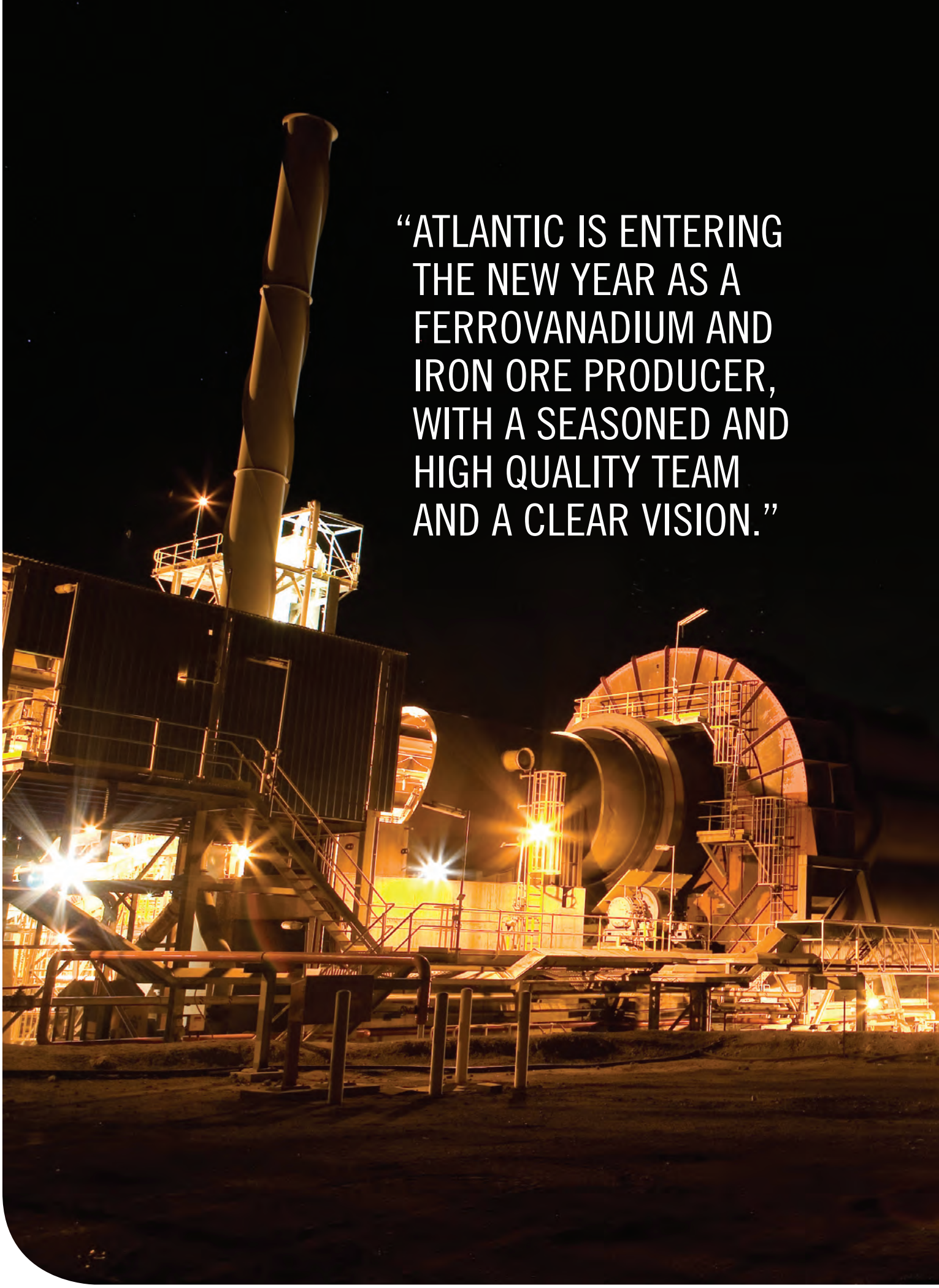
ANNUAL REPORT 2013

ATLANTIC LTD



"ATLANTIC IS ENTERING THE NEW YEAR AS A FERROVANADIUM AND IRON ORE PRODUCER, WITH A SEASONED AND HIGH QUALITY TEAM AND A CLEAR VISION."

CONTENTS

CHAIRMAN AND MANAGING DIRECTOR'S REPORT

DEAR SHAREHOLDERS

On behalf of the Board of Atlantic Ltd, I am pleased to present this Annual Report for the year ended 30 June 2013.

OVERVIEW

During the year Atlantic worked its way through a challenging commissioning process at its wholly-owned Windimurra vanadium and iron ore project in Western Australia. The most demanding aspect of the commissioning was dealing with issues within the crushing, milling and beneficiation (**CMB**) plant. Shortly after year end the last of the planned major process flow modifications was made to the CMB plant. These modifications resulted in a dramatic transformation in the stability and on-stream time of the processing plant. While a number of stages in the ramp-up to sustained production of ferrovanadium at name-plate capacity remain to be completed and will take some time, the work carried out this year on the CMB plant has produced a critical breakthrough in that ramp-up process.

Another significant breakthrough is that Atlantic has now become a successful iron ore exporter from its Windimurra project. During the year Atlantic carried out extensive work to establish the necessary logistics, contractual arrangements and regulatory approvals. That work culminated in the commencement of road haulage of iron ore from Windimurra to Geraldton Port in June 2013 and the first shipment to China on 13 July.

With the hard work of the last financial year behind it, Atlantic is entering the new year as a ferrovanadium and iron ore producer, with a seasoned and high quality team and a clear vision of the steps which need to be taken by it during the year ending 30 June 2014.

The year ahead will be an exciting one on a number of levels. A core focus is on continuing the work at Windimurra to increase ferrovanadium production, gaining experience in optimising the operation of the plant and removing production bottlenecks.

In parallel, we will be seeking to unlock opportunities at Windimurra for organic growth. The recovery of ilmenite from the waste product stream will have our initial focus. The development of premium vanadium products in the medium term will also be investigated.

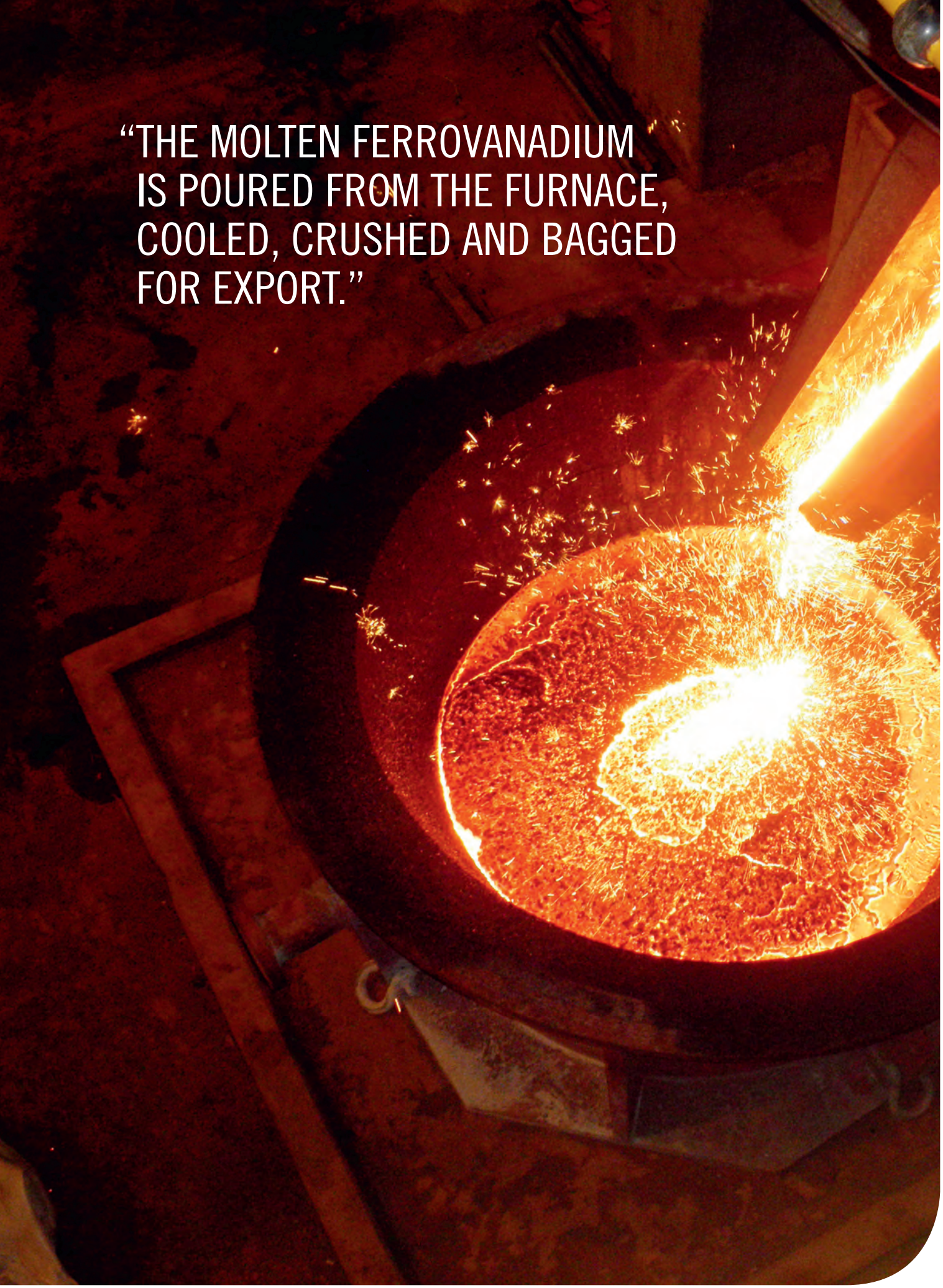
Atlantic is more than the Windimurra project. We remain committed to our vision of building a diversified portfolio of world class resources projects that will provide superior returns to shareholders. We are continually reviewing opportunities to utilise our expertise and access to funding.

On your behalf I wish to acknowledge the tenacity and commitment of our employees and dedicated contractors who worked so hard during the year in difficult circumstances and who are now beginning to see the results of that work.

I also acknowledge Atlantic's shareholders and lenders and thank them for their faith in our employees and in the Windimurra project.

The progress which has been made during the year has been the result of the extraordinary commitment of all of the stakeholders in Atlantic.

EMPLOYEES CONFERRING AT THE WINDIMURRA PROJECT



"THE MOLTEN FERROVANADIUM IS POURED FROM THE FURNACE, COOLED, CRUSHED AND BAGGED FOR EXPORT."


"ATLANTIC HAS NOW
BECOME A SUCCESSFUL
IRON ORE EXPORTER FROM
ITS WINDIMURRA PROJECT."

WINDIMURRA PROJECT

ATLANTIC'S ACQUISITION

Atlantic acquired the Windimurra project by purchasing 100% of Midwest Vanadium Pty Ltd in September 2010 and by acquiring the project's CMB plant in April 2011. The project had been on care and maintenance since the global financial crisis in 2009, as a result of the previous owners having insufficient funds to complete the project's construction. Following its acquisition, Atlantic needed to complete construction of the project and carry out commissioning. During the commissioning process serious deficiencies in the CMB plant were identified, necessitating the carrying out of studies, re-design and a series of modifications. These works extended the commissioning period well beyond what was originally envisioned and necessitated additional funding for the project.

EXPLORATION

In view of the availability of significant existing reserves and the on-going commissioning process, it was not considered necessary to carry out any further exploration during the year ended June 2013. During the previous year further exploration confirmed the potential for reserve expansion throughout Windimurra's southern tenements. A program of detailed surface mapping of those southern tenements successfully identified enriched magnetite beds that outcrop with an average width of 15 metres and average length of over 500 metres.

MINING

The life of mine plan for Windimurra provides for the mining of oxidised, transitional and fresh magnetite-rich ore, with transitional and fresh ores to be bench mined for grade control. Mining commenced in the central pit and moved to the northern part of the ore body. Mining will move to the southern part of the ore body in due course. A review of the mining plan is currently being undertaken, as part of an on-going periodic challenge of each of our plans, assumptions and practices, to ensure that optimisation is achieved over time throughout the project.

Mining is carried out for the project by a contract miner, in accordance with the instructions of the Company. The mine is producing sufficient ore for the processing plant's operation.

The ore body at Windimurra is split into three bands of:

- **oxide ore** at the surface, which is softer and of lower magnetic susceptibility;
- **transitional ore** below the oxide zone; and
- **fresh ore** at depth, which has higher magnetic susceptibility.

Ore is blended at the run of mine (**ROM**) stockpile from separate stockpiles of ore, segregated by ore type. Blending is undertaken to deliver an optimal level of recovery in the processing plant, relative to mining costs and ore availability. The recovery of ferrovanadium in the processing plant from fresh ore is proportionally highest, while the recovery from oxide ore is proportionally lowest.

During the year under review, ore was delivered to the ROM pad in the ratio of 4 parts oxide: 3 parts transition; 3 parts fresh. A study carried out during the latter part of the commissioning period suggests that the optimal blend is 3 parts oxide: 4 parts transition; 3 parts fresh. This revised blend is now being delivered and will be taken into account during the current review of the mining plan.

ROASTING KILN

PROCESSING

The processing plant at Windimurra is a large-scale facility, involving a number of stages. These are shown in the diagram on the opposite page.

The first group of operations involve the components of the CMB plant.

Ore from the ROM pad passes through three stages of crushing, followed by high pressure grinding (**HPGR**) in closed circuit with fine dry screens. During these processes the particle size of the material is reduced to between 3 mm and 5 mm. The fine dry screening circuit was modified during the year to divert HPGR product back to the fine dry screens rather than being sent to the repulper. This reduced load pressure on the HPGR and significantly improved the operation of the repulp circuit. The ball mill has been converted to a primary grinding unit, further reducing the particle size of feed to the magnetic separators to less than 650 microns. The introduction of these modifications to the CMB plant during the latter part of the financial year was a major step forward in improving plant performance.

The ball milled material and fines of less than 650 microns next pass through the wet fine screen and report to the beneficiation plant where magnetic separators capture the magnetite concentrate. An important part of the modification work carried out to the CMB plant was the simplification of the process flow through the beneficiation plant, resulting in the redundancy of about 40% of the equipment originally installed in the beneficiation plant and the reduction in the particle size of the material passing through the magnetic separators from between 3 mm and 5 mm down to 650 microns. These changes have improved plant throughput and availability and reduced direct and indirect maintenance costs.

Following the CMB, the magnetite concentrate is fed into the roasting kiln.

The next stage of the process involves roasting magnetite concentrate and soda ash through the 102 metre long, 4.75 metre diameter roasting kiln. This gas fired rotary kiln is believed to be the largest of its kind in the southern hemisphere.

The resulting material is leached with water to produce two products: soluble vanadium (which is further processed into ferrovanadium) and hematite iron ore fines.

The soluble vanadium goes through a desilication process using sulphuric acid and aluminium sulphate. This is followed by precipitation of ammonium metavanadate using ammonium sulphate.

The ammonium metavanadate is reduced in a reduction kiln to vanadium trioxide powder (V_2O_3). That powder and scrap iron, recycled aluminium and lime are placed in an electric arc furnace and reduced to ferrovanadium.

