
John Hannaford (i)	1,078,789	-	(1,078,789)	-
Other Key Management Personnel				
Thanh Nguyen (ii)	1,907,958	-	(361,700)	1,546,258
Jonathan Fisher	-	-	-	-
Morgan Barron	53,333	-	(53,333)	-
Stacey Apostolou	-	-	-	-

(i) Net change due to resignation of Director.

(ii) Opening balance from 11 November 2009, the date first appointed as Executive Director.

24 KEY MANAGEMENT PERSONNEL (CONTINUED)

(d) Rights Over Shares and Option Holdings of Key Management Personnel

	Rights or options type	Balance 1 Jul	Granted as remuneration	Exercise of options	Net change other	Balance 30 Jun	Vested at 30 Jun exercisable
2011							
Executive Directors							
Michael Minosora	Rights over shares	3,960,000	-	-	-	3,960,000	3,960,000
Tony Veitch	Listed options	80,000	-	-	-	80,000	80,000
Tony Veitch	Unlisted options	80,000	-	(80,000)	-	-	-
Tony Veitch (i)	Rights over shares	-	1,000,000	-	-	1,000,000	1,000,000
Other Key Management Personnel							
Thanh Nguyen	Listed options	800,000	-	-	-	800,000	800,000
Michael Marriott (i)	Rights over shares	-	400,000	-	-	400,000	-
Richard Maltman	-	-	-	-	-	-	-
Yasmin Broughton	-	-	-	-	-	-	-
Stacey Apostolou	-	-	-	-	-	-	-
Alan Bradshaw	-	-	-	-	-	-	-
Joseph Resudek	-	-	-	-	-	-	-
Philip Baillie	-	-	-	-	-	-	-

(i) Shares issued pursuant to Executive Share Incentive Plan in July 2010 (Mr Veitch) and November 2010 (Mr Marriott).

24 KEY MANAGEMENT PERSONNEL (CONTINUED)

(d) Rights Over Shares and Option Holdings of Key Management Personnel (Continued)

	Rights or options type	Balance 1 Jul	Granted as remuneration	Exercise of options	Net change other	Balance 30 Jun	Vested at 30 Jun exercisable
2011							
Executive Directors							
Michael Minosora (iii)	Rights over shares	-	3,960,000	-	-	3,960,000	-
Tony Veitch	Listed options	80,000	-	-	-	80,000	80,000
Tony Veitch	Unlisted options	80,000	-	-	-	80,000	80,000
John Hannaford (i)	Unlisted options	734,557	-	-	(734,557)	-	-
Other Key Management Personnel							
Thanh Nguyen (ii)	Listed options	800,000	-	-	-	800,000	800,000
Jonathan Fisher (iii)	Rights over shares	-	400,000	-	-	400,000	-
Morgan Barron	Listed options	13,333	-	-	(13,333)	-	-
Stacey Apostolou	-	-	-	-	-	-	-

(i) Net change due to resignation of Director.

(ii) Opening balance from 11 November 2009, the date first appointed as Executive Director.

(iii) Shares issued pursuant to Executive Share Incentive Plan in December 2009 (Mr Minosora) and March 2010 (Mr Fisher).

25 FINANCIAL INSTRUMENTS

(a) Financial risk management objectives and policies

The Group's principal financial instruments comprise cash, restricted cash on deposit, trade and other receivables, trade and other payables, senior secured notes and finance leases.

Exposure to key financial risks are monitored at Board level but there are currently no formal financial risk management policies in place. The objective of financial risk management is to support the delivery of the Group's financial targets while protecting future financial security.

The main risks arising from the Group's financial instruments are interest rate risk, foreign currency risk, credit risk and liquidity risk. The Group uses different methods to measure and manage the different types of risk to which it is exposed. These include monitoring levels of exposure to interest rate risk and foreign currency risk and assessments of market forecasts for interest rates and foreign exchange. Ageing analysis and monitoring of the credit ratings of financial institutions are undertaken to manage credit risk. Liquidity risk is monitored through the development of future rolling cash forecasts. Primary responsibility for identification and control of financial risks rests with the Board, which agrees actions for managing each of the risks identified below.