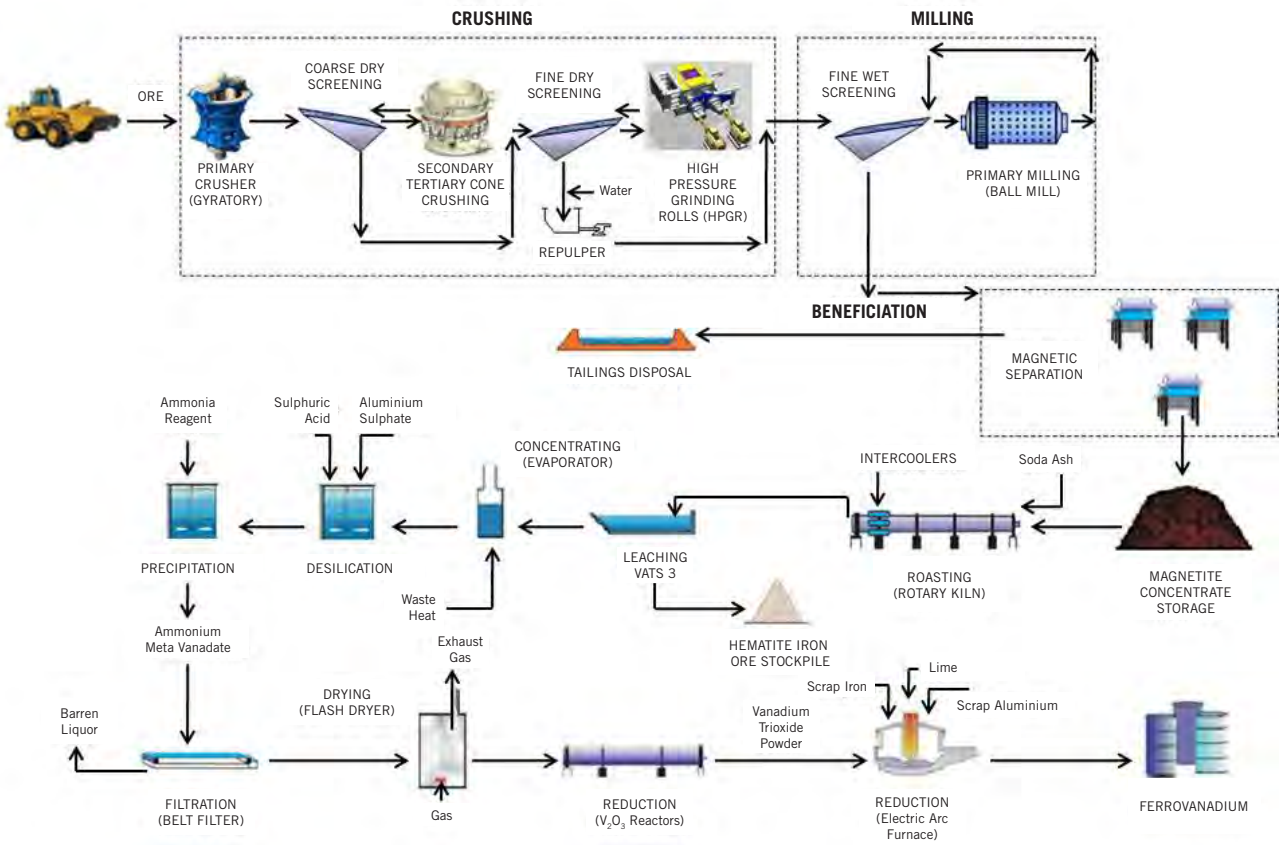
The ferrovanadium is cooled and crushed and is bagged for transporting by road to Fremantle Port, near Perth, for export.

The hematite iron ore is transported by road trains to Geraldton Port for export, as described later in this report.

ELECTRIC ARC FURNACE POURING FERROVANADIUM

RECONFIGURED BENEFICIATION PLANT

WINDIMURRA PLANT SCHEMATIC FLOWSHEET



REFINERY AT WINDIMURRA

SALES OF FERROVANADIUM

The Windimurra project achieved the first shipment of ferrovanadium in May 2012. Each tonne of ferrovanadium contains approximately 0.8 tonnes of vanadium. Atlantic reports its production and sales in terms of contained vanadium (**V**).

With the focus on commissioning and plant modifications during the year ended June 2013, annual production of vanadium was a modest 80 tonnes V.

Following the completion of the planned major process flow modifications to the CMB plant in July 2013 and the replacement of electric arc furnace crucible refractory bricks in the same month, August 2013 marked a significant breakthrough in ferrovanadium production. In that month 35 smelts of ferrovanadium were poured, producing 56 tonnes V.

VANADIUM DEMAND

The majority of vanadium demand globally in calendar year 2012 came from the steel industry, with titanium and chemical applications accounting for 4% and 3% of global demand respectively.

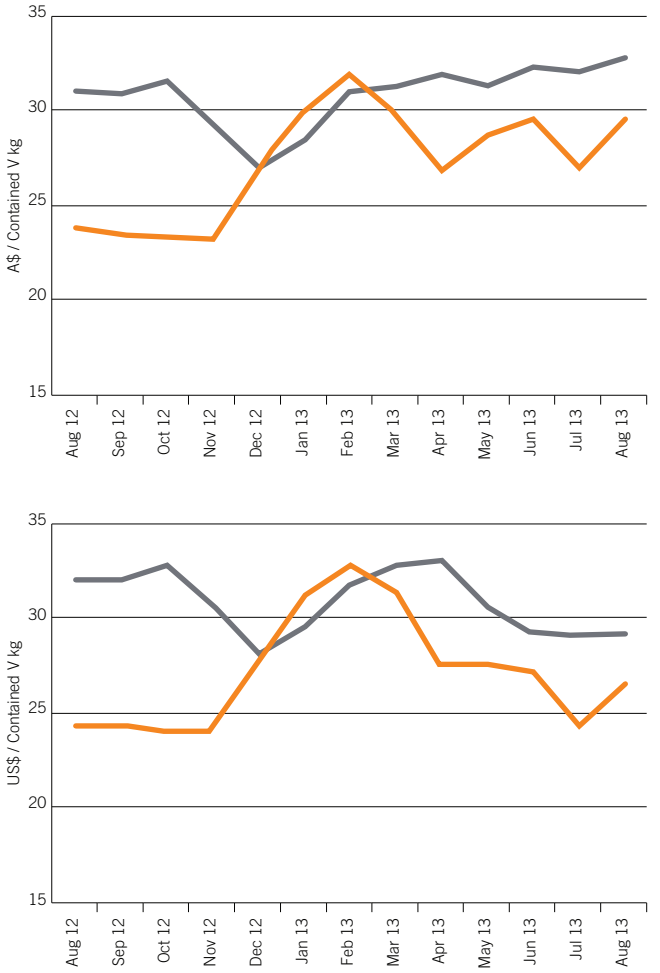
Global vanadium consumption grew by more than 5% in calendar year 2012 compared to 2011. Growing global steel production rates and substitution of high strength low alloy (**HSLA**) steels containing vanadium for lower strength carbon steels are major drivers in vanadium demand growth. Global steel production continues to increase, and the ongoing substitution of HSLA steels for lower strength steels is driving strong growth in vanadium consumption.

Global vanadium production remained flat in calendar year 2012 compared with 2011. The by-product nature of the majority of the global vanadium supply results in production being limited by the availability of economical raw materials. Growth in global vanadium production in the near future is expected to closely match increases in vanadium demand, leading to strong market fundamentals.

During the past year, vanadium prices have substantially outperformed other steel inputs including coking coal and iron ore.

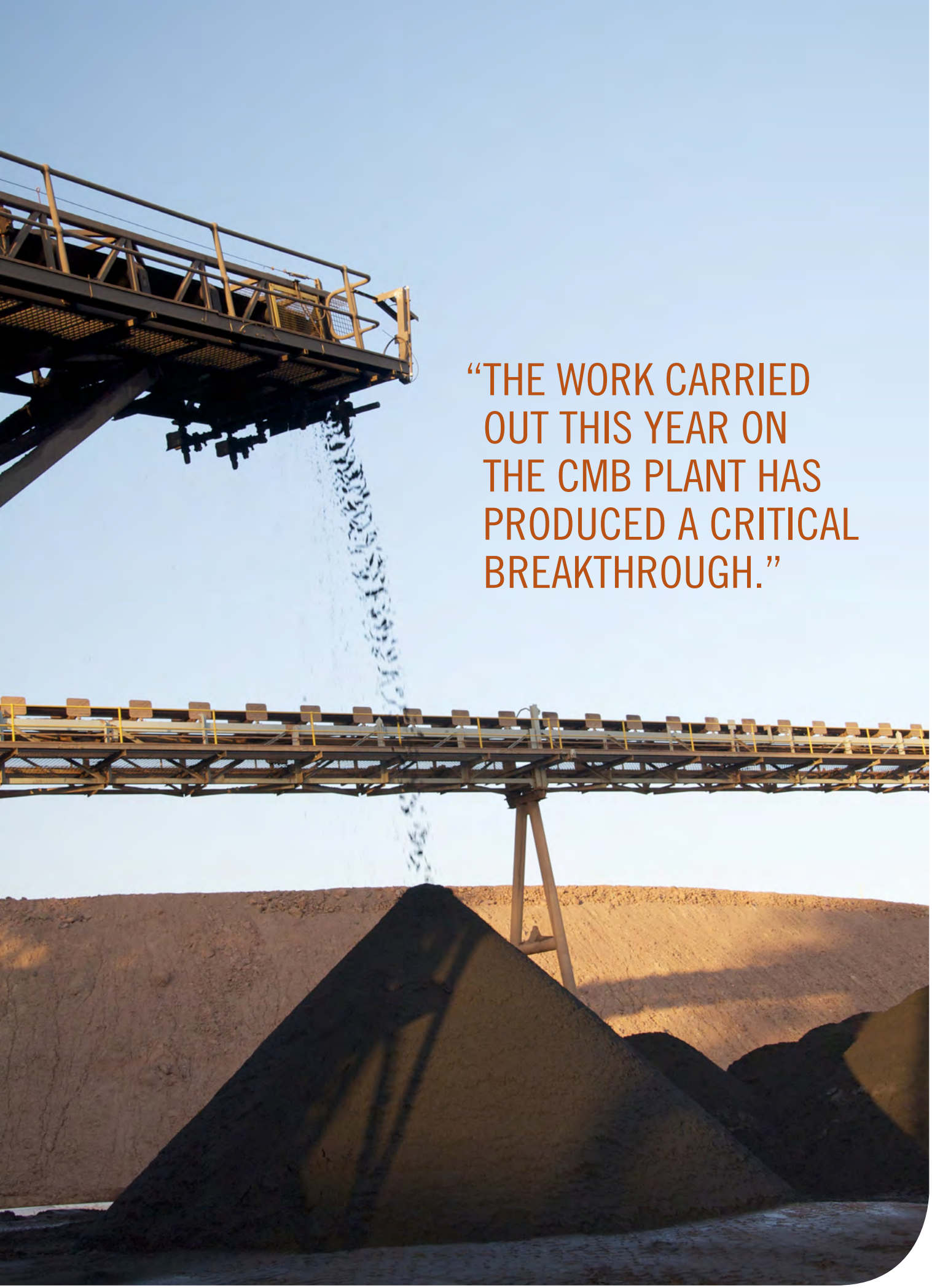
Strong customer interest has been received from the global vanadium market for Windimurra ferrovanadium. Ferrovanadium is currently being stocked in North American and European markets and delivered to end users according to spot contracts. As the Windimurra project ramps up production of ferrovanadium, other value added opportunities including high purity vanadium pentoxide (**V_2O_5**), vanadium trioxide (**V_2O_3**), and vanadium carbonitride alloy (**VCN**) will be evaluated.

FERROVANADIUM PRICE PERFORMANCE



Source: Bloomberg September 2013

FERROVANADIUM



"THE WORK CARRIED OUT THIS YEAR ON THE CMB PLANT HAS PRODUCED A CRITICAL BREAKTHROUGH."

THE FIRST SHIPMENT OF THE COMPANY'S IRON ORE BEING LOADED AT GERALDTON IN JULY 2013, BEFORE SAILING FOR NORTH CHINA. PHOTOGRAPH COURTESY OF BRAEMAR SEASCOPE PTY LTD

IRON ORE SALES

Iron ore is produced at Windimurra as a by-product of ferrovanadium production. The iron ore is transported by road trains to Geraldton Port, where it is stored in a large wharf-side warehouse. Once a full ship load is ready, the iron ore is loaded by conveyors onto a ship chartered by the Company for delivery to a customer. Atlantic conducts its own sales and marketing of the iron ore which it produces.

Atlantic has now become a successful iron ore exporter from its Windimurra project. During the year Atlantic carried out extensive work to establish the necessary logistics, contractual arrangements and regulatory approvals. That work culminated in the commencement of road haulage of iron ore from Windimurra to Geraldton Port in June 2013, the announcement of the first iron ore sales contract on 2 July and the first ship chartered by Atlantic sailing to China on 13 July 2013 with 30,200 tonnes of iron ore.

Following the first four trial shipments, continuous shipments of iron ore from Geraldton Port are planned, ramping up to 100,000 tonnes per month.

The Windimurra project is expected to produce approximately one million tonnes per annum of hematite iron ore with a content of approximately 55% iron (**Fe**), 14% titanium dioxide (**TiO_2**) and low impurities of phosphorous, sulphur, alumina and silica. The project is also able to sell its existing stockpile of approximately 1.8 million tonnes of 52% Fe, 17% TiO_2 and low impurities.

VIETNAM BAUXITE PROJECTS

Progress was made during the financial year in advancing Atlantic's proposal to develop an integrated mine-rail-port bauxite project in Vietnam.

The Company continued to work in close collaboration with Vietnam's National Institute of Mining-Metallurgy Science and Technology (**Vimluki**) and completed a Development Study for an integrated mine-rail-port bauxite operation in the Central Highlands of Vietnam.

The study was submitted to the Vietnamese Government in early January 2013 and Atlantic subsequently presented the Development Study to key members of the Vietnamese Government. Atlantic also held constructive discussions with industry participants in Vietnam on how the project could benefit the existing alumina industry in Vietnam.

Vietnam hosts one of the world's most significant and undeveloped bauxite resources and Atlantic is confident its proposal can become the platform for the development of a major bauxite-alumina-aluminium industry in Vietnam. The merits of the proposal should ultimately lead to its approval.

MICHAEL MINOSORA
Chairman and Managing Director

ROAD TRAIN BEING LOADED WITH IRON ORE AT WINDIMURRA

"GLOBAL VANADIUM CONSUMPTION GREW BY MORE THAN 5% IN CALENDAR YEAR 2012."

TENEMENTS, ORE RESERVES AND MINERAL RESOURCES

TENEMENTS

The project's tenements cover a 27 kilometre strike length of the vanadiferous magnetite Shepherd's Discordant Zone. Of this strike length, approximately six kilometres, inclusive of the existing pit, has been drill tested and included within the existing Mineral Resource estimate at Windimurra. See page 14 for the details of the tenements.

ORE RESERVES AND MINERAL RESOURCES

The most recent Ore Reserve statement, as at 1 March 2012, estimated a proved and probable Ore Reserve of approximately 160 million tonnes with a grade of 0.47% V_2O_5 for 421,100 tonnes of contained vanadium. That indicated a world-class ore body and a mine life of well in excess of 25 years.

At the present time, the Company is carrying out a review of the project's life of mine plan and an assessment of the data on the operation of the processing plant. The review will critically examine the assumptions and data used to calculate the Ore Reserves, based on the latest operating information. At this time we do not expect that the next Ore Reserves statement will be materially different to the last statement, in the context of the current proved and probable Ore Reserves of approximately 160 million tonnes, but it is too early to know. We anticipate that the revised Ore Reserves statement will be available later this calendar year.

Because the Windimurra project was in commissioning phase during the whole of the year under review, there has been minimal depletion of the Ore Reserves and Mineral Resources since the publication of the Ore Reserves statement as at July 2012 and the Mineral Resources statement as at April 2012. Those statements are reproduced on page 14, along with notes about depletion in the period to 30 June 2013. Because of the minimal depletion and because of the present review of the mine plan referred to above, statements as at 30 June 2013 are not being provided in this report.

SECONDARY AND TERTIARY CRUSHERS

MINERAL RESOURCES STATEMENT

	APRIL 2012 **			
	TONNES (MT) *	GRADE V_2O_5 %	TONNES (V)	GRADE V%
Measured	49.7	0.48	132,500	0.27
Indicated	142.1	0.49	390,100	0.27
Inferred	50.8	0.46	130,000	0.25
TOTAL	242.6	0.48	652,600	0.27

* Grades reported to a lower cut-off of 0.275% V_2O_5.
** Calculated as at 1 March 2012. See Atlantic's ASX Release of 31 July 2012, being its Quarterly Report for the June 2012 Quarter, for the details of the JORC compliant Mineral Resources for the Windimurra project (in terms of the then applicable 2004 edition of the JORC Code).

DEPLETION IN THE PERIOD 1 MARCH 2012 TO 30 JUNE 2013			
TONNES (MT) *	GRADE V_2O_5 %	TONNES (V)	GRADE V%
0.7	0.49	1,900	0.27

These Mineral Resources are inclusive of the Ore Reserves set out on the right side of the page.

ORE RESERVES STATEMENT

	JULY 2012 ##			
	TONNES (MT) #	V_2O_5 %	TONNES (V)	GRADE V%
Proved	41.8	0.46	107,300	0.23
Probable	118.1	0.47	313,800	0.27
TOTAL	159.9	0.47	421,100	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_5 fresh.
Calculated as at 1 March 2012. See Atlantic's ASX Release of 31 July 2012, being its Quarterly Report for the June 2012 Quarter, for the details of the JORC compliant Ore Reserves for the Windimurra project (in terms of the then applicable 2004 edition of the JORC Code).

DEPLETION IN THE PERIOD 1 MARCH 2012 TO 30 JUNE 2013			
TONNES (MT) #	GRADE V_2O_5 %	TONNES (V)	GRADE V%
0.7	0.49	1,900	0.27

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

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	5,529.60	100,000	C 79/1999
E 58/117	Windimurra	G	19 Jan 1992		M 58/279, M 58/282 (Sec 67)	2.0 blocks	951.00	50,000	C 79/1999
E 58/198	Windimurra	G	18 Apr 1997		M 58/281 (Sec 67)	1.0 block	475.50	20,000	C 79/1999
Miscellaneous									
L 58/27	Stag Well	G	23 Jun 1998	22 Jun 2018		1,675.0 HA	23,282.50	0	
L 58/28	Stag Well	G	23 Jun 1998	22 Jun 2018		790.0 HA	10,981.00	0	
L 58/29	Stag Well	G	12 Nov 1998	11 Nov 2013		46.2 HA	653.30	0	
L 58/30	Windimurra	G	12 Nov 1998	11 Nov 2013		2,275.7 HA	31,636.40	0	
L 58/32	Windimurra	G	3 Jul 2001	2 Jul 2022		202.0 HA	2,807.80	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 2033		966.9 HA	15,181.90	96,700	C 79/1999
M 58/275	Windimurra	A	5 Mar 1998	Appl'n		990.0 HA	0.00	0	TBC
M 58/276	Windimurra	A	5 Mar 1998	Appl'n		996.6 HA	0.00	0	TBC
M 58/277	Windimurra	A	5 Mar 1998	Appl'n		905.1 HA	0.00	0	TBC
M 58/278	Windimurra	A	5 Mar 1998	Appl'n		970.9 HA	0.00	0	TBC
M 58/279	Windimurra	G	4 Jun 1999	3 Jun 2020		835.9 HA	13,125.20	83,600	C 79/1999
M 58/280	Windimurra	G	4 Jun 1999	3 Jun 2020		534.6 HA	8,399.50	53,500	C 79/1999
M 58/281	Windimurra	A	5 Mar 1998	Appl'n		157.3 HA	0.00	0	TBC
M 58/282	Windimurra	A	5 Mar 1998	Appl'n		71.7 HA	0.00	0	TBC

STATUS REFERENCES:

A Application G Granted

COMPETENT PERSON STATEMENT

ORE RESERVES

The information in this report that relates to Ore Reserves as at July 2012 is based on information compiled by Quinton de Klerk who is a Fellow of The Australasian Institute of Mining and Metallurgy. Mr de Klerk is a Director and Principal of Cube Consulting Pty Ltd.

Mr de Klerk has sufficient experience which is relevant to the activity that he is undertaking to qualify as a Competent Person as defined in the 2004 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves'. Mr de Klerk consents to the inclusion in this report of the matters based on his information in the form and context in which it appears.

MINERAL RESOURCES

The information in this report that relates to Mineral Resources as at April 2012 is based on information compiled by Colin Arthur, who is a Chartered Geologist, Member of The Australasian Institute of Mining and Metallurgy and Fellow of the Geology Society of London. Colin Arthur was, until 20 September 2012, a full-time employee of Midwest Vanadium Pty Ltd, (a wholly-owned subsidiary of Atlantic Ltd) in the capacity of Chief Geologist. Colin Arthur has over 20 years experience in this style of mineralization and the type of deposit under consideration and related mining method and project evaluation.

Mr Arthur has has sufficient experience which is relevant to the style of mineralization and to the activity which he is undertaking. He is therefore qualified as a Competent Person as defined in the 2004 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves'. Mr Arthur consents to the inclusion in this report of the matters based on his information 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 2013.

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 MICHAEL MINOSORA – EXECUTIVE CHAIRMAN AND 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 of Azure Capital and Managing Partner of Ernst & Young in Western Australia.

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

Alloy Steel International Inc.

SPECIAL DUTIES

Chairman of Audit Committee and Remuneration Committee.

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

Member of Audit Committee and Remuneration 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); and

PT Indosiar Karya Media Tbk.

SPECIAL DUTIES

Member of Audit Committee and Remuneration Committee.

COMPANY SECRETARY

TONY VEITCH – COMPANY SECRETARY

Appointed 2 February 2012

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	UNLISTED OPTIONS	CLASS B PERFORMANCE SHARES
Michael Minosora	* 21,091,661	-	8
Tony Veitch	** 1,480,000	-	-
Phiong Phillipus Darma	-	-	-

* 3,960,000 shares have been issued to Mr Minosora pursuant to the Company's Share Incentive Plan, whereby the shares are secured by a limited recourse loan by the Company to Mr Minosora. Furthermore, the shares had vesting conditions and may only be sold should the Company's shares trade at greater than $1.250 for a 10 day period. As at 30 June 2013, all the shares are fully vested to Mr Minosora.

** 1,000,000 shares have been issued to Mr Veitch pursuant to the Company's Share Incentive Plan, whereby the shares are secured by a limited recourse loan by the Company to Mr Veitch. Furthermore, the shares had vesting conditions and may only be sold should the Company's shares trade at greater than $1.875 for a 10 day period. As at 30 June 2013, 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 commissioning and operation of the Windimurra vanadium project (**Windimurra**).

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

- Significant modification works including a new screening plant and repulper were completed on the crushing, milling and beneficiation circuit (**CMB Plant**);
- $50.000 million Class B Convertible Bond facility secured with Droxford International Limited (**Droxford**) in August 2012;
- Daniel Harris appointed as Chief Operating Officer in October 2012;
- Consent obtained from majority of MVPL's Senior Secured note holders to access US$9.960 million from restricted reserve accounts in November 2012 and a further US$14.300 million in March 2013;
- $22.000 million research and development tax claim received in December 2012;
- $35.369 million Promissory Note facility secured in March 2013 with Droxford and subsequently exchanged into a Class C Convertible Bond facility;
- 80 tonnes of contained vanadium produced at Windimurra for the period;
- Maiden shipment of iron ore fines completed immediately subsequent to year end; and
- Short-term funding facility of $19.100 million with a leading Australian bank. The facility is secured by a priority lien over MVPL's rights to receive $27.333 million from the Australian Taxation Office under the Research and Development Tax Incentive Program in respect of the financial year ended 30 June 2013 that has been recognised as a receivable.

The Group recorded a net loss after tax for the year of $125.189 million (2012: net loss of $18.803 million). The material components of the loss were non-cash related and consisted of an impairment loss on the carrying value of the Windimurra vanadium project of $69.737 million and unrealised foreign exchange losses of $35.885 million.

WINDIMURRA VANADIUM PROJECT

Atlantic's wholly-owned subsidiary Midwest Vanadium Pty Ltd (**MVPL**) continued work to ramp-up production at the Windimurra project with a focus on the CMB Plant.

The following key modifications were completed during the financial year to rectify design and construction failures in the CMB Plant:

- Installation of a new screening plant and repulper;
- Reconfiguring the CMB Plant to use the ball mill as the primary grinding method rather than as a regrind mill;
- Feed system to the magnetic separators modified to provide more uniformed distribution of ore feed at higher velocity;
- Magnetic separators modified to improve flow rates and eliminate blockages; and
- Scavengers and cleaning circuit removed.

The modifications focused on reducing the fraction size delivered to the milling and beneficiation circuits by utilising a combination of the new screening plant and using the ball mill as a primary grinding unit.

Subsequent to year end, early stage operation of the CMB Plant following the modifications has been very encouraging with improved feed rates and on-stream time. The beneficiation flow scheme is continuing to perform well at higher feed rates with no overflow problems in the magnetic separators and very good performance of the ball mill as a primary grinding unit.

MVPL also completed a process flow optimisation study that confirmed overall mass recoveries in the CMB Plant, once fine tuning is completed, should be able to be materially higher than originally forecast, significantly improving the economics of the project by reducing the ore required to be processed to achieve nameplate magnetite concentrate production levels.

During the year, open pit mining contractor Minepower was replaced by mining specialists B&J Catalano. Mining focused on the northern cutback of the existing open pit producing oxide ore feeds.

SAFETY

The Company continued its good safety record during the year and is committed to improving safety practices at Windimurra. Three lost time injuries were recorded in the financial year.

The Company is committed to world class safety practices, be that at Windimurra or in the Perth office. Safety is the number one value throughout Atlantic, and the commitment an employee shows to safe work practices forms an integral part of annual performance reviews.

PRODUCTION

The Company continued to produce and sell small amounts of vanadium from Windimurra during the period. For the year ended 30 June 2013, 80 tonnes of contained vanadium was produced at Windimurra. Subsequent to year end and the completion of the CMB Plant modifications, Windimurra produced 59 tonnes of contained vanadium through to 31 August 2013. The Group is now focused on increasing production of vanadium and the ramp-up to full plant production.

IRON ORE

During the financial year, MVPL finalised all approvals required to commence shipments of iron ore. In June 2013, haulage of ore from Windimurra to MVPL's port-side storage facility at Geraldton Port commenced and the initial haulage campaign for the first shipment was completed just prior to period end.

Subsequent to year end, MVPL completed three shipments of hematite iron ore fines from Windimurra.

Continuous haulage of hematite iron ore fines from Windimurra and shipments from Geraldton are now underway, ramping up to 100,000 tonnes per month, subject to iron ore prices remaining robust.

VIETNAM

Progress was made during the financial year in advancing Atlantic's proposal to develop an integrated mine-rail-port bauxite project in Vietnam.

The Company continued to work in close collaboration with Vietnam's National Institute of Mining-Metallurgy Science and Technology (**Vimluki**) and completed a Development Study for an integrated mine-rail-port bauxite operation in the Central Highlands of Vietnam.

The study was submitted to the Vietnamese Government in early January 2013 and Atlantic subsequently presented the Development Study to key members of the Vietnamese Government. Atlantic also held constructive discussions with industry participants in Vietnam on how the project could benefit the existing alumina industry in Vietnam.

Vietnam hosts one of the world's most significant and undeveloped bauxite resources and Atlantic is confident its proposal can become the platform for the development of a major bauxite-alumina-aluminium industry in Vietnam.

KEY APPOINTMENTS

On 9 October 2012, the Company was pleased to announce the appointment of Mr Daniel Harris to the role of Chief Operating Officer. Mr Harris brings a wealth of vanadium industry experience to Atlantic from a career spanning more than 30 years, having worked previously as CEO and COO of Strategic Minerals Corporation's vanadium business. Most recently, Mr Harris worked for Evraz in Moscow as Vice President, Vanadium Assets.

Terry Perles was appointed as President, North America during the financial year. Mr Perles brings more than 35 years of vanadium industry experience to Atlantic. Previously he was VP Sales and Marketing at Stratcor, as well as a consultant to vanadium producers and consumers. Mr Perles has also been a consultant to the Vanadium International Technical Committee (**VANITEC**).

Terry Bourke was appointed as General Counsel in June 2013. Mr Bourke has had extensive experience in Australia and internationally within the mining, oil and gas, manufacturing and logistics sectors, in a career spanning over 30 years, predominantly with ASX listed companies, and with a strong emphasis on commercial legal matters. Mr Bourke most recently served as General Counsel and Company Secretary of a Perth-based ASX200 multi-commodity miner.

Following the end of the financial year and up to the date of this report, Atlantic made the following appointments within its senior management team:

Scott Nicholas was appointed to the role of Chief Financial Officer at 1 July 2013. Mr Nicholas was previously Atlantic's Corporate Development Manager holding this position since 2010. Prior to working for Atlantic, Mr Nicholas spent three years working within Ernst and Young's Corporate Finance division specialising in mining and resource transactions. Mr Nicholas started his career in audit with a focus on mining and energy clients.

Mark Greenaway was appointed to the role of General Manager Operations in July 2013. Mr Greenaway has had a successful career in operational management roles with Queensland Alumina, Gladstone Ports Corporation, Central Queensland Ports Corporation and BHP Billiton.

Shane Entriken was appointed to the role of Executive General Manager Human Resources and External Affairs in August 2013. Mr Entriken has over 20 years experience in Australia and internationally within the mining, resources, logistics and heavy engineering sectors. He has worked with BHP Billiton, Downer EDI and Adani Group where he was Director and VP of HR. Mr Entriken was previously a Senior Legal Advisor with Herbert Smith Freehills and has covered roles in Human Resources, Media and Commercial.

LIKELY DEVELOPMENTS

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

(i) Continued ramp-up of production at Windimurra;
(ii) Continued shipments of Windimurra vanadium for sale to customers;
(iii) Further shipments of Windimurra hematite iron ore fines to customers;
(iv) Further progress of the mine-rail-port project in Vietnam; and
(v) 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, subject to the Group's stringent investment and acquisition criteria.

BUSINESS RISKS

The Group operates in a dynamic and changing environment and is therefore subject to business risks that will affect the future financial performance and prospects of the Group. The following factors and risks could have a material effect on the Group's future operational and financial results:

SINGLE ASSET GROUP

The Group's only operating asset is the Windimurra vanadium project. Operating a single site exposes the Group to a lack of diversity in operations and commodities which may impact the future financial performance of the Group.

VANADIUM AND IRON ORE PRODUCTION

There is a risk that vanadium and iron ore production at Windimurra may be further delayed or expected production targets not met. Any delays in production, a slower rate of ramp-up of production or lower than forecast production will adversely affect the Group's future operational and financial results.

COMMODITY PRICES

The Group is exposed to fluctuations in vanadium and iron ore commodity prices due to changes in demand and supply and other external factors beyond its control.

EXCHANGE RATES

The Group is exposed to fluctuations in the value of the US dollar as all vanadium and iron ore sales are denominated in US dollars. The Group also borrows money and holds a portion of cash in US dollars in addition to having a portion of operating costs that are US dollar denominated. Whilst these US dollar borrowings and operating costs provide a partial hedge against the US dollar exposure, fluctuations in the US dollar value will impact the financial performance of the Group.

FUNDING

There is a risk that adverse movements in production, commodity prices, operating costs or exchange rates will require the Group to raise additional funding and/or renegotiate existing funding arrangements. Should the Group not be able to raise further funding or renegotiate existing funding arrangements if required, there would be a significant uncertainty as to whether the Group will be able to meet its debts as and when they fall due and thus continue as a going concern. Refer to the note 2(b) for additional disclosure regarding going concern.

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 its mining operations as well as the storage and use of hazardous materials.

The Group is registered under the *National Greenhouse and Energy Reporting Act*, under which it is required to report energy consumption and greenhouse gas emissions for the Windimurra project for the 12 months ended 30 June 2013 and future periods. The Group has data collection systems and processes in place to meet these requirements.

In addition, the Group's Windimurra project will be required to comply with the Australian Federal Government's *Carbon Pollution Reduction Scheme* which has been enacted as at the date of this report, commencing 1 July 2012.

Subsequent to year end, the Group voluntarily opted to join and was granted permission to participate in the Department of Mines and Petroleum's Mining Rehabilitation Fund.

There were no significant breaches of the Consolidated Entity's licence conditions or of the relevant Acts and Regulations during the financial year.

CORPORATE

On 2 July 2012, the Company completed a placement of 11,363,636 Atlantic fully paid ordinary shares to Mr Michael Minosora, Atlantic's Chairman and Managing Director, at an issue price of $0.880 per share to raise $10.000 million. The proceeds from this capital raising were used to provide working capital for Windimurra and for general corporate purposes.

On 6 August 2012, the Company announced the issue of Class B Convertible Bonds to Droxford, to raise an amount of $50.000 million.

The key terms of the Convertible Bonds were:

Amount:	$50.000 million;
Maturity:	6 March 2015;
Coupon:	22.5% pa, payable semi-annually in arrears. Payment can be in kind or cash at the holder's election. Payment in kind is defined as 100% payable as new Convertible Bonds at the issue price, which will be entitled to future coupons;
Ranking:	Unsecured;
Conversion Price:	$0.500; and
Conversion:	Converted into fully paid ordinary shares at the holder's election at any time.

The conversion of the Class A Convertible Bonds issued in the prior financial year and the Class B Convertible Bonds was approved by shareholders at Atlantic's Annual General Meeting held in November 2012.

Consent was obtained from the majority of MVPL's Senior Secured note holders to access US$9.960 million from restricted reserve accounts in November 2012 and a further US$14.300 million in March 2013.

On 16 April 2013, the Company announced that it had put in place a new unsecured Promissory Note in the amount of approximately $28.808 million. The new funding facility was provided by Droxford. As consideration for the funding facility, Atlantic agreed an arrangement fee in the form of an additional Promissory Note of $6.450 million. The maturity date of the Promissory Notes was 6 March 2014 and interest is payable at the rate of 22.5% per annum semi-annually in arrears. The Company and Droxford undertook to use reasonable endeavours to exchange the facility and the arrangement fee into new Class C Convertible Bonds on materially the same terms as the Class B Convertible Bonds. Droxford has the option to capitalise the interest on the Promissory Notes which would be payable on maturity. As at 30 June 2013, the facility has been fully drawn.

During the year, MVPL submitted a $22.190 million Research and Development Incentive Program tax claim in relation to the financial year ended 30 June 2012. The claim was received in full in December 2012 with a further amendment to the claim of $2.213 million received in July 2013.

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

In July 2013, MVPL started shipping hematite iron ore fines from Windimurra to overseas buyers. MVPL has made three shipments to date.

Subsequent to year end, the Group has decided that commercial production commenced as at 1 July 2013 and therefore operating costs and revenues will no longer be capitalised for accounting purposes.

In July 2013, MVPL secured a new short-term funding facility of $15.300 million with a leading Australian bank. The facility is secured by a priority lien over MVPL's rights to receive reimbursement payments from the Australian Taxation Office under the Research and Development Tax Incentive Program in respect of the financial year ended 30 June 2013. The interest rate on the facility is fixed at 15% per annum payable monthly in arrears. The facility matures on the earlier of 28 February 2014 and the date of repayment following receipt of the Research and Development Tax Incentive Program claim for the year ended 30 June 2013. In September 2013 this funding facility was increased to $19.100 million.