25 FINANCIAL INSTRUMENTS (CONTINUED)

(b) Commodity price risk

Vanadium is not traded in any significant volume on global commodity exchanges. The Group has customer sales contracts for ferrovanadium in place for delivery over the period 2011 to 2016.

The contracted selling price is the prevailing market price subject to a floor price for 100% of ferrovanadium production and a ceiling price for 65% of ferrovanadium production.

(c) Capital risk management

When managing capital (being equity and long-term debt) management's objective is to ensure the entity continues as a going concern as well as to maintain optimal returns to shareholders and benefits to other stakeholders. Management also aims to maintain a capital structure that ensures the lowest cost of capital available to the entity reflecting the current business status of the entity.

Management constantly adjusts the capital structure to take advantage of favourable costs of capital or high return on assets. As the market is constantly changing, management may return capital to shareholders, issue new shares or sell assets to reduce debt.

The Group does not currently have a dividend policy.

The Company monitors its capital through monthly Board reporting including management accounts and forecasts combined with appropriate external financial, corporate and legal advice when required. To a lesser extent, gearing ratios are also used to monitor capital. Appropriate capital levels are maintained to ensure that all approved expenditure programs are adequately funded. This funding is derived from an appropriate combination of debt and equity.

The gearing ratio is calculated as net debt divided by total capital. Net debt is defined as interest bearing liabilities less cash and cash equivalents. Total capital is calculated as equity as shown in the consolidated statement of financial position plus net debt.

	2011	2010
Gearing ratio	70%	-

The Group is not subject to any externally imposed capital requirements.

25 FINANCIAL INSTRUMENTS (CONTINUED)

(d) Interest rate risk

The Group's main interest rate risk arises from variable interest rate exposure on cash and fixed deposits. The Group's policy is to manage its exposure to interest rate risk by holding cash in short term, fixed rate and variable rate deposits with reputable high credit quality financial institutions.

The following table summarises the financial assets and liabilities of the Group, together with effective interest rates as at the balance date.

	Floating interest Rate	Fixed interest rate maturing in < 1 year	1 to 5 years	> 5 years	Non-interest bearing	Total	Average interest rate Floating	Fixed
	A$'000	A$'000	A$'000	A$'000	A$'000	A$'000	%	%
30 Jun 2011								
Financial Assets								
Cash and cash equivalents	77,585	40,058	-	-	542	118,185	0.8	5.7
Trade and other receivables	-	8,667	-	-	13,587	22,254	-	5.6
	77,585	48,725	-	-	14,129	140,439		
Financial Liabilities								
Trade and other payables	-	-	-	-	28,994	28,994	-	-
Loans and borrowings	-	16	-	298,453	-	298,469	-	12.5
	-	16	-	298,453	28,994	327,463		
30 Jun 2010								
Financial Assets								
Cash and cash equivalents	146	3,777	-	-	195	4,118	4.6	5.3
Trade and other receivables	-	-	-	-	117	117	-	-
	146	3,777	-	-	312	4,235		
Financial Liabilities								
Trade and other payables	-	-	-	-	545	545	-	-
	-	-	-	-	545	545		

25 FINANCIAL INSTRUMENTS (CONTINUED)

(d) Interest rate risk (continued)

At 30 June 2011, if interest rates had moved as illustrated in the table below, with all other variables held constant, profit/(loss) after income tax and equity would have been affected as follows:

	Profit/(loss) after income tax		Equity	
	2011 A$'000	2010 A$'000	2011 A$'000	2010 A$'000
+ 1%	3,275	27	3,275	27
- 1%	(3,275)	(27)	(3,275)	(27)

The movements in profit/(loss) after income tax are due to higher/lower interest income from fixed and variable rate cash balances. Reasonably possible movements in interest rates were determined based on observations of historical movements in the past two years.

The net exposure at balance date is representative of what the Group was and is expecting to be exposed to in the next twelve months from balance date.

(e) Foreign currency risk

The Group operates internationally and is exposed to foreign exchange risk primarily arising from currency exposures to the United States dollar.