In July 2013, MVPL secured approval for the release of its cash-backed environmental performance bonds of $8.507 million.

In August 2013, Atlantic exchanged the Promissory Notes, interest accrued and an arrangement fee payable on maturity of the notes into new Class C Convertible Bonds that have materially the same terms as the Class B Convertible Bonds.

In August 2013, Atlantic secured an additional $20.000 million funding through the issue of Class D Convertible Bonds to Droxford. The Class D Convertible Bonds were issued on materially the same terms as the Class C Convertible Bonds albeit with a lower conversion price of 26.25 cents. The Class D Convertible Bonds conversion price of 26.25 cents resets the conversion price of all previous issues of Convertible Bonds (Class A, Class B and Class C). The conversion of the Class C Convertible Bonds and Class D Convertible Bonds is subject to Foreign Investment Review Board and Atlantic shareholder approval.

In August 2013, MVPL announced that it had paid its August interest payment to note holders but had failed to replenish the interest reserve account minimum balance of US$5.000 million as required under the Senior Secured Notes Indenture. This is a technical breach of the covenant in the Indenture and MVPL has until 17 October 2013 to replenish the interest reserve account.

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 AND NOMINATION
Number of meetings held:	8	1	1
Number of meetings attended:			
Michael Minosora	8	1	1
Tony Veitch	8	1	1
Phiong Phillipus Darma	8	1	1

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 2013. 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, directly or indirectly, including any Director (whether executive or otherwise) of the parent company.

KEY MANAGEMENT PERSONNEL

(I) DIRECTORS

Mr Michael Minosora (Chairman and Managing Director)

Mr Tony Veitch (Executive Director)

Mr Phiong Phillipus Darma (Non-Executive Director)

(II) EXECUTIVES

Mr Alan Bradshaw (Group Human Resources Manager), resigned 31 July 2012

Mr Ross Glossop (Chief Financial Officer), resigned 14 November 2012

Mr Peter Patterson (General Counsel), appointed 3 September 2012, resigned 28 February 2013

Mr Scott Mathewson (General Manager Operations), resigned 9 April 2013

Mr John Gardener (General Manager Sales & Marketing), appointed 16 January 2012

Mr Terry Perles (President North America), appointed 1 May 2012

Mr Daniel Harries (Chief Operating Officer), appointed 9 October 2012

Mr Terry Bourke (General Counsel), appointed 10 June 2013

Mr Scott Nicholas (Chief Financial Officer), appointed 1 July 2013

Mr Shane Entriken (Executive General Manager Human Resources and External Affairs), appointed 5 August 2013

Mr Mark Greenaway (General Manager Operations), appointed 12 August 2013

Mr Thanh Nguyen (Executive Director Azure Mining International Pty Ltd and Atlantic (Middle East) Pty Ltd)

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 Group's Strategic Plan.

COMPANY PERFORMANCE AND LINK TO REMUNERATION

As the Company is transitioning to production, the Group's earnings do not reflect the Company's performance and cannot be used as a long-term incentive measure. Consideration of the Group's earnings will be more relevant as the Company matures.

	30 JUN 2009	30 JUN 2010	30 JUN 2011	30 JUN 2012	30 JUN 2013
Atlantic Ltd (share price)	$0.01	$0.043	$1.84	$0.41	$0.235
EPS/(loss per share)	($0.03)	($0.18)	$0.13	($0.15)	($0.81)

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.

REMUNERATION REPORT APPROVAL AT 2012 AGM

The Remuneration Report for the 2011/2012 financial year was approved by an overwhelming majority at the 2012 Annual General Meeting.

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 Non-Executive 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 maximum aggregate amount of Directors' fees that may be paid to Non-Executive Directors of the Company be set at $0.500 million, which may be divided among those Directors in the manner determined by the Board.

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

The remuneration of Non-Executive Directors for the year ended 30 June 2013 is detailed in Table 1 of this report.

EXECUTIVE DIRECTOR AND SENIOR EXECUTIVE 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. No external remuneration consultants have been engaged during the current year.

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 Group's KMP and Directors 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.

VARIABLE REMUNERATION – LONG-TERM INCENTIVE ATLANTIC SHARE INCENTIVE PLAN

The objective of Atlantic's Share Incentive Plan 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 long-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 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 Atlantic Share Incentive Plan.

The key features of the Share Incentive Plan are set out below.

SHARE INCENTIVE PLAN LIMITS

Under the Share Incentive Plan, the Company must not offer shares under the Share Incentive Plan (**Plan Shares**) if, at the time of offer, the total number of shares issued under the Share Incentive Plan (including shares which are proposed to be issued pursuant to offers made under the Share Incentive Plan) during the five 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 Share Incentive Plan provides that the Board has the power to impose special conditions on the issue of Plan Shares under the Share Incentive Plan (such as performance hurdles or retention periods). The vesting conditions of the Share Incentive Plan are time-based and relate to duration of employment with the Company. There is no market or other performance conditions associated with the Share Incentive Plan. The objective of the Share Incentive Plan is to retain and reward employees of the Company. The Company believes that because all the Share Incentive Plan shares are issued at greater than the current market price there is an inherent performance hurdle on all Share Incentive Plan 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 Share Incentive Plan are 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 Share Incentive Plan 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 Plan 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 Share Incentive Plan, 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 SHARE INCENTIVE PLAN RULES

The Board may amend the Share Incentive Plan rules from time to time.

HEDGING OF EQUITY AWARDS

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

There have been no alterations to the terms and conditions of Share Incentive Plan shares awarded as remuneration since their award date.

Vesting conditions of shares issued to Executive Directors and senior executives

(a) 1,000,000 shares at $1.750 per share to Mr Tony Veitch, Executive Director, on 5 July 2010.
The shares are not tradeable until the Company's shares have traded above $1.875 for more than 10 consecutive trading days. As at 30 June 2013, all shares are not currently tradeable.

(b) 3,960,000 shares to Mr Michael Minosora, Chairman and Managing Director, on 24 December 2009.
These shares comprise:

- 1,320,000 shares at $0.825 per share which vest after six months;
- 1,320,000 shares at $1.000 per share which vest after 12 months; and
- 1,320,000 shares at $1.250 per share which vest after 18 months.

The shares are not tradeable until the Company's shares have traded above $1.250 each for more than 10 consecutive trading days. As at 30 June 2013, all shares are not currently tradeable.

(c) 227,272 shares at $0.880 per share were issued to Mr Alan Bradshaw and Mr John Gardener on 6 March 2012. One third of these shares vest each year for three years. Mr Alan Bradshaw's shares were forfeited upon his resignation. At 30 June 2013, 75,757 shares had vested to Mr John Gardener. The vesting conditions are service based only, as the objective of the Share Incentive Plan is to retain and reward employees of the Company.

(d) 454,545 shares at $0.880 per share were issued to Mr Ross Glossop and Mr Scott Mathewson on 6 March 2012. One third of these shares vest each year for three years. At the resignation date of Mr Ross Glossop on 14 November 2012, no shares had vested and these shares were forfeited. At the resignation date of Mr Scott Mathewson, being 9 April 2013, 151,515 shares had vested to Mr Mathewson. The remaining shares were forfeited upon his resignation. The vesting conditions are service based only, as the objective of the Share Incentive Plan is to retain and reward employees of the Company.

(e) 400,000 shares at $0.500 per share were issued to Mr Daniel Harris on 5 March 2013. One third of these shares vest each year for three years. At 30 June 2013, no shares had vested. The vesting conditions are service based only, as the objective of the Share Incentive Plan is to retain and reward employees of the Company.

(f) 200,000 shares at $0.500 per share were issued to Mr Terry Perles on 5 March 2013. One third of these shares vest each year for three years. At 30 June 2013, no shares had vested. The vesting conditions are service based only, as the objective of the Share Incentive Plan is to retain and reward employees of the Company.

TABLE 1 REMUNERATION FOR THE YEAR ENDED 30 JUNE 2013

	SHORT-TERM BENEFITS			POST EMPLOYMENT		SHARE-BASED PAYMENT			
	SALARY & FEES $	CONSULTING FEES $	BONUSES $	NON-MONETARY BENEFITS $	SUPER-ANNUATION $	TERMINATION BENEFITS $	SHARE INCENTIVE PLAN $	TOTAL $	PERFORMANCE RELATED %
Non-Executive Directors									
Phiong Phillipus Darma	87,156	-	-	-	7,844	-	-	95,000	-
Total Non-Executive Directors	87,156	-	-	-	7,844	-	-	95,000	-
Executive Directors									
Michael Minosora	683,530	-	-	-	16,470		-	700,000	-
Tony Veitch	508,530	-	-	-	16,470		-	525,000	-
Other Key Management Personnel									
Ross Glossop (from 1/7/2012 to 14/11/2012)	291,952	-	-	-	6,863	-	(65,999)	232,816	-
Alan Bradshaw (from 1/7/2012 to 31/7/2012)	35,220	-	-	-	1,373	-	(32,999)	3,594	-
Scott Mathewson (from 1/7/2012 to 9/4/2013)	320,969	-	-	-	12,353	121,177	(65,999)	388,500	-
John Gardener	258,530	-	-	-	16,470	-	-	275,000	-
Thanh Nguyen	136,150	349,126	-	-	-	-	-	485,276	-
Peter Patterson (from 3/9/2012 to 28/2/2013)	159,307	-	-	-	8,235	-	-	167,542	-
Daniel Harris (appointed 9/10/2012) [i]	400,242	-	22,500	-	11,309	-	4,244	438,295	6.10%
Terry Bourke (appointed 10/6/2013)	16,000	-	-	-	1,373	-	-	17,373	-
Terry Perles (1/7/2012 to 30/6/2013)	251,730	-	-	-	2,002	-	2,122	255,854	0.83%
Total Executive Key Management Personnel	3,062,160	349,126	22,500	-	92,918	121,177	(158,631)	3,489,250	-
Totals	3,149,316	349,126	22,500	-	100,762	121,177	(158,631)	3,584,250	-

(i) On 12 November 2012, Mr Harris was awarded a sign on bonus of $22,500. The bonus was a one off payment with no associated service or performance requirements.

TABLE 2 REMUNERATION FOR THE YEAR ENDED 30 JUNE 2012

	SHORT-TERM BENEFITS			POST EMPLOYMENT	SHARE-BASED PAYMENT		
	SALARY & FEES $	BONUSES $	NON-MONETARY BENEFITS $	SUPER-ANNUATION $	SHARE INCENTIVE PLAN $	TOTAL $	PERFORMANCE RELATED %
Non-Executive Directors							
Phiong Phillipus Darma	87,156	-	-	7,844	-	95,000	-
Ian McMaster	94,801	-	-	8,532	-	103,333	-
Alan Mulgrew	83,333	-	-	-	-	83,333	-
Jay Wacher	78,658	-	-	7,079	-	85,737	-
Total Non-Executive Directors	343,948	-	-	23,455	-	367,403	-
Executive Directors							
Michael Minosora	680,308	-	-	19,692	-	700,000	-
Tony Veitch	234,225	-	-	15,775	-	250,000	-
Other Key Management Personnel							
Ross Glossop	382,992	-	-	14,763	65,999	463,754	14%
Alan Bradshaw	284,225	28,000	-	15,775	32,999	360,999	17%
Scott Mathewson	205,475	-	-	10,293	65,999	281,767	23%
John Gardener	119,975	-	-	7,650	32,999	160,624	21%
Thanh Nguyen	194,525	-	-	-	-	194,525	-
George Gelavis	84,000	-	-	-	-	84,000	-
Michael Marriott	311,854	-	-	13,145	(180,393)	144,606	-
Brian McMaster	9,504	-	-	855	-	10,359	-
Richard Maltman	276,392	53,192	-	9,416	-	339,000	16%
Joseph Resudek	255,044	-	-	13,308	-	268,352	-
Philip Baillie	198,282	-	-	20,693	-	218,975	-
Total Executive Key Management Personnel	3,236,801	81,192	-	141,365	17,603	3,476,961	-
Totals	3,580,749	81,192	-	164,820	17,603	3,844,364	-

TABLE 3 RIGHTS OVER SHARES AWARDED, EXERCISED, LAPSED AND VESTED THROUGH THE SHARE INCENTIVE PLAN DURING THE YEAR ENDED 30 JUNE 2013 (CONSOLIDATED)

	RIGHTS OVER SHARES AWARDED DURING THE YEAR NO.	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 RIGHTS OVER SHARES FOR THE YEAR %	RIGHTS OVER SHARES VESTED DURING THE YEAR NO.
Non-Executive Directors								
Phiong Phillipus Darma	-	-	-	-	-	-	-	-
Executive Directors								
Michael Minosora	-	-	-	-	-	-	-	-
Tony Veitch	-	-	-	-	-	-	-	-
Other Key Management Personnel								
Ross Glossop (from 1/7/2012 to 14/11/2012)	-	-	-	-	-	(296,670)	-	-
Alan Bradshaw (from 1/7/2012 to 31/7/2012)	-	-	-	-	-	(148,334)	-	-
Scott Mathewson (from 1/7/2013 to 9/4/2013)	-	-	-	-	-	(296,670)	-	-
John Gardener	-	-	-	-	-	-	-	75,757
Thanh Nguyen	-	-	-	-	-	-	-	-
Peter Patterson (from 3/9/2012 to 28/2/2013)	-	-	-	-	-	-	-	-
Daniel Harris (appointed 9/10/2012)	400,000	5 Mar 2013	0.11	43,360	-	-	10%	-
Terry Perles (1/7/2012 to 30/6/2013)	200,000	5 Mar 2013	0.11	21,680	-	-	8%	
Totals	600,000	-	-	65,040	-	(741,674)	-	75,757

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 $	CONTRACT DURATION	NOTICE PERIOD COMPANY	NOTICE PERIOD EMPLOYEE	TERMINATION PROVISION
Non-executive Directors					
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	525,000 per annum	No fixed term	6 months	6 months	Accrued leave entitlements
Other Key Management Personnel					
Ross Glossop (from 1/7/2013 to 14/11/2013)	425,000 per annum	No fixed term	3 months	3 months	Accrued leave entitlements
Alan Bradshaw (from 1/7/2013 to 31/7/2013)	300,000 per annum	No fixed term	3 months	3 months	Accrued leave entitlements
Scott Mathewson (from 1/7/2013 to 9/4/2013)	380,000 per annum	No fixed term	3 months	3 months	Accrued leave entitlements
John Gardener	275,000 per annum	No fixed term	3 months	3 months	Accrued leave entitlements
Thanh Nguyen*	US$140,000 per annum	No fixed term	1 month	1 month	No provision
Peter Patterson (from 3/9/2012 to 28/2/2013)	350,000 per annum	No fixed term	3 months	3 months	Accrued leave entitlements
Daniel Harris	600,000 per annum	No fixed term	3 months	3 months	Accrued leave entitlements
Terry Bourke	300,000 per annum	No fixed term	3 months	3 months	Accrued leave entitlements
Terry Perles (1/7/2012 to 30/6/2013)	US$250,000 per annum	31 Dec 16	10 business days	10 business days	-

* The contract for Mr Nguyen is not final at the date of this report. It is anticipated that there will be no material changes to the terms outlined above.

This is the end of the audited Remuneration Report.

SHARES UNDER OPTION

As at the date of this report, the Company has no options over ordinary shares on issue. No ordinary shares were issued as a result of the exercise of options during the year ended 30 June 2013.

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 or Officers 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 non-audit services:

	$
Advice and assistance on taxation and assurance matters	588,658
TOTAL	588,658

ROUNDING

The amounts contained in the financial report have been rounded to the nearest $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 39.

Signed in accordance with a resolution of the Board of Atlantic Ltd

MICHAEL MINOSORA

Chairman and Managing Director

Dated this 30th day of September 2013

CORPORATE GOVERNANCE STATEMENT

Atlantic is committed to building a diversified portfolio of resources assets that deliver superior returns to shareholders. Atlantic will seek to achieve this through strong relationships with our project partners, employees, customers, shareholders, local communities and other stakeholders, which are based on honesty, transparency and mutual value creation. These principles underpin our corporate governance policies and procedures.

The Board of Directors recognises that high standards of corporate governance are essential to achieving our objectives. The Company continues to review its corporate governance practices as the business develops.

This statement summarises the corporate governance policies and practices adopted by the Company and its controlled entities (collectively **the Group**) during the financial year.

Consistent with the spirit of the ASX Corporate Governance Council's Corporate Governance Principles and Recommendations (**CGC Recommendations**), the Company has followed each recommendation where the Board has considered the recommendation to be an appropriate benchmark for its corporate governance practices. Where the Company's corporate governance practices follows a recommendation, the Board has made appropriate statements reporting on the adoption of the recommendation. In compliance with the "if not, why not" regime, where, after due consideration, the Company's corporate governance practices depart from a recommendation, the Board has offered full disclosure and an explanation for the adoption of its own practice.

ROLE OF THE BOARD

The Board is responsible to shareholders for developing and operating a successful business and maximising shareholder value.

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 direction 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 divestments;
- 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 and the Executive Director 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;
- 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; and
- 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, the Board has during the financial year established specialist committees where necessary and or appropriate. These specialist committees are able to focus on a particular area of responsibility and provide informed feedback to the Board.

During the year, the Board operated the following committees:

- Audit; and
- Remuneration and Nomination.

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 is an equal opportunity employer and believes in treating all people with respect and dignity. These core principles of equality, diversity and recruitment, along with promotion on the basis of merit, are at the heart of everything that Atlantic does.

Atlantic believes that people are the key to its success and that a talented and diverse workforce is a key competitive advantage. Training and development is focused on developing employee's strengths.

The Company has global aspirations and 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 continued various strategies aimed at promoting and encouraging a diverse and talented workforce. By reasons of the uniqueness of the Company's vanadium project in both the Australian and global context, the Company has recruited highly talented operational personnel from various countries and with diverse cultural and operational backgrounds. The Company has 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 has adopted a Diversity Policy as an extension of the Company's Equal Opportunity Employment Policy and makes provision for the Board to determine measurable objectives in line with the overall objectives of the policy.

As at 30 June 2013, 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	168	16	10%
Managers/supervisors	34	2	6%
Senior management	5	0	0%
Board (including subsidiaries)	3	0	0%

The Board has set an initial gender diversity target of 10% for the Group's employees as a whole and 20% for manager/supervisor level and above. These targets have not been achieved but the Company has continued to appoint women to positions across the organisation where practical to do so.

COMPOSITION OF BOARD AND DIRECTOR INDEPENDENCE

As at the date of this report, the Board comprises three Directors, being two Executive Directors (Tony Veitch and Michael Minosora) and one Non-Executive Director (Phiong Phillipus Darma). The Non-Executive Director is considered not to be independent due to his role with a substantial shareholder of the Company.

As at the date of this report the Board has no independent Directors. The Company continues to monitor the composition of the Board.

The non-independent Chairman of the Board is Michael Minosora. The Chairman is also the Managing Director of the Company and as such does not satisfy the test of independence in CGC Recommendation 2.2. The Board believes that Michael Minosora is the most appropriate person for the position as Chairman because of his business experience and knowledge. The Board continues to monitor for any conflicts of interest that may arise because of this situation and will seek to appoint an independent Chairman when the Company's business has developed to the stage where it is feasible.

DIRECTOR	INDEPENDENT	NON-EXECUTIVE	APPOINTMENT DATE
Michael Minosora	No – Managing Director	No	25 September 2009
Tony Veitch	No – Executive Director	No	4 July 2007
Phiong Phillipus Darma	No	Yes	18 November 2010

The skills, experience and expertise of each Director of the Company during the year 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 on a regular basis.

During the prior 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. The Board intends to arrange such external evaluations and reviews from time to time.

The Managing Director currently reviews the performance of all senior executives. This is conducted by a formal performance review process involving two way dialogue and interviews with the Managing Director to assess the performance of each executive.

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 Michael Minosora - Chairman

Mr Phiong Phillipus Darma

Mr Tony Veitch

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

The Audit Committee is not structured in compliance with CGC Recommendation 4.2 as it is not chaired by an independent Director, made up of a majority of independent Directors or made up of Non-Executive Directors. Given the composition of the Board, the formation of an Audit Committee in accordance with that recommendation is not possible. The Board considers this present structure is appropriate given its current circumstances until such time as it is able to appoint further independent Non-Executive Directors to the Board.

The Audit Committee held two meetings during the reporting period. Details of the Directors who were or are members of the Audit Committee and their attendance are set out in the Directors' Report.

The Company has established procedures for the selection, appointment and rotation of its external auditor. The Board is responsible for the initial appointment of the external auditor and the appointment of a new external auditor when any vacancy arises, as recommended by the Audit Committee. Candidates for the position of external auditor must demonstrate complete independence from the Company through the engagement period. The Board may otherwise select an external auditor based on criteria relevant to the Company's business and circumstances. The performance of the external auditor is reviewed on an annual basis by the Audit Committee and any recommendations are made to the Board.

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;
- assist the Board to meet its oversight responsibilities in relation to corporate governance practices; and
- prohibits executives from entering into transactions or arrangements which limit the economic risk of participating in unvested Company share entitlements.

The members of the Remuneration and Nomination Committee are:

Mr Michael Minosora - Chairman

Mr Phiong Phillipus Darma

Mr Tony Veitch

The Remuneration and Nomination Committee is not structured in compliance with CGC Recommendation 8.2 as it is not made up of a majority of independent Directors or chaired by an independent Director. Given the composition of the Board, the formation of a Remuneration and Nomination Committee in accordance with that recommendation is not possible. The Board considers this present structure is appropriate given its current circumstances until such time as it is able to appoint further independent Non-Executive Directors to the Board.

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

The Remuneration and Nomination Committee held one meeting during the reporting period, which all members attended. Details of remuneration are contained in the Remuneration Report which forms part of the Directors' Report.

Non-Executive Directors are remunerated at a fixed fee for time, commitment and responsibilities. Remuneration for Non-Executive Directors is not directly linked to individual performance and therefore the Board considers that Non-Executive Directors should not be entitled to participate in the Company's Share Incentive Plan or other equity-based remuneration schemes. There are no termination or retirement benefits for Non-Executive Directors (other than for statutory superannuation).

Pay and rewards for Executive Directors and senior executives consists of a base salary and performance incentives. Fixed annual remuneration for executives is based on competitive market rates and reviewed annually. Short-term incentives can, at the discretion of the Remuneration and Nomination Committee, include annual bonuses based on performance against pre-determined performance indicators.

Long-term performance incentives can include participation in the Company's Employee Loyalty & Alignment Plan (**ELAS**) at the discretion of the Board and subject to obtaining any relevant approvals.

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 CONDUCT

The Board acknowledges the need for continued maintenance of the highest standard of corporate governance and ethical conduct by all Directors and employees of the Company.

The Board has adopted a Code of Conduct for Directors to promote ethical and responsible decision-making by the Directors. The code is based on a Code of Conduct for Directors prepared by the Australian Institute of Company Directors.

The principles of the Code of Conduct for Directors are:

- a Director must act honestly, in good faith and in the best interests of the Company as a whole;
- a Director has a duty to use due care and diligence in fulfilling the functions of office and exercising the powers attached to that office;
- a Director must use the powers of office for a proper purpose, in the best interests of the Company as a whole;
- a Director must recognise that the primary responsibility is to the Company's shareholders as a whole but should, where appropriate, have regard for the interests of all stakeholders of the Company;
- a Director must not make improper use of information acquired as a Director;
- a Director must not take improper advantage of the position of Director;
- a Director must not allow personal interests, or the interests of any associated person, to conflict with the interests of the Company;
- a Director has an obligation to be independent in judgment and actions and to take all reasonable steps to be satisfied as to the soundness of all decisions taken as a Board;
- confidential information received by a Director in the course of the exercise of Directorial duties remains the property of the Company and it is improper to disclose it, or allow it to be disclosed, unless that disclosure has been authorised by the Company, or the person from whom the information is provided, or is required by law;
- a Director should not engage in conduct likely to bring discredit upon the Company; and
- a Director has an obligation, at all times, to comply with the spirit, as well as the letter of the law and with the principles of the Code of Conduct.

These principles are supported by guidelines as set out by the Australian Institute of Company Directors for their interpretation. Directors are also obliged to comply with the Company's Code of Conduct, as outlined below.

The Company's Code of Conduct, which is available on the Atlantic website, 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. This Policy also restricts Directors and senior executives from trading during defined blackout periods.

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 and senior executives must notify the Company Secretary as soon as practicable, but not later than three 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 within five business days 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 Securities Dealing Policy is available on the Company's website.

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 also has a Market Communications Policy regulating the manner in which information is released to the market. 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 budget and plans 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.

The Managing Director and Chief Financial Officer have provided a declaration to the Board in accordance with Section 295A of the *Corporations Act 2001* and have assured the Board that such declaration 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 risk. A summary of the Company's Risk Management Policy is available on the Company's website.

ASX CORPORATE GOVERNANCE COUNCIL RECOMMENDATIONS

The table below contains a list of each of the ASX Corporate Governance Council Recommendations and whether the Company was in compliance with the recommendations throughout the year ended 30 June 2013. Where the Company considers that it does not meet these recommendations, or that it is not practical to comply, there is an explanation of the Company's reasons set out in this 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 above section on "Composition of Board and Director Independence"
2.2	The Chair should be an independent Director.	See above section on "Composition of Board and Director Independence"
2.3	The roles of Chair and Chief Executive Officer should not be exercised by the same individual.	See above section on "Composition of Board and Director Independence"
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.	√
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.	√
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; and • has at least three members.	See above section on "Audit Committee"
4.3	The Audit Committee should have a formal charter.	√
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.	√

PRINCIPLE/RECOMMENDATION		COMPLIED
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.	See above section on "Remuneration and Nomination Committee"
8.3	Clearly distinguish the structure of Non-Executive Directors' remuneration from that of Executive Directors and senior executives.	√

POLICIES ON THE COMPANY'S WEBSITE

The following policies and charters are contained in the Our Commitment/Corporate Governance Policies section of the Company's website: **www.atlanticltd.com.au**.

- Audit Committee Charter
- Board Charter
- Code of Conduct
- Constitution
- Continuous Disclosure Policy
- Diversity Policy
- Market Communications Policy
- Remuneration Nomination Committee Charter
- Risk Management Policy
- Securities Dealing Policy

AUDITOR'S INDEPENDENCE DECLARATION

Building a better working world

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GPO Box M939 Perth WA 6843

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

Auditor's Independence Declaration to the Directors of Atlantic Ltd

In relation to our audit of the financial report of Atlantic Ltd for the financial year ended 30 June 2013, 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

Gavin Buckingham

Gavin Buckingham
Partner
Perth
30 September 2013

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CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 30 JUNE 2013

	NOTE	2013 $'000	2012 $'000
Other revenue	4	615	685
Other income	4	413	-
Administration expenses	4	(7,326)	(3,659)
Corporate expenses	4	(2,978)	(5,254)
Other expenses	4	(44,753)	(9,714)
Impairment loss	4	(69,737)	-
Loss before interest and tax		(123,766)	(17,942)
Finance expenses	4	(1,423)	(861)
Loss before tax		(125,189)	(18,803)
Tax benefit/(expense)		-	-
Loss after tax		(125,189)	(18,803)
Other comprehensive income		-	-
Total comprehensive loss for the period		(125,189)	(18,803)

		CENTS	CENTS
Basic loss per share	7	(80.9)	(14.8)
Diluted loss per share	7	(80.9)	(14.8)

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 2013

	NOTE	2013 $'000	2012 $'000
Assets			
Current assets			
Cash and cash equivalents	8	75	24,084
Trade and other receivables	9	37,586	2,388
Inventory	10	14,052	9,935
Other current assets	11	3,483	3,165
Total current assets		55,196	39,572
Non-current assets			
Trade and other receivables	9	1,132	9,227
Property, plant and equipment	12	480,338	459,499
Financial derivative asset	13	743	1,490
Total non-current assets		482,213	470,216
Total assets		537,409	509,788
Liabilities			
Current liabilities			
Trade and other payables	14	46,545	38,325
Loans and borrowings	15	32,058	1,128
Financial derivative liability	16	42,742	13,157
Provisions	17	4,764	3,429
Total current liabilities		126,109	56,039
Non-current liabilities			
Loans and borrowings	15	415,151	335,198
Provisions	17	24,303	31,582
Total non-current liabilities		439,454	366,780
Total liabilities		565,563	422,819
Net (liabilities)/assets		(28,154)	86,969
(Share holder deficit)/equity			
Contributed equity	18	129,814	119,738
Reserves	19	(4,099)	(4,089)
Accumulated losses		(153,869)	(28,680)
Total (share holder deficit)/equity		(28,154)	86,969

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 2013

	NOTE	ORDINARY SHARES $'000	OPTION RESERVE $'000	SHARES RESERVED FOR INCENTIVE PLAN SHARES $'000	ACCUMULATED LOSSES $'000	TOTAL $'000
Balance at 1 Jul 2012		119,738	204	(4,293)	(28,680)	86,969
Loss for the year		-	-	-	(125,189)	(125,189)
Other comprehensive income		-	-	-	-	-
Total comprehensive loss for the year		-	-	-	(125,189)	(125,189)
Transactions with owners in their capacity as owners:						
Shares issued	18	10,000	-	-	-	10,000
Amounts expensed for shares issued under Share Incentive Plans		76	(204)	672	-	544
Shares forfeited and settled under Share Incentive Plans	19	-	-	(478)	-	(478)
Balance at 30 Jun 2013		129,814	-	(4,099)	(153,869)	(28,154)

	NOTE	ORDINARY SHARES $'000	OPTION RESERVE $'000	SHARES RESERVED FOR INCENTIVE PLAN SHARES $'000	ACCUMULATED LOSSES $'000	TOTAL $'000
Balance at 1 Jul 2011		90,878	204	(2,543)	(9,877)	78,662
Loss for the year		-	-	-	(18,803)	(18,803)
Other comprehensive income		-	-	-	-	-
Total comprehensive loss for the year		-	-	-	(18,803)	(18,803)
Transactions with owners in their capacity as owners:						
Shares issued		27,688	-	-	-	27,688
Transaction costs on share issues		(707)	-	-	-	(707)
Shares issued under Incentive Plans		2,539	-	(2,539)	-	-
Amounts expensed for shares issued under Incentive Plans		-	-	194	-	194
Shares forfeited and settled under Share Incentive Plans		(660)	-	595	-	(65)
Balance at 30 Jun 2012		119,738	204	(4,293)	(28,680)	86,969

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 2013

	NOTE	2013 $'000	2012 $'000
Cash flows from operating activities			
Payments to suppliers and employees		(13,825)	(11,873)
Interest received		830	1,469
Interest paid		(152)	(224)
Royalties paid		(34)	-
Net GST received		-	11,235
Net cash flows from/(used in) operating activities	22	(13,181)	607
Cash flows from investing activities			
Research and development incentive received		22,632	-
Receipts from customers		785	116
Interest paid		(37,281)	(36,452)
Payments for exploration property		(167)	-
Purchase of property, plant and equipment		(85,541)	(121,093)
Proceeds on disposal of property, plant and equipment		-	2,653
Net cash flows used in investing activities		(99,572)	(154,776)
Cash flows from financing activities			
Proceeds from issue of shares		10,000	27,688
Capital raising costs		-	(707)
Proceeds from Convertible Bond		50,000	30,000
Transaction costs incurred		(206)	(177)
Repayment of borrowings		(612)	(2,483)
Proceeds from borrowings		-	3,596
Proceeds from Promissory Notes		28,808	-
Proceeds from sales agent		602	-
Net cash flows from financing activities		88,592	57,917
Net (decrease) in cash and cash equivalents		(24,161)	(96,252)
Cash and cash equivalents at beginning of the period		24,084	118,185
Net foreign exchange differences		152	2,151
Cash and cash equivalents at end of the period		75	24,084

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 2013

1 CORPORATE INFORMATION

The consolidated financial report of Atlantic Ltd for the year ended 30 June 2013 was authorised for issue in accordance with a resolution of the Directors on 30 September 2013.

Atlantic Ltd (**Atlantic** or the **Company**) is a for-profit 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, 108 St Georges Terrace, Perth WA 6000. The financial report of the Company for the year ended 30 June 2013 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 on pages 17 to 30, which does not form part of these financial statements.

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 derivatives 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 ($'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 GOING CONCERN

As at 30 June 2013, the Group has the following going concern indicators:

- A working capital deficiency of $70.913 million with cash on hand of $75,000;
- A net asset deficiency of $28.154 million;
- The Group incurred a loss after impairment of $125.189 million for the year ended 30 June 2013 and had cash out-flows from operating and investing activities of $112.753 million; and
- The Windimurra plant is still in its early production phase and is forecast to ramp-up production of vanadium over the next six months.

In addition, subsequent to year end the Group has breached a covenant in the Senior Secured Notes Indenture, relating to the minimum funds required to be held in the interest reserve account of US$5.000 million. The Group has until 17 October 2013 to rectify the breach otherwise it will be in default under the Indenture.

Notwithstanding the above, the Directors are satisfied that it is appropriate to prepare the financial statements on a going concern basis having regards to the following factors;

- Completion of a $19.100 million short-term funding facility with a leading Australian bank after period end;
- Completion of a $20.000 million issue of new unsecured Class D Convertible Bonds to Droxford in August 2013;
- Release of environmental bonds of $8.507 million in July 2013;
- Vanadium and iron ore production at Windimurra is scheduled to ramp-up over the coming months;
- The expected receipt of $27.333 million from a Research and Development Incentive Program claim for the year ended 30 June 2013 in the December quarter, with part proceeds received from the claim to be used to repay the $19.100 million short-term funding facility; and
- Ongoing financial support from Droxford if required.