Foreign currency risk refers to the risk that the fair value of future cash flows of a financial instrument will fluctuate due to changes in foreign exchange rates. The Group is exposed to foreign exchange currency risk primarily through undertaking certain transactions denominated in US$ and US$ denominated senior secured notes and cash. Foreign currency risks are monitored at Board level but there are currently no formal hedging policies in place.

At reporting date, the Group had the following exposure to US$ foreign currency that is not designated in cash flow hedges:

	2011 A$'000	2010 A$'000
Financial Assets		
Cash and cash equivalents	68,038	-
	68,038	-
Financial Liabilities		
Trade and other payables	13,472	-
Loans and borrowings	298,453	-
	311,925	-
Net exposure	(243,887)	-

25 FINANCIAL INSTRUMENTS (CONTINUED)

(e) Foreign currency risk (continued)

At 30 June 2011, if the Australian dollar to United States dollar exchange rate had moved as illustrated in the table below, with all other variables held constant, profit/(loss) after income tax and equity would have been affected as follows:

	Profit/(loss) after income tax		Equity	
	2011	2010	2011	2010
	A$'000	A$'000	A$'000	A$'000
+ 10%	22,203	-	22,203	-
- 10%	(27,137)	-	(27,137)	-

Reasonably possible movements in exchange rates were determined based on observations of historical movements in the past two years.

The reasonably possible movement was calculated by taking the USD spot rate as at balance date, moving this spot rate by the reasonably possible movements and then re-converting the USD into AUD with the "new spot rate".

The net exposure at balance date is representative of what the Group was and is expecting to be exposed to in the next twelve months from balance date.

As at 30 June 2011, the AUD:USD exchange rate is A$1:US$1.0739 and the year to date average AUD:USD exchange rate is A$1:US$0.9990.

(f) Credit risk

Credit risk arises from the financial assets of the Group, which comprise cash and cash equivalents, restricted cash on deposits and trade and other receivables. The Group's exposure to credit risk arises from potential default of a counterparty, with a maximum exposure equal to the carrying amount of the financial assets, as outlined in each applicable note.

The Group trades only with recognised, creditworthy third parties, and as such collateral is not requested nor is it the Group's policy to securitise its receivables. Receivable balances are monitored on an ongoing basis with the result that the Group's experience of bad debts has not been significant.

The credit quality of the Group's financial assets as at 30 June 2011 is as follows:

		S&P Rated		Internally rated	
	AAA	AA	A+	No default	Total
	A$'000	A$'000	A$'000	A$'000	A$'000
30 Jun 2011					
Cash and cash equivalents	-	118,185	-	-	118,185
Trade and other receivables	12,885	9,100	269	-	22,254
	12,885	127,285	269	-	140,439
30 Jun 2010					
Cash and cash equivalents	-	4,118	-	-	4,118
Trade and other receivables	98	-	-	19	117
	98	4,118	-	19	4,235

The equivalent S&P rating of the financial assets represents the rating of the counterparty with whom the financial asset is held rather than the rating of the financial asset itself.

Internally rated no default customers are customers with whom the Group has traded and have no history of default.

25 FINANCIAL INSTRUMENTS (CONTINUED)

(g) Liquidity risk

Liquidity risk arises from the financial liabilities of the Group and the Group's ability to meet its obligations to repay its financial liabilities as and when they fall due.

The Company manages liquidity risk by monitoring forecast cash flows and ensuring that adequate facilities are maintained and adequate funds are available to meet all liabilities as and when they fall due.

Non-derivative financial liabilities

The following liquidity risk disclosures reflect all contractually fixed pay-offs, repayments and interest resulting from recognised financial liabilities as of 30 June. For the other obligations the respective undiscounted cash flows for the respective upcoming fiscal years are presented. The timing of cash flows for liabilities is based on the contractual terms of the underlying contract. However, where the counterparty has a choice of when the amount is paid, the liability is allocated to the earliest period in which the Group can be required to pay. When the Group is committed to make amounts available in instalments, each instalment is allocated to the earliest period in which the Group is required to pay. The risk implied from the values shown in the table below, reflects a balanced view of cash inflows and outflows of non-derivative financial instruments. Loan and borrowing obligations, trade payables and other financial liabilities mainly originate from the financing of assets used in the Group's ongoing operations such as property, plant, equipment and investments in working capital (e.g., inventories and trade receivables). Liquid non-derivative assets comprising cash and receivables are considered in the Group's overall liquidity risk. The Group ensures that sufficient liquid assets are available to meet all the required short-term cash payments.