There are a number of inherent uncertainties about the achievement of the Group's future plans including but not limited to:

- Achieving production targets at Windimurra in accordance with the Group's plan. As at the date of this report, Windimurra has not yet met production targets;
- Managing the Group's working capital requirements; and
- Raising additional funds via debt or equity as and when required.

Should the Group not be able to manage the inherent uncertainties referred to above, there would be significant uncertainty as to whether the Group would be able to meet its debts as and when they fall due and thus continue as a going concern. The Directors are confident that, if required, the Company will be able to raise additional working capital.

These financial statements do not include any adjustments relating to the recoverability and classification of recorded asset amounts nor to the amounts or classifications of liabilities that might be necessary should the Group not be able to continue as a going concern.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C 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 2012 have been adopted from 1 July 2012.

- AASB 2010-8 Amendments to Australian Accounting Standards – Deferred Tax: Recovery of Underlying Assets, effective 1 January 2012; and
- AASB 2011-9 Amendments to Australian Accounting Standards – Presentation of Items of Other Comprehensive Income, effective 1 July 2012;

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.

D 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 2013. These are outlined in the table below.

REFERENCE	TITLE	SUMMARY OF CHANGE	APPLICATION DATE OF STANDARD	APPLICATION DATE FOR GROUP
AASB 2010-10	Further amendments to Australian Accounting Standards – Removal of Fixed Dates for First-Time Adopters	This standard only affects first-time adopters of Australian Accounting Standards or International Financial Reporting Standards. It removes references to 1 January 2004 from AASB 1 and replaces them with the date of transition to Australian Accounting Standards.	1 Jan 2013	1 Jul 2013
AASB 12	Disclosure of Interests in Other Entities	AASB 12 includes all disclosures relating to an entity's interests in subsidiaries, joint arrangements, associates and structures 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
AASB 2012-9	Amendment to AASB 1048 arising from the Withdrawal of Australian Interpretation 1039	In December 2012, the AASB decided to withdraw Australian Interpretation 1039 *Substantive Enactment of Major Tax Bills in Australia*. The Board felt that the guidance was no longer considered necessary given the issue is not unique to Australia. Further, the withdrawal was in line with its policy on only issuing a domestic interpretation of an IFRS in rare and exceptional circumstances.	1 Jan 2013	1 Jul 2013
AASB 10	Consolidated Financial Statements	AASB 10 establishes a new control model that applies to all entities. It replaces parts of AASB 127 *Consolidated and Separate Financial Statements* dealing with the accounting for consolidated financial statements and UIG-112 *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. Consequential amendments were also made to other standards via AASB 2012-7.	1 Jan 2013	1 Jul 2013

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

REFERENCE	TITLE	SUMMARY OF CHANGE	APPLICATION DATE OF STANDARD	APPLICATION DATE FOR GROUP
AASB 11	Joint Arrangements	AASB 11 replaces AASB 131 *Interests in Joint Ventures* and UIG-113 *Jointly-Controlled Entities – Non-Monetary Contributions by Ventures.* AASB 11 uses the principle of control in AASB 10 to define joint control, and therefore the determination of whether joint control exists may change. In addition it 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. Consequential amendments were also made to other standards via AASB 2012-7 and amendments to AASB 128.	1 Jan 2013	1 Jul 2013
AASB 13	Fair Value Measurement	AASB 13 establishes a single source of guidance for determining the fair value of assets and liabilities. AASB 13 does not change when an entity is required to use fair value, but rather, provides guidance on how to determine fair value when fair value is required or permitted. Application of this definition may result in different fair values being determined for the relevant assets. AASB 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. Consequential amendments were also made to other standards via AASB 2012-8.	1 Jan 2013	1 Jul 2013
AASB 119	Employee Benefits	The revised standard changes the definition of short-term employee benefits. The distinction between short-term and other long-term employee benefits is now based on whether the benefits are expected to be settled wholly within 12 months after the reporting date. Consequential amendments were also made to other standards via AASB 2012-10.	1 Jan 2013	1 Jul 2013
Interpretation 20	Stripping Costs in the Production Phase of a Surface Mine	This interpretation applies to stripping costs incurred during the production phase of a surface mine. Production stripping costs are to be capitalised as part of an asset, if an entity can demonstrate that it is probable future economic benefits will be realised, the costs can be reliably measured and the entity can identify the component of an ore body for which access has been improved. This asset is to be called the 'stripping activity asset'. The stripping activity asset shall be depreciated or amortised on a systematic basis, over the expected useful life of the identified component of the ore body that becomes more accessible as a result of the stripping activity. The units of production method shall be applied unless another method is more appropriate. Consequential amendments were also made to other standards via AASB 2012-12.	1 Jan 2013	1 Jul 2013

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

REFERENCE	TITLE	SUMMARY OF CHANGE	APPLICATION DATE OF STANDARD	APPLICATION DATE FOR GROUP
AASB 2012-2	Disclosures – Offsetting Financial Assets and Financial Liabilities	There are more extensive disclosures which focus on quantitative information about recognised financial instruments that are offset in the statement of financial position, as well as those recognised financial instruments that are subject to master netting or similar arrangements, irrespective of whether they are offset.	1 Jul 2013	1 Jul 2013
AASB 2011-4	Amendments to Australian Accounting Standards to Remove Individual Key Management Personnel Disclosure Requirements [AASB 124]	This Amendment deletes from AASB 124 individual key management personnel disclosure requirements for disclosing entities that are not companies.	1 Jul 2013	1 Jul 2013
AASB 2012-5	Annual Improvements to IFRSs 2009-2012 Cycle	This standard sets out amendments to International Financial Reporting Standards (IFRSs) and the related basis for conclusions and guidance made during the International Accounting Standards Board's Annual Improvements process. These amendments have not been adopted by the AASB. The following items are addressed by this standard: IFRS 1 *First-time Adoption of International Financial Reporting Standards* - Repeated application of IFRS 1 - Borrowing Costs AASB 101 *Presentation of Financial Statements* - Clarification of the requirements for comparative information AASB 116 *Property, Plant and Equipment* - Classification of servicing equipment AASB 132 *Financial Instruments: Presentation* - Tax effect of distribution to holders of equity instruments AASB 134 *Interim Financial Reporting* - Interim financial reporting and segment information for total assets and liabilities	1 Jan 2013	1 Jul 2013
AASB 2012-4	Amendments to Australian Accounting Standards to Remove Individual Key Management Personnel Disclosure Requirements [AASB 124]	This Amendment deletes from AASB 124 individual key management personnel disclosure requirements for disclosing entities that are not companies.	1 Jul 2013	1 Jul 2013

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

D 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 (c) Public sector entities other than the Australian Government and State, Territory and Local Governments. Consequential amendments to other standards to implement the regime were introduced by AASB 2010-2, 2012-2, 2012-6, 2012-11 and 2012-1.	1 Jul 2013	1 Jul 2013
AASB 9	Financial Instruments	AASB 9 includes requirements for the classification and measurement of financial assets. It was further amended by AASB 2010-7 to reflect amendments to the accounting for financial liabilities. These requirements improve and simplify the approach for classification and measurement of financial assets compared with the requirements of AASB 139. The main changes are described below. (a) Financial assets that are debt instruments will be 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. (b) 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. (c) 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 Jul 2015	1 Jan 2015

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

D 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 (continued)	Financial Instruments (continued)	(d) Where the fair value option is used for financial liabilities the change in fair value is to be accounted for as follows: - The change attributable to changes in credit risk are presented in other comprehensive income (OCI) - The remaining change is presented in profit and loss If this approach creates or enlarges an accounting mismatch in the profit and loss, the effect of the changes in credit risk are also presented in profit and loss. Consequential amendments were also made to other standards as a result of AASB 9, introduced by AASB 2009-11 and superseded by AASB 2010-7 and 2010-10.		
AASB 2012-3	Offsetting Financial Assets and Financial Liabilities	The amendments do not change the current offsetting rules in AASB 132, but they clarify that the right of set-off must be available today (i.e., not contingent on a future event) and must be legally enforceable in the normal course of business as well as in the event of default, insolvency or bankruptcy.	1 Jan 2014	1 Jul 2014
Interpretation 21	Levies	This Interpretation confirms that a liability to pay a levy is only recognised when the activity that triggers the payment occurs. Applying the going concern assumption does not create a constructive obligation.	1 Jan 2014	1 Jul 2014

An assessment of the impact of the new Standards and Interpretations has not been completed, however those effective 1 July 2013 are not expected to have a material impact.

E 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 2013 (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.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

F FOREIGN CURRENCY TRANSLATION

(I) FUNCTIONAL AND PRESENTATION CURRENCY

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

(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.

G 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 valuation using the Black-Scholes formula, taking into account the terms and conditions upon which the instruments were granted (see note 21).

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.

(II) EXECUTIVE SHARE INCENTIVE PLAN AND EMPLOYEE LOYALTY & ALIGNMENT SHARE PLAN

The Share Incentive Plans are accounted for as "in substance" option plans due to the limited recourse nature of the loans between the employees and the Company to finance the purchase of ordinary shares. The dilutive effect, if any, of the outstanding options is reflected as additional share dilution in the computation of diluted earnings per share. The total fair value of the awards under the plans are recognised as share-based payment expenses over the vesting period, with a corresponding increase in reserves.

H 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.

I 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.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

J 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.

K 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 determined at the point of initial recognition. 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, and directly attributable transactions costs.

(I) RECOGNITION AND DE-RECOGNITION

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.

(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 in 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.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

L DERIVATIVES

Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently remeasured to their fair value at the end of each reporting period. The accounting for subsequent changes in fair value depends on whether the derivative is designated as a hedging instrument, and if so the nature of the item being hedged. Changes in fair value of non hedging derivatives are recognised immediately in profit or loss and are included in "other income" or "other expenses". The Group does not have any derivatives designated as hedging instruments.

CONVERTIBLE BONDS

The Convertible Bond was split into two components: a debt component and a component representing the embedded derivatives in the Convertible Bonds. The debt component represented the Group's liability for future interest coupon payments and the redemption amount. The embedded derivatives represented the value of the option that bond holders have to convert into ordinary shares in the Company.

The debt component of the Convertible Bonds was measured at amortised cost and therefore increases as the present value of the interest coupon payments and redemption amount increases, with a corresponding charge to finance cost. The debt component decreased by the cash interest coupon payments made. The embedded derivative was measured at fair value at each balance sheet date, and the change in the fair value recognised in the income statement.

M 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.

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.

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 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.

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.

N 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)

N 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, or on a units of production basis. Land is not depreciated.

The estimated useful lives used are as follows:

Site buildings	4-28 years
Site plant and equipment	2-28 years
Office equipment	2-6 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 and 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).

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.

O 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.

P 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.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Q 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.

R 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.

(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 2N(iv). The unwinding of the effect of discounting on the provision is recognised as a finance cost.

S 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.

The fair value of a Convertible Bond derivitive is determined using a Black-Scholes formula taking into account the terms and conditions upon which the Convertible Bond was issued. This amount is recorded as a derivative liability at fair value through profit and loss (refer note 2L). The remainder of the proceeds are allocated to a financial liability less directly attributable transaction costs. This amount is recorded on an amortised cost basis until extinguished on conversion or maturity of the bonds.

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.

T 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.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

U 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.

V 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.

W 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.

X 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.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Y 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.

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; and
- 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; and
- 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; and
- 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.

Z 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".

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

AA 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 resources 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.

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 PROPERTY PLANT AND EQUIPMENT, 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 expenditure on 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 and processing ore, future legal changes (including changes to environmental rehabilitation obligations), changes to foreign exchange rates 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.

Property, plant and equipment is reviewed for 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 'value in use' (being the net present value of expected future cash flows of the relevant cash generating unit) and 'fair value less costs to sell'. It is currently not possible to determine the fair value less costs to sell of the Windimurra vanadium project cash generating unit (**CGU**) as there is no active market and no basis for making a reliable estimate of the amount obtainable from the sale of an asset in an arm's length transaction. Therefore the measurement of recoverable amount for the CGU has been based on the CGU's value in use calculation.

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 28.5 years);
- future production levels;
- future commodity prices;
- future exchange rate movements;
- future cash costs of production; and
- real pre-tax discount rate of 17%.

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

These assumptions include management's expectation of the impact of the introduction of a carbon price.

(II) 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.

3 SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS (CONTINUED)

B SIGNIFICANT ACCOUNTING ESTIMATES AND ASSUMPTIONS (CONTINUED)

(III) 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.

(IV) 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 not recognised 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.

(V) 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 21. 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.

(VI) SIGNIFICANT ESTIMATE IN DETERMINING THE BEGINNING OF PRODUCTION

Considerations must be given to determine 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 takes into account when the mine's plant becomes 'available for use' as intended by management.

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

- the level of development 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. Subsequent to year end, the Group has decided that commercial production commenced as at 1 July 2013 and therefore operating costs and revenues will no longer be capitalised for accounting purposes.

(VII) 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 levy 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.

(VIII) FAIR VALUE OF FINANCIAL DERIVATIVE INSTRUMENTS

The Group assesses the fair value of its financial derivative instruments in accordance with the accounting policy stated in note 2L. When the fair value of financial assets and financial liabilities recorded in the statement of financial position cannot be derived from active markets, fair value is determined using valuation techniques including the discounted cash flow model and Black-Scholes valuation model. The inputs to these models are taken from observable markets where possible, but where this is not feasible, a degree of judgement is required in establishing fair values. The judgements include considerations of inputs such as market volatility, probabilities, commodity prices and commodity consumption. Changes in assumptions about these factors could affect the reported fair value of financial instruments.

(IX) BORROWING COSTS

Significant assumptions are made in determining the level of borrowing costs that are capitalised in accordance with note 2V. The amount of borrowing costs, including foreign currency gains or losses, that are capitalised are capped to the hypothetical interest rate that the Company would have paid had the borrowings been denominated in the functional currency of the Company. This hypothetical interest rate on the US dollar denominated Senior Secured Notes is calculated at 13.992% (2012: 13.992%).

4 REVENUE AND EXPENSES

	2013 $'000	2012 $'000
Other revenue		
Interest	615	685
Other income		
Net foreign exchange gain	413	-
Administrative expenses		
Loss on sale of assets	-	845
Vietnam bauxite project administration costs	1,144	708
Employee benefits expense	277	188
Other administration expenses	5,905	1,918
	7,326	3,659
Corporate expenses		
Non mine site depreciation	140	138
Business development expenses	46	562
Employee benefits expense	1,079	2,252
Other corporate expenses	1,713	2,302
	2,978	5,254
Other expenses		
Unrealised foreign exchange loss	35,885	9,546
Fair value of movement in derivatives - Promissory Notes and Convertible Bonds	8,122	1,658
Fair value of movement in derivatives - Gas Contract	746	(1,490)
	44,753	9,714
Impairment loss		
Impairment of Windimurra project	69,737	-
Finance expenses		
Interest expense - finance leases and other borrowings	152	159
Unwinding of the discount of the rehabilitation provision	1,271	702
	1,423	861

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

	2013 $'000	2012 $'000
Current income tax (benefit)/expense	-	-
Deferred income tax expense/(benefit)	-	-
	-	-

(B) NUMERICAL RECONCILIATION OF INCOME TAX EXPENSE/(BENEFIT) TO PRIMA FACIE TAX EXPENSE/(BENEFIT)

	2013 $'000	2012 $'000
Current income tax (benefit)/expense	-	-
Deferred income tax expense/(benefit)	-	-
	-	-
(Loss)/profit before income tax	(125,189)	(18,803)
Income tax (benefit)/expense at 30% (2012: 30%)	(37,557)	(5,641)
Tax effect of:		
Non-deductible expenses	5,471	522
Adjustments in respect of income tax in prior years	6,276	-
Non-assessable revenue	-	(2)
Income tax expense/(benefit) after adjustments for permanent differences	(25,810)	(5,121)
Deferred tax assets not brought to account as future income tax benefits	25,810	5,121
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 gross income tax losses of $216.956 million (2012: $113,684 million) that are available indefinitely for offset against future assessable income as at 30 June 2013.