	≤ 6 months A$'000	6 - 12 months A$'000	1 - 5 years A$'000	> 5 years A$'000	Total A$'000
30 Jun 2011					
Liquid Financial Assets					
Cash and cash equivalents (i)	100,248	-	17,937	-	118,185
Trade and other receivables	15,860	6,394	-	-	22,254
	116,108	6,394	17,937	-	140,439
Financial Liabilities					
Trade and other payables (ii)	15,541	-	-	-	15,541
Loans and borrowings (iii)	17,953	17,937	143,496	383,694	563,080
	33,494	17,937	143,496	383,694	578,621
Net inflow/(outflow)	82,614	(11,543)	(125,559)	(383,694)	(438,182)
30 Jun 2010					
Liquid Financial Assets					
Cash and cash equivalents	4,118	-	-	-	4,118
Trade and other receivables	117	-	-	-	117
	4,235	-	-	-	4,235
Financial Liabilities					
Trade and other payables	545	-	-	-	545
Net inflow/(outflow)	3,690	-	-	-	3,690

(i) Refer to note 8 for restrictions on cash.
(ii) Trade and other payables excludes the interest accrued on the senior secured notes.
(iii) Represents gross cash outflows on the senior secured notes (including interest payments).

25 FINANCIAL INSTRUMENTS (CONTINUED)

(h) Fair value

The fair value of a financial asset or a financial liability is the amount at which the asset could be exchanged or liability settled in a current transaction between willing parties after allowing for transaction costs.

The fair values of cash and cash equivalents, trade and other receivables and trade and other payables approximate to their carrying values, as a result of their short maturity or because they carry floating rates of interest.

The fair value of senior secured notes at 30 June 2011 is A$284.9m. Fair value is calculated based on the present value of future principal and interest cash flows, discounted at 15.117%.

(i) Fair value of financial instruments measured at fair value

Midwest Vanadium Pty Ltd ("MVPL") has entered into a contract with a third party for the use of the Midwest Pipeline for the transportation of gas to the Windimurra Vanadium Project. Under the contract MVPL is required to pay both a reservation charge and for each kilojoule of gas transported.

Included in the payment arrangements for transportation of gas is a variable commodity tariff which changes in relation to the average vanadium pentoxide price achieved during the quarter. The contract represents a non-financial contract containing an embedded derivative. MVPL have designated this hybrid contract as a whole at fair value through the consolidated statement of comprehensive income. At the acquisition date of MVPL, the fair value of the contract was measured at A$nil. As at 30 June 2011, the fair value of contract was measured at A$nil.

For financial instruments carried at fair value the Group uses various methods in estimating fair value. The methods comprise:

Level 1 – the fair value is calculated using quoted prices in an active market.

Level 2 – the fair value is estimated using inputs other than quoted prices included in the Level 1 that are observable for the asset or liability, either directly (as prices) or indirectly (derived from prices).

Level 3 – the fair value is estimated using inputs for the asset or liability that are not based on observable market data.

For financial instruments not quoted in active markets, the Group uses valuation techniques such as present value techniques, comparison to similar instruments for which market observable prices exist and other relevant models used by market participants (Level 2). These valuation techniques use both observable and unobservable market inputs. The fair value of this contract is based on these valuation techniques.

At 30 June 2011, if the vanadium pentoxide price had moved as illustrated in the table below, with all other variables held constant, profit/(loss) after income tax and equity would have been affected as follows:

	Profit/(loss) after income tax		Equity	
	2011 A$'000	2010 A$'000	2011 A$'000	2010 A$'000
+ 3%	(1,595)	-	(1,595)	-
- 3%	518	-	518	-

Reasonably possible movements in the vanadium pentoxide price were determined based on observations of historical movements in the past two years.