This future income tax benefit 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:

	2013 $'000	2012 $'000
Income tax losses	65,087	34,105
Deductible temporary differences	39,985	45,157
	105,072	79,262

6 INCOME TAX (CONTINUED)

(D) RECOGNISED DEFERRED TAX ASSETS AND LIABILITIES

	DEFERRED TAX ASSETS 2013 $'000	DEFERRED TAX LIABILITIES 2013 $'000	NET 2013 $'000
Borrowing costs	3,553	-	3,553
Business related costs	2,363	-	2,363
Cash and cash equivalents	-	-	-
Other current assets	-	(18)	(18)
Inventory	-		-
Derivatives	3,257	(223)	3,034
Employee benefits	499	-	499
Other payables	-		-
Foreign exchange	20,654	-	20,654
Provision for rehabilitation	3,658	-	3,658
Property, plant and equipment	6,005	-	6,005
Other	237		237
Tax losses carried forward	65,087	-	65,087
Deferred tax assets/(liabilities)	105,313	(241)	105,072
Set-off of deferred tax liabilities	(241)	241	-
Unrecognised net deferred tax assets	(105,072)	-	(105,072)
Net deferred tax assets/(liabilities)	-	-	-

	DEFERRED TAX ASSETS 2012 $'000	DEFERRED TAX LIABILITIES 2012 $'000	NET 2012 $'000
Borrowing costs	3,405	-	3,405
Business related costs	1,303	-	1,303
Cash and cash equivalents	203	-	203
Other current assets	-	(95)	(95)
Inventory	29	-	29
Derivatives	3,947	(447)	3,500
Employee benefits	335	-	335
Other payables	-	(79)	(79)
Foreign exchange	-	(8,590)	(8,590)
Acquisition levy provision	693	-	693
Property, plant and equipment	38,610	-	38,610
Provision for rehabilitation	5,843	-	5,843
Tax losses carried forward	34,105	-	34,105
Deferred tax assets/(liabilities)	88,473	(9,211)	79,262
Set-off of deferred tax liabilities	(9,211)	9,211	-
Unrecognised net deferred tax assets	(79,262)	-	(79,262)
Net deferred tax assets/(liabilities)	-	-	-

6 INCOME TAX (CONTINUED)

(E) MOVEMENT IN TEMPORARY DIFFERENCES DURING THE YEAR

	BALANCE 1 JUL 2012 $'000	RECOGNISED IN PROFIT OR LOSS $'000	RECOGNISED IN EQUITY $'000	BALANCE 30 JUN 2013 $'000
Borrowing costs	3,405	148	-	3,553
Business related costs	1,303	1,060	-	2,363
Cash and cash equivalents	203	(203)	-	-
Other current assets	(95)	77	-	(18)
Inventory	29	(29)	-	-
Derivatives	3,500	(466)	-	3,034
Employee benefits	335	164	-	499
Other payables	(79)	79	-	-
Foreign exchange	(8,590)	29,244	-	20,654
Provision for rehabilitation	693	2,965	-	3,658
Property, plant and equipment	38,610	(32,605)	-	6,005
Other	5,843	(5,606)	-	237
Tax losses carried forward	34,105	30,982	-	65,087
Unrecognised net deferred tax assets	(79,262)	(25,810)	-	(105,072)
	-	-	-	-

	BALANCE 1 JUL 2011 $'000	RECOGNISED IN PROFIT OR LOSS $'000	RECOGNISED IN EQUITY $'000	BALANCE 30 JUN 2012 $'000
Borrowing costs	4,618	(1,213)	-	3,405
Business related costs	156	1,147	-	1,303
Cash and cash equivalents	1,420	(1,217)	-	203
Other current assets	(130)	35	-	(95)
Inventory	110	(81)	-	29
Derivatives	-	3,500	-	3,500
Employee benefits	146	189	-	335
Other payables	(92)	13	-	(79)
Foreign exchange	(10,614)	2,024	-	(8,590)
Acquisition levy provision	744	(51)	-	693
Property, plant and equipment	58,431	(19,821)	-	38,610
Provision for rehabilitation	1,052	4,791	-	5,843
Tax losses carried forward	18,300	15,805	-	34,105
Unrecognised net deferred tax assets	(74,141)	(5,121)	-	(79,262)
	-	-	-	-

7 (LOSS)/EARNINGS PER SHARE

	2013	2012
Weighted average number of ordinary shares for basic (loss)/earnings per share	154,695,073	127,476,874
Effect of dilution:		
Share options	-	-
Weighted average number of ordinary shares adjusted for the effect of dilution	154,695,073	127,476,874

At 30 June 2013, Droxford had the right to convert 266.423 million ordinary shares under the Class A and Class B Convertible Bonds and Promissory Notes. The right has been excluded from the calculation of diluted weighted average number of ordinary shares as their effect would have been anti-dilutive.

8 CASH AND CASH EQUIVALENTS

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

	2013 $'000	2012 $'000
Cash at bank and on hand	75	24,084

9 TRADE AND OTHER RECEIVABLES

	2013 $'000	2012 $'000
Current trade and other receivables		
Goods and Services Tax (GST) receivable	1,095	1,405
Restricted cash on deposit (i)	8,495	-
Sundry receivables (ii)	27,996	983
	37,586	2,388
Non-current trade and other receivables		
Restricted cash on deposit (i)	761	8,856
Term deposit - building lease guarantee	371	371
	1,132	9,227

Restricted cash on deposit consists of bank guarantees which matured in July 2013.

(i) 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 current term deposits of $8.495 million and non-current term deposits of $1.132 million (2012: $9.227 million). Subsequent to year end, the Group opted into the Department of Mines and Petroleum's *Mining Rehabilitation Fund (MRF)*, and as a result, $8.507 million of this balance representing the cash backed environmental performance bonds was released.

(ii) The material component of sundry receivables consists of a Research and Development Tax Incentive Program refund for $27.333 million.

At 30 June 2013, the ageing analysis of trade and other receivables is as follows:

	TOTAL	0-30 DAYS	31-60 DAYS	61-90 DAYS	+91 DAYS
2013	37,586	37,586	-	-	-
2012	2,388	2,364	-	-	24

Balances within GST, other trade and sundry receivables do not contain impaired assets and are not past due. It is expected that these balances will be received when due. The sundry receivable balance is largely attributable to the receivable expected from the Australian Taxation Office under the Research and Development Tax Incentive Program for the year ended 30 June 2013.

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 26.

10 INVENTORIES

	2013 $'000	2012 $'000
Stores and consumable supplies - at cost	11,478	9,734
Natural gas inventory - at net realisable value	-	201
Process regeants at cost	1,249	-
Finished inventory on consignment - at net realisable value	1,325	-
	14,052	9,935

Inventory write-downs recognised as an expense were nil (2012: $0.253 million) for the Group.

11 OTHER ASSETS

	2013 $'000	2012 $'000
Prepayments	3,483	3,165

12 PROPERTY, PLANT AND EQUIPMENT

	SITE PLANT & EQUIPMENT $'000	OFFICE EQUIPMENT $'000	ASSETS UNDER CONSTRUCTION $'000	MINE PROPERTIES & DEVELOPMENT $'000	TOTAL $'000
For the year ended 30 Jun 2013					
At 1 Jul 2012 net of accumulated depreciation	125,194	451	299,986	33,868	459,499
Borrowing costs capitalised	-	-	36,589	-	36,589
Additions	-	-	90,206	167	90,373
Research and Development Incentive Program refund	-	-	(27,333)	-	(27,333)
Impairment	(15,839)	-	(49,581)	(4,317)	(69,737)
Change in rehabilitation provision	-	-	(8,550)	-	(8,550)
Depreciation charge for the year	(322)	(181)	-	-	(503)
At 30 Jun 2013 net of accumulated depreciation	109,033	270	341,317	29,718	480,338
At 30 Jun 2013					
Cost	125,766	785	390,898	34,035	551,484
Accumulated depreciation and impairment	(16,733)	(515)	(49,581)	(4,317)	(71,146)
Net carrying amount	109,033	270	341,317	29,718	480,338

12 PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

	SITE PLANT & EQUIPMENT $'000	LEASED ASSETS $'000	OFFICE EQUIPMENT $'000	ASSETS UNDER CONSTRUCTION $'000	MINE PROPERTIES & DEVELOPMENT $'000	TOTAL $'000
For the year ended 30 Jun 2012						
At 1 Jul 2011 net of accumulated depreciation	125,309	129	531	137,452	17,686	281,107
Borrowing costs capitalised	-	-	-	43,997	-	43,997
Additions	80	-	110	121,315	917	122,422
Research and Development Incentive Program refund	-	-	-	-	-	-
Transfers	160	(160)	-	-	-	-
Disposals	-	-	-	(3,154)	-	(3,154)
Change in rehabilitation provision	-	-	-	-	15,265	15,265
Depreciation charge for the year	(355)	31	(190)	376	-	(138)
At 30 Jun 2012 net of accumulated depreciation	125,194	-	451	299,986	33,868	459,499
At 30 Jun 2012						
Cost	125,766	-	785	299,986	33,868	460,405
Accumulated depreciation	(572)	-	(334)	-	-	(906)
Net carrying amount	125,194	-	451	299,986	33,868	459,499

CAPITALISED BORROWING COSTS

The Group has been capitalising borrowing costs including foreign exchange gains and losses, associated with the US dollar Senior Secured Notes and Convertible Bonds liability in relation to the construction and commissioning of the Windimurra project. The carrying amount of property, plant and equipment associated with the Windimurra project at 30 June 2013 is $443.343 million (2012: $456.722 million). The amount of borrowing costs capitalised during the year ended 30 June 2013 is $36.589 million (2012: $43.997 million).

IMPAIRMENT

As at 30 June 2013, the market capitalisation of the Company was below the book value of its net assets. Additionally, the Company was unable to achieve its forecast ramp-up of production at Windimurra and as a result continued to capitalise associated expenditure and revenue. These factors indicated a potential trigger for impairment of assets and a full assessment of the carrying value of the related assets has been completed.

The recoverable amounts of the Windimurra project has been determined based on life of mine value in use calculation using a discounted cash flow forecast model from financial budgets covering the life of the mine based on current reserves. The real pre-tax discount rate applied to cash flow projections was 17%. These project areas do not have goodwill allocated to them.

As a result of this assessment, a total impairment charge of $69.737 million has been allocated across Windimurra project plant and equipment, capital work in progress and exploration and evaluation expenditure for the period to 30 June 2013. The value in use calculation is materially sensitive to the production profile, commodity prices and exchange rates.

PROPERTY, PLANT AND EQUIPMENT PLEDGED AS SECURITY FOR LIABILITIES

Refer to note 15 for details of the security that exists over these assets.

13 FINANCIAL DERIVATIVE ASSET

	2013 $'000	2012 $'000
Embedded derivative current	-	-
Embedded derivative non-current	743	1,490

Information regarding the fair value of the embedded is disclosed in note 26.

14 TRADE AND OTHER PAYABLES

	2013 $'000	2012 $'000
Trade payables	13,682	14,716
Interest payable - Convertible Bonds	6,782	437
Interest payable - Promissory Notes	1,688	-
Other payables	9,867	9,080
Senior Secured Note interest payable	14,526	14,092
	46,545	38,325

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 26.

15 LOANS AND BORROWINGS

	2013 $'000	2012 $'000
Current loans and borrowings		
Obligations under insurance funding (i)	516	-
Unsecured debt facility (ii)	30,450	1,128
Advance from sales agent (iii)	1,092	-
	32,058	1,128
Non-current loans and borrowings		
Senior Secured Notes (iv)	349,044	315,990
Convertible Bond liability (v)	66,107	19,208
	415,151	335,198

(I) INSURANCE FUNDING

The Group has premium funded insurance for assets with a carrying amount of $0.516 million. This insurance funding contract expires within one year.

Insurance funding commitments of the Group are payable as follows:

	2013 $'000	2012 $'000
Within one year	522	1,128
Total minimum lease payments	522	1,140
Less amounts representing finance charges	(6)	(12)
Present value of minimum insurance funding payments	516	1,128

(II) UNSECURED DEBT FACILITY – PROMISSORY NOTES

New unsecured Promissory Notes were drawn down in four tranches during March and April of 2013. The facility of approximately $28.808 million ($15.000 million and US$14.300 million) was provided by Droxford. As consideration for the Promissory Note, an arrangement fee in the form of an additional Promissory Note of $6.450 million has been agreed. The maturity date of the Promissory Notes is 6 March 2014 and interest payable on both is at the rate of 22.5% per annum semi-annually in arrears. Droxford has the option to capitalise the interest on the Promissory Notes which would be payable on maturity. As at 30 June 2013, the facility has been fully drawn.

Subject to the relevant approvals the facility provides Droxford the right to exchange the Promissory Notes, including any capitalised interest, into Class C Convertible Bonds on materially the same terms as Class B Convertible Bonds. The option for Droxford to exchange the Promissory Notes into a Class C Convertible Bonds results in an embedded derivative at 30 June 2013. At inception the embedded derivatives in the Promissory Notes have been fair valued and the fair value offset against the Promissory Note liability.

Subsequent to year end Droxford exchanged the Promissory Note into Class C Convertible Bonds on materially the same terms as Class B Convertible Bonds.

15 LOANS AND BORROWINGS (CONTINUED)

(II) UNSECURED DEBT FACILITY – PROMISSORY NOTES (CONTINUED)

Reconciliation of unsecured Promissory Notes at inception:

	2013 $'000
Promissory Notes at inception	27,268
Embedded derivative associated with Promissory Note	1,541
Arrangement fee payable on maturity in the form of Promissory Note	6,450
Arrangement fee capitalised in the form of Promissory Note	(6,450)
	28,809

(III) ADVANCE FROM SALES AGENT

Graceland Industry Pty Ltd (**Graceland**) provides advances for 80% of the calculated value of the Windimurra vanadium produced under the sales and marketing agreement with Wengfu (Group) Co Ltd. The advance is paid back to Graceland upon final sale to customers. Interest is payable on the advance at 4.23% per annum, with the security for the advance being the vanadium inventory.

(IV) SENIOR SECURED NOTES

The Senior Secured Notes issued by the Company's subsidiary Midwest Vanadium Pty Ltd (**MVPL**) have a carrying value calculated by using the amortised cost method netting off transaction costs of $14.966 million. The Senior Secured Notes initial proceeds of US$335.000 million were received on 17 February 2011 and converted to $333.832 million at $1:US$1.004. As at 30 June 2013, the A$:US$ exchange rate is $1:US$0.928, resulting in the carrying value of the Senior Secured Notes of $349.044 million (2012: $315.990 million).

Collateral

As at 30 June 2013, 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 Notes Indenture 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$60.000 million (nil as at 30 June 2013) and the restricted cash backed unconditional environmental performance bonds of $8.507 million;
- 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 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 as at 30 June 2013 amounts to $420.077 million (2012: $497.672 million).

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. Effective 16 February 2015, the coupon rate of the notes increases to 12.5% pa. The effective interest rate as a result of the increase in the coupon rate to 12.5% is now 13.1%.

On February 15 2013, MVPL paid the interest coupon of US$19.263 million on the Senior Secured Notes, partly utilising funds in the restricted reserve account as permitted by the Indenture governing the Senior Secured Notes. This has resulted in the restricted reserve account balance being below the US$14.300 million currently required under the Indenture. This is a technical breach of the Indenture covenant which was rectified within the 45 business days cure period through reaching an agreement with the majority note holders to reduce the minimum holding requirement in the restricted reserve account to nil.

Subsequent to year end the Group has breached a covenant in the Senior Secured Notes Indenture, relating to the minimum funds required to be held in the interest reserve account of US$5.000 million. The Group has until 17 October 2013 to rectify the breach otherwise they will be in default under the Indenture.

15 LOANS AND BORROWINGS (CONTINUED)

(V) CONVERTIBLE BONDS

The Convertible Bond liability relates to the $30.000 million face value Class A Convertible Bonds issued in the prior financial year and the $50.000 million face value Class B Convertible Bonds issued in August 2012. The Convertible Bonds were issued to Atlantic's largest shareholder Droxford and have the following terms:

	CLASS A CONVERTIBLE BONDS	CLASS B CONVERTIBLE BONDS
Amount	$30.000 million	$50.000 million
Maturity	6 March 2015	6 March 2015
Coupon	17.5% Interest can be paid in cash or capitalised at bond holder's election	22.5% Interest can be paid in cash or capitalised at bond holder's election
Ranking	Unsecured	Unsecured
Conversion price	$0.500[1]	$0.500[1]
[1] **Conversion price reset**	The conversion price will be reset upon any future issue of securities at a price lower than the conversion price. Subsequent to year end the conversion price was reset by the issue of Class D Convertible Bonds at $0.2625.	The conversion price will be reset upon any future issue of securities at a price lower than the conversion price. Subsequent to year end the conversion price was reset by the issue of Class D Convertible Bonds at $0.2625.

Subsequent to initial recognition, the carrying value of the host debt contract associated with the Class A and Class B Convertible Bonds is calculated by using the amortised cost method.

Reconciliation of Class A and Class B Convertible Bonds at inception:

	2013 $'000	2012 $'000
Class A Convertible Bonds	18,501	18,501
Class B Convertible Bonds	31,597	-
Embedded derivative associated with Class A Convertible Bond	11,499	11,499
Embedded derivative associated with Class B Convertible Bond	18,403	-
Proceeds	80,000	30,000

Interest rate, foreign exchange, liquidity risk and fair value

Details regarding interest rate, foreign exchange, liquidity risk and fair value are disclosed in note 26.