The reasonably possible movement was calculated by taking the vanadium pentoxide price at the acquisition date of MVPL, moving the vanadium pentoxide price by the reasonably possible movements, which resulted in new commodity tariff charges and then multiplying by the gas usage determined at the acquisition date of MVPL over the term of the contract, discounted to present values after tax.

26 CAPITAL AND OTHER COMMITMENTS

Operating lease commitments

The Group has entered into a commercial lease to rent office space. The lease has a term of 4 years 5 months with no renewal option included in the contract. There are no restrictions placed upon the lessee by entering into this lease.

Future minimum rentals payable under the non-cancellable operating lease as at 30 June are as follows:

	2011 A$'000	2010 A$'000
Within one year	621	104
After one year but not more than five years	1,566	855
After more than five years	-	-
Total minimum lease payments	2,187	959

Exploration expenditure commitments

In order to maintain current rights of tenure to exploration tenements, the Group is required to perform minimum exploration work to meet the minimum expenditure requirements specified by various State Governments. These obligations are subject to renegotiation when application for a mining lease is made and at other times. These obligations are not provided for in the financial report.

The approximate level of exploration expenditure expected in the year ending 30 June 2012 for the Group is approximately A$0.4m. This includes the minimum amounts required to retain tenure. These obligations are expected to be fulfilled in the normal course of operations. Commitments beyond 2011 are dependent upon whether existing rights of tenure are renewed or new rights of tenure are acquired.

Capital commitments

The Group had A$24.7m in capital commitments due within one year as at 30 June 2011 in relation to the construction and development of the Windimurra Vanadium Project.

27 CONTINGENT ASSETS AND CONTINGENT LIABILITIES

Other than as disclosed elsewhere in this report, the Directors are not aware of any contingent liabilities or contingent assets as at 30 June 2011.

28 AUDITORS' REMUNERATION

The auditor of the Company for the year ended 30 June 2011 is Ernst & Young. The auditor for the year ended 30 June 2010 was HLB Mann Judd.

	2011 A$	2010 A$
Remuneration of Ernst & Young for:		
Audit or review of the financial report of the entity and any other entity in the consolidated Group	121,500	-
Tax planning	102,559	-
Assurance services for the senior secured note issue	240,046	-
Transaction advisory services for the senior secured note issue	32,960	-
Remuneration of non-Ernst & Young audit firms:		
Assurance services provided on issue of a prospectus	30,000	-
Audit or review of the financial report of the entity and any other entity in the consolidated Group	20,400	20,000
	547,465	20,000

29 PARENT ENTITY DISCLOSURES

	2011 A$'000	Restated 2010 A$'000
Current assets	5,756	4,235
Non-current assets	55,640	308
Total assets	61,396	4,543
Current liabilities	1,582	545
Non-current liabilities	-	-
Total liabilities	1,582	545
Contributed equity	90,878	28,432
Reserves	(2,339)	(2,257)
Accumulated losses	(28,725)	(22,177)
Total equity	59,814	3,998
Loss for the year	(6,549)	(7,733)
Other comprehensive income	-	-
Total comprehensive loss for the year	(6,549)	(7,733)

The Company has no contingent liabilities, however it has a contractual obligation in the form of a commercial lease to rent office space. Refer to note 26 for further details of the commitment.

30 CORRECTION OF ERRORS

(i) ESIP and share-based payment expense

Shares issued under the Executive Share Incentive Plan ("ESIP") (refer to notes 16 and 19) were not accounted for correctly during the year ended 30 June 2010. At the time of grant, the shares issued under the plan held in trust should have been recognised in issued capital, with a corresponding reduction in equity classified as Shares Reserved for ESIP. In addition to this, an incorrect volatility factor was used in the valuations of the "in-substance" options which caused an understatement in the fair value of the share-based payment awards.

These errors had the effect of understating issued capital at 30 June 2010 by A$4,339,000 and overstating the Shares Reserved for ESIP by A$4,102,000. They also had the effect of understating share-based payment expense, net loss after tax and accumulated losses by A$237,000 for the year ended 30 June 2010.

(ii) Property, plant and equipment and depreciation charge

Due to the inaccurate classification of office fit out costs in the year ended 30 June 2010, Property, plant and equipment was understated by A$285,427. This error had the effect of overstating corporate expenses by A$291,387, understating depreciation expense by A$5,960 and overstating net loss after tax by A$285,427 for the year ended 30 June 2010.

	Previously reported balance	Impact of errors	Restated balance
	A$'000	A$'000	A$'000
Consolidated Statement of Financial Position as at 30 Jun 2010			
Property, plant and equipment	23	285	308
Contributed equity	24,093	4,339	28,432
Shares reserved for ESIP	1,717	(4,102)	(2,385)
Accumulated losses	(22,225)	48	(22,177)
Consolidated Statement of Financial Performance for the year ended 30 Jun 2010			
Corporate expenses	(4,665)	48	(4,617)
Loss before income tax	(7,781)	48	(7,733)
Loss after income tax	(7,781)	48	(7,733)

Basic and diluted loss per share on a post-consolidation basis have been restated to 17.6 cents per share for the year ended 30 June 2010.

31 EVENTS AFTER THE BALANCE SHEET DATE

There have been no significant events subsequent to balance date.

DIRECTORS' DECLARATION

In accordance with a resolution of the Directors of Atlantic Ltd, I state that:

In the opinion of the Directors:

1. the Financial statements and notes of the Consolidated Entity for the financial year ended 30 June 2011 are in accordance with the *Corporations Act 2001*, including:

   a) complying with Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Regulations 2001*; and

   b) giving a true and fair view of the Consolidated Entity's financial position as at 30 June 2011 and of its performance for the year ended on that date;

2. The Financial statements and notes also comply with International Financial Reporting Standards as disclosed in note 2; and

3. There are reasonable grounds to believe that the Consolidated Entity will be able to pay its debts as and when they become due and payable.

The Directors have been given the declarations by the Chief Executive Officer and Chief Financial Officer (or their equivalents) required by Section 295A of the *Corporations Act 2001* for the financial year ended 30 June 2011.

On behalf of the Board

MICHAEL MINOSORA
Managing Director

Dated this 17th day of August 2011

Ernst & Young Building
11 Mounts Bay Road
Perth WA 6000 Australia
GPO Box M939 Perth WA 6843

Tel: +61 8 9429 2222
Fax: +61 8 9429 2436
www.ey.com/au

Independent audit report to members of Atlantic Limited

Report on the financial report

We have audited the accompanying financial report of Atlantic Limited, which comprises the consolidated statement of financial position as at 30 June 2011, and the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year ended on that date, notes comprising a summary of significant accounting policies, other explanatory notes and the directors' declaration of the consolidated entity comprising the company and the group it controlled at the year's end or from time to time during the financial year.

Directors' responsibility for the financial report

The directors of the company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the Corporations Act 2001 and for such internal controls as the directors determine are necessary to enable the preparation of the financial report that is free from material misstatement, whether due to fraud or error. In Note 2, the directors also state, in accordance with Accounting Standard AASB 101 Presentation of Financial Statements, that the financial statements comply with International Financial Reporting Standards.

Auditor's responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. Those standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance about whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal controls relevant to the entity's preparation and fair presentation of the financial report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal controls. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Independence

In conducting our audit we have complied with the independence requirements of the Corporations Act 2001. We have given to the directors of the company a written Auditor's Independence Declaration a copy of which is included in the directors' report.

Opinion

In our opinion:

- the financial report of Atlantic Limited is in accordance with the *Corporations Act 2001*, including:
  - giving a true and fair view of the financial position of the consolidated entity's financial position as at 30 June 2011 and of its performance for the year ended on that date; and

ERNST & YOUNG

- complying with Australian Accounting Standards and the *Corporations Regulations 2001*; and
- the financial report also complies with *International Financial Reporting Standards* as disclosed in Note 2.