16 FINANCIAL DERIVATIVE LIABILITY

	2013 $'000	2012 $'000
Embedded derivative associated with Promissory Notes	12,473	-
Embedded derivative associated with Class A and Class B Convertible Bonds	30,269	13,157
	42,742	13,157

Reconciliation of financial derivative liability:

	2013 $'000
Balance 1 July 2013	13,157
Class B embedded derivatives at inception	18,403
Class A and Class B capitalised interest embedded derivatives	1,520
Promissory Notes embedded derivatives	1,541
Fair value of embedded derivatives recognised in profit or loss	8,121
Balance 30 June 2013	42,742

	2012 $'000
Balance 1 July 2011	-
Class A embedded derivatives at inception	11,499
Fair value of embedded derivatives recognised in profit or loss	1,658
Balance 30 June 2012	13,157

As at 30 June 2013, the value of the embedded derivative associated with the Promissory Note is $12.473 million. The fair value of the embedded derivative associated with the Promissory Notes is valued using a Black-Scholes option pricing model that takes into account the exercise price, term of the new Class C Convertible Bonds, non-tradeable nature of the Convertible Bonds, the share price at issue date and expected price volatility of the underlying share, the expected dividend yield and the risk-free rate for the term of the Convertible Bonds. This is then multiplied against the amount of securities that the Company would be required to issue. The table below summarises the model inputs for the embedded derivative associated with the Promissory Notes at 30 June 2013:

Promissory Notes

Conversion price per share ($)	0.2625[1]
Valuation date	30 Jun 2013
Estimated exercise date	6 Mar 2015
Underlying security spot price at valuation date ($)	0.235
Expected price volatility of the Company's shares	80%
Expected dividend yield	0%
Risk-free interest rate	2.54%
Black-Scholes valuation per right ($)	0.0883

[1] The conversion price for valuation purposes has been reset subsequent to year end with the issue of Class D Convertible Bonds at $0.2625 in August 2013 (refer note 31 – Events After Balance Sheet Date).

As at 30 June 2013, the value of the embedded derivative associated with the Class A and Class B Convertible Bonds is $30.269 million. The fair value of the embedded derivative associated with the Convertible Bonds is valued using a Black-Scholes option pricing model that takes into account the exercise price, term of the Convertible Bonds, non-tradeable nature of the Convertible Bonds, the share price at issue date and expected price volatility of the underlying share, the expected dividend yield and the risk-free rate for the term of the Convertible Bonds. This is then multiplied against the amount of securities that the Company would be required to issue. The table below summarises the model inputs for the embedded derivative associated with the Class A and Class B Convertible Bonds at 30 June 2013:

16 FINANCIAL DERIVATIVE LIABILITY (CONTINUED)

Class A Convertible Bonds

Conversion price per share ($)	0.2625[1]
Valuation date	30 Jun 2013
Loan expiry date	6 Mar 2015
Underlying security spot price at valuation date ($)	0.235
Expected price volatility of the Company's shares	80%
Expected dividend yield	0%
Risk-free interest rate	2.54%
Black-Scholes valuation per right ($)	0.0883

[1] The conversion price for valuation purposes has been reset subsequent to year end with the issue of Class D Convertible Bonds at $0.2625 in August 2013 (refer note 31 – Events After Balance Sheet Date).

Class B Convertible Bonds

Conversion price per share ($)	0.2625[1]
Valuation date	30 Jun 2013
Loan expiry date	6 Mar 2015
Underlying security spot price at valuation date ($)	0.235
Expected price volatility of the Company's shares	80%
Expected dividend yield	0%
Risk-free interest rate	2.54%
Black-Scholes valuation per right ($)	0.0883

[1] The conversion price for valuation purposes has been reset subsequent to year end with the issue of Class D Convertible Bonds at $0.2625 in August 2013 (refer note 31 – Events After Balance Sheet Date).

Refer to note 15 for the liability carrying value of the Class A and Class B Convertible Bonds and Promissory Notes.

Details regarding fair value are disclosed in note 26.

17 PROVISIONS

	2012 $'000	2012 $'000
Current provisions		
Acquisition levy (i)	2,312	2,312
Annual leave	1,662	1,117
Carbon Tax (iii)	790	-
	4,764	3,429
Non-current provisions		
Rehabilitation provision (ii)	24,303	31,582
	24,303	31,582

Movements in provisions:

	ACQUISITION LEVY $'000	REHABILITATION PROVISION $'000
At 1 Jul 2012	2,312	31,582
Unwinding of discount	-	1,271
Movement due to changes in assumptions	-	(8,550)
At 30 Jun 2013	2,312	24,303

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 MVPL in September 2010.

(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 project site.

Key assumptions include:

- Inflation: 2.506% per annum (2012: 2.84%);
- Discount rate: 4.774% per annum (2012: 4.142%); and
- Years before rehabilitation activities will need to be undertaken: 28.5 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) CARBON TAX PROVISION

Under the Commonwealth Government's *Clean Energy Act 2011*, MVPL is considered a liable entity as:

- it is responsible for a facility that gives rise to a liability (a direct emitter); and
- it holds an Obligation Transfer Number (**OTN**). An OTN allows MVPL to manage its own liability in relation to natural gas supply.

A direct emitter will be liable for a facility during the financial year if the operation of the facility releases covered emissions of more than 25,000 tonnes of CO_2 or the facility is a large gas consuming facility.

MVPL is a direct emitter that gave rise to carbon emissions of between 25,000 and 35,000 tonnes of CO_2 in the financial year.

MVPL will either purchase directly from the Commonwealth Government at the fixed price of $23.000 per tonne of CO_2 emissions or on the secondary market in order to meet its obligations.

MVPL has raised a provision for its carbon tax obligations and these obligations are expected to be settled in February 2014.

18 CONTRIBUTED EQUITY

	NO. SHARES	$'000
Issued and fully paid ordinary shares	154,757,379	129,814

Ordinary shares participate in dividends and the proceeds on winding up of the Company 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.

	NO. SHARES	$'000
Ordinary shares		
Movements in ordinary shares on issue		
At 1 Jul 2011	113,601,916	90,878
Issue of shares @ $1.20 on 13 Dec 2011	15,155,000	18,186
Issue of shares @ $1.20 on 6 Feb 2012	1,125,000	1,350
Issue of shares @ $1.20 on 24 Feb 2012	4,553,333	5,464
Issue of shares @ $0.88 on 14 Mar 2012	1,931,818	1,700
Employee Loyalty & Alignment Share Plan (ELAS) issued on 25 May 2012	2,084,951	1,835
Settlement and forfeiture of Executive Share Incentive Plan (ESIP)	(800)	(660)
Off market transfer between ESIP and ELAS	800	704
Exercise of options	4,941,685	988
Issue costs	-	(707)
At 30 Jun 2012	143,393,703	119,738
Issue of shares @ $0.88 on 2 Jul 2012	11,363,636	10,000
Amount expensed under Share Incentive Plan	-	76
At 30 Jun 2013	154,757,339	129,814

	NO. SHARES	$'000
Performance shares		
At 1 Jul 2012	66	-
At 30 Jun 2013	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.

The Class B Performance Shares convert to a total of 6 million ordinary shares upon the delineation of a resource of not less than 30 million tonnes of greater than 35% Al_2O_3 on the Bao Loc exploration area. As at 30 June 2013, the above condition has not been met and the dilutive effect of the Class B Performance Shares has not been considered in the earnings per share calculation (note 7).

19 RESERVES

	NO. SHARES	2013 $'000
Shares Reserved for Executive Share Incentive Plan (ESIP)	4,960,000	(2,010)
Shares Reserved for Employee Loyalty & Alignment Share Plan (ELAS)	1,712,243	(2,089)
At 30 Jun 2013	6,672,243	(4,099)

	NO. SHARES	2012 $'000
Shares Reserved for Executive Share Incentive Plan (ESIP)	4,960,000	(2,010)
Shares Reserved for Employee Loyalty & Alignment Share Plan (ELAS)	2,884,951	(2,283)
At 30 Jun 2012	7,844,951	(4,293)

Movement in reserves

	NO. SHARES	$'000
Shares Reserved for Executive Share Incentive Plan (ESIP)		
At 1 Jul 2012	4,960,000	(2,010)
At 30 Jun 2013	4,960,000	(2,010)

	NO. SHARES	$'000
Shares Reserved for Employee Loyalty & Alignment Share Plan (ELAS)		
At 1 Jul 2012	2,884,951	(2,283)
Amount of expenses for shares issued to employees	-	666
Forfeited shares	(1,772,708)	(478)
ELAS issue on 6 Mar 2013	600,000	6
At 30 Jun 2013	1,712,243	(2,089)

Atlantic's Share Incentive Plan is offered to senior executives of the Group as the Executive Share Incentive Plan (**ESIP**) and to a broader group of managers and employees pursuant to the Employee Loyalty & Alignment Share Plan (**ELAS**).

The shares reserved for the ESIP Reserve are used to record the fair value of shares issued under this plan. At the time of grant the total value of shares issued under the plan is recognised in issued capital, with a corresponding charge to the ESIP Reserve. The ESIP is accounted for as an "in substance" option plan due to the limited recourse nature of the loan between executives 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 21.

The shares reserved for ELAS Reserve is used to record the fair value of shares issued under this plan. At the time of grant the loan value of shares issued under the plan is recognised in issued capital, with a corresponding charge to the ELAS Reserve. The ELAS 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 ELAS Reserve. Information on the valuation of the award under the ELAS during the period is disclosed in note 21.

Information on the valuation of these options is disclosed in note 21.

20 OPTIONS OVER ORDINARY SHARES

During the year, 169,811 unlisted options over ordinary shares with an exercise price of $1.325 expired on 31 August 2012.

As at 30 June 2013, the Company had a total of 4,960,000 issued ordinary shares related to ESIP grants where the loans remain outstanding (refer note 21 for more information on the ESIP). The awards have been accounted for as "in substance" options.

As at 30 June 2013, the Company had a total of 1,712,243 issued ordinary shares related to ELAS grants where the loans remain outstanding (refer note 21 for more information on the ELAS). The awards have been accounted for as "in substance" options.

21 SHARE-BASED PAYMENTS

SHARE-BASED PAYMENT TRANSACTIONS

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

	2012 $'000	2012 $'000
Amounts expensed for shares issued under the Share Incentive Plans (i), (ii)	76	194

(I) SHARES ISSUED UNDER THE EMPLOYEE LOYALTY & ALIGNMENT SHARE 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 ELAS 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. ELAS 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.

Fair value of shares granted

Shares granted under the ELAS 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 ELAS is determined using a Black-Scholes model using the following model inputs:

ELAS A – GRANTED 6 MARCH 2012	
Shares granted for no consideration	2,884,951
Loan price ($)	0.88
Deemed issue date	6 Mar 2012
Expiry date	6 Mar 2017
Underlying security spot price at grant date ($)	0.90
Expected price volatility of the Company's shares	88%
Expected dividend yield	0%
Risk-free interest rate	6%
Black-Scholes valuation per option ($, post-consolidation)	0.65

ELAS B – GRANTED 5 MARCH 2013	
Shares granted for no consideration	600,000
Loan price ($)	0.50
Deemed issue date	5 Mar 2013
Expiry date	5 Mar 2018
Underlying security spot price at grant date ($)	0.20
Expected price volatility of the Company's shares	92%
Expected dividend yield	0%
Risk-free interest rate	3%
Black-Scholes valuation per option ($, post-consolidation)	0.11

Upon employee resignation, any unvested rights are relinquished with the associated expense written back to the ELAS Reserve account. Total forfeited shares by employees during the period were 1,712,243 amounting to $0.478 million previously recognised as a share-based payment expense reversed to the ELAS Reserve. The rights to shares under the incentive plan vest one third each year and are exercisable up to the expiry date of 6 March 2017 for ELAS A and 5 March 2018 for ELAS B.

21 SHARE-BASED PAYMENTS (CONTINUED)

SHARE-BASED PAYMENT TRANSACTIONS (CONTINUED)

(II) SHARES ISSUED UNDER THE EXECUTIVE SHARE INCENTIVE PLAN (ESIP)

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.

1,000,000 shares were issued to Mr Tony Veitch on 5 July 2010. The shares are not tradeable until the Company's shares have traded above $1.875 each for more than 10 consecutive trading days. As at 30 June 2012, all shares are not tradeable.

3,960,000 shares were issued to Mr Michael Minosora on 24 December 2009. These shares comprise:

- 1,320,000 shares at $0.825 per share which vest after six months;
- 1,320,000 shares at $1.000 per share which vest after 12 months; and
- 1,320,000 shares at $1.250 per share which vest after 18 months.

The shares are not tradeable until the Company's shares have traded above $1.250 each for more than 10 consecutive trading days. As at 30 June 2013, all shares are not currently tradeable. The shares are not tradeable until the Company's shares have traded above $1.250 each for more than 10 consecutive trading days. As at 30 June 2012, all shares are fully vested but not tradeable.

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.

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 TONY VEITCH ON 5 JULY 2010:

Loan price per share ($)	1.75
Valuation date	5 Jul 2010
Loan expiry date	-
Underlying security spot price at valuation date ($)	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 ($, post-consolidation)	0.75

SHARES ISSUED TO MR MICHAEL MINOSORA ON 24 DECEMBER 2009 (TRANCHE 1):

Loan price per share ($)	0.83
Valuation date	27 Nov 2009
Loan expiry date	24 Dec 2014
Underlying security spot price at valuation date ($)	1.000
Expected price volatility of the Company's shares	100%
Expected dividend yield	0%
Risk-free interest rate	4.81%
Black-Scholes valuation per share ($, post-consolidation)	0.79

SHARES ISSUED TO MR MICHAEL MINOSORA ON 24 DECEMBER 2009 (TRANCHE 2):

Loan price per share ($)	1.00
Valuation date	27 Nov 2009
Loan expiry date	24 Dec 2014
Underlying security spot price at valuation date ($)	1.000
Expected price volatility of the Company's shares	100%
Expected dividend yield	0%
Risk-free interest rate	4.81%
Black-Scholes valuation per share ($, post-consolidation)	0.77

21 SHARE-BASED PAYMENTS (CONTINUED)

SHARE-BASED PAYMENT TRANSACTIONS (CONTINUED)

(II) SHARES ISSUED UNDER THE EXECUTIVE SHARE INCENTIVE PLAN (ESIP) (CONTINUED)

SHARES ISSUED TO MR MICHAEL MINOSORA ON 24 DECEMBER 2009 (TRANCHE 3):

Loan price per share ($)	1.25
Valuation date	27 Nov 2009
Loan expiry date	24 Dec 2014
Underlying security spot price at valuation date ($)	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 ($, post-consolidation)	0.74

MOVEMENTS DURING THE YEAR

The following table illustrates the number, weighted average exercise prices (**WAEP**) and movements in shares during the year:

	2013 NUMBER	2013 WAEP	2012 NUMBER	2012 WAEP
Outstanding at 1 July	2,884,951	0.88	0	0
Forfeited during the year	(1,772,708)	-	0	0
Exercised during the year	-	-	0	0
Expired during the year	-	-	0	0
Granted during the year	600,000	0.50	2,884,951	0.88
Outstanding at 30 June	1,712,243	0.75	2,884,951	0.88
Exercisable at 30 June	370,748	0.88	-	-

The shares outstanding at 30 June 2013 have an exercise price in the range of $0.500 to $0.880 (2012: $0.880) and a weighted average contractual life of 1.72 years (2012: 2.75 years).

22 CASH FLOW STATEMENT RECONCILIATION

(I) RECONCILIATION OF (LOSS)/PROFIT FOR THE YEAR TO NET CASH FLOWS FROM OPERATIONS:

	2013 $'000	2012 $'000
(Loss)/profit after income tax	(125,189)	(18,803)
Adjustments for:		
Depreciation	140	138
Net foreign exchange losses	35,453	9,541
Interest income capitalised	-	1,018
Share-based payments expense	66	194
Unwinding of the discount of the rehabilitation provision	1,270	702
Adjustment to acquisition levy provision	-	(168)
Impairment loss	69,737	-
Fair value of derivatives	8,868	168
Changes in assets and liabilities:		
Decrease/(increase) in trade and other receivables	(8,402)	10,381
Decrease/(increase) in prepayments	(26)	8
(Decrease) in trade and other payables	(3,983)	(2,782)
Increase in restricted cash deposited	8,095	-
Increase in provisions	790	210
Net cash used in operating activities	(13,181)	607

23 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 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.

Vietnam

The Group is involved in two early stage bauxite development projects in Vietnam. The Group is actively engaged in dialogue with Vietnamese authorities for the proposed development of an integrated mine-rail-port bauxite project. The Group is also pursuing an interest in the Bao Loc bauxite project in Vietnam through Azure Mining International Pty Ltd and Atlantic (Mining) Pty Ltd, both 100%-owned subsidiaries 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.

23 OPERATING SEGMENTS (CONTINUED)

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.

BUSINESS ACTIVITIES

For the financial year ended 30 June 2013, the Group's external revenue was generated from product sales of vanadium. All non-current assets and revenues are domiciled and generated from Australia.

	WINDIMURRA VANADIUM PROJECT $'000	VIETNAM $'000	UNALLOCATED $'000	CONSOLIDATED $'000
30 Jun 2013				
Segment revenue - external	567	-	48	615
Segment revenue - internal	410	-	3	413
Other