Report on the remuneration report

We have audited the Remuneration Report included in pages 16 to 26 of the directors' report for the year ended 30 June 2011. The directors of the company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

Opinion

In our opinion the Remuneration Report of Atlantic Limited for the year ended 30 June 2011, complies with section 300A of the *Corporations Act 2001*.

Ernst & Young

Ernst & Young

J C Palmer
Partner
Perth
17 August 2011

ASX SHAREHOLDER INFORMATION

Additional information as at 23 September 2011 required by the Australian Securities Exchange Listing Rules not shown elsewhere in this report is as follows:

1 DISTRIBUTION OF EQUITY SECURITIES

(i) ORDINARY SHARE CAPITAL

114,273,650 fully paid ordinary shares are held by 1,209 individual share holders.

All issued ordinary shares carry one vote per share and carry the rights to dividends.

(ii) CLASS B PERFORMANCE SHARES

66 fully paid Class B Performance Shares are held by 12 individual shareholders.

Class B Performance Shares do not participate in dividends and the proceeds on winding up of the company. Class B Performance Shares hold no voting rights at shareholders' meetings when a poll is called, and are not eligible to participate in votes on a show of hands.

(iii) OPTIONS

4,594,349 listed options are held by 124 individual option holders.

Options do not carry a right to vote.

The number of shareholders, by size of holding, in each class are:

	Fully paid Ordinary shares	Class B Performance shares	Options
1 - 1,000	457	12	31
1,001 - 5,000	311	-	24
5,001 - 10,000	148	-	28
10,001 - 100,000	237	-	33
100,001 and over	56	-	8
	1,209	12	124

2 SUBSTANTIAL SHAREHOLDERS

	Fully paid number	Percentage
Ordinary shareholders		
Droxford International Ltd	20,500,000	17.94%
Citicorp Nominees Pty Ltd	13,965,758	12.22%
National Nominees Ltd	13,963,534	12.22%
Prosperous Global Assets	10,454,547	9.15%
JP Morgan Nominees Australia Ltd	8,809,251	7.71%
HSBC Custody Nominees Australia Ltd	6,314,742	5.53%
Atlantic Incentive Plan	5,760,000	5.04%
	79,767,832	69.81%

3 TWENTY LARGEST HOLDERS OF QUOTED EQUITY SECURITIES

	Fully paid number	Percentage
Ordinary shareholders		
Droxford International Ltd	20,500,000	17.94%
Citicorp Nominees Pty ltd	13,965,758	12.22%
National Nominees Ltd	13,963,534	12.22%
Prosperous Global Assets	10,454,547	9.15%
JP Morgan Nominees Australia Ltd	8,809,251	7.71%
HSBC Custody Nominees Australia Ltd	6,314,742	5.53%
Atlantic Incentive Plan	5,760,000	5.04%
HSBC Custody Nominees Australia Limited	4,090,311	3.58%
J P Morgan Nominees Australia Ltd	2,428,075	2.12%
Cogent Nominees Pty Ltd	1,845,420	1.61%
Ambrosia Empire Ltd	1,354,250	1.19%
Minosora Wendy	1,214,692	1.06%
FCCF Holdings Pty Ltd	1,086,832	0.95%
Dwellers Nominees Pty Ltd	964,441	0.84%
Cassim Salim	911,089	0.80%
Peterson, Jason & Lisa	890,000	0.78%
HSBC Custody Nominees Australia Ltd	660,051	0.58%
Inter City Development Pty Ltd	536,000	0.47%
Wacher Jay Geoffrey	409,571	0.36%
Inconsultare Pty Ltd	405,000	0.35%
	95,563,564	84.50%

4 TWENTY LARGEST HOLDERS OF QUOTED OPTIONS

	Fully paid number	Percentage
Listed options		
Ramsa Pty Ltd	800,000	17.41%
Ambrosia Empire Ltd	800,000	17.41%
Cassim Salim	320,000	6.97%
Taurus Corp SVCS Pty Ltd	307,231	6.69%
Celtic Cap Pty Ltd	280,000	6.09%
C M C Ryan Pty Ltd	200,000	4.35%
Lazarou Jim	162,000	3.53%
Karam Anthony Charles	110,310	2.40%
Goldie Ian Niven	100,000	2.18%
Bessarlie Pty Ltd	100,000	2.18%
RJ Wade Pty Ltd	93,334	2.03%
Duncan P L & D & P K	80,051	1.74%
Facilitate Pty Ltd	80,000	1.74%
Ardath Inv Pty Ltd	80,000	1.74%
Agens Pty Ltd	80,000	1.74%
Duncan Paul Kennedy	75,000	1.63%
Morcom Inv Pty Ltd	50,000	1.09%
Pentin Pty Ltd	50,000	1.09%
Valentini Antonio	44,000	0.96%
Merrill Lynch Aust Nominees Pty Ltd	41,618	0.91%
	3,853,544	83.88%

SCHEDULE OF TENEMENTS

Tenement No.	Prospect	Status	Grant date	Expiry date	Conversion	Area	Rent $	Commit $	Rpt/Code
Western Australia									
Exploration									
E 58/113	Windimurra	G	8 Mar 1991		M 58/275-9 (Sec 67)	35.8 km²	5,274.00	100,000	C 79/1999
E 58/117	Windimurra	G	19 Jan 1992		M 58/279, M 58/282 (Sec 67)	2 blocks	907.00	50,000	C 79/1999
E 58/198	Windimurra	G	18 Apr 1997		M 58/281 (Sec 67)	1 block	453.50	20,000	C 79/1999
Miscellaneous									
L 58/27	Stag Well	G	23 Jun 1998	22 Jun 2013		1,675.0 HA	22,277.50	0	
L 58/28	Stag Well	G	23 Jun 1998	22 Jun 2013		790.0 HA	10,507.00	0	
L 58/29	Stag Well	G	12 Nov 1998	11 Nov 2013		46.2 HA	625.10	0	
L 58/30	Windimurra	G	12 Nov 1998	11 Nov 2013		2,275.7 HA	30,270.80	0	
L 58/32	Windimurra	G	3 Jul 2001	2 Jul 2022		202.0 HA	2,686.60	0	
L 58/35	Windimurra	G	12 Jun 2009	11 Jun 2030		670.0 HA	335.00	0	
Mining									
M 58/178	Windimurra	G	12 Jul 1991	11 Jul 2012		966.9 HA	14,505.00	96,700	C 79/1999
M 58/272	Windimurra	A	12 Dec 1997	Appl'n		633.8 HA	0.00	0	
M 58/275	Windimurra	A	5 Mar 1998	Appl'n		990.0 HA	0.00	0	
M 58/276	Windimurra	A	5 Mar 1998	Appl'n		996.6 HA	0.00	0	
M 58/277	Windimurra	A	5 Mar 1998	Appl'n		905.1 HA	0.00	0	
M 58/278	Windimurra	A	5 Mar 1998	Appl'n		970.9 HA	0.00	0	
M 58/279	Windimurra	G	4 Jun 1999	3 Jun 2020		835.9 HA	12,540.00	83,600	C 79/1999
M 58/280	Windimurra	G	4 Jun 1999	3 Jun 2020		534.6 HA	8,025.00	53,500	C 79/1999
M 58/281	Windimurra	A	5 Mar 1998	Appl'n		157.3 HA	0.00	0	
M 58/282	Windimurra	A	5 Mar 1998	Appl'n		71.7 HA	0.00	0	
					Approximate	172.0 km²	108,406.50	403,800	19 Tenements in Total

STATUS REFERENCES:

A Application G Granted

NOTES

All minimum exploration expenditure commitments on the tenements, as per above, have been met by the Company due to expenditure on exploration, resource development and infrastructure development associated with the Project over the last year.

This page has been left blank intentionally

This page has been left blank intentionally

This page has been left blank intentionally

Level 29
Bankwest Tower
108 St Georges Terrace
Perth WA 6000

T: +61 8 6141 7100
F: +61 8 6141 7101

atlanticltd.com.au
info@atlanticltd.com.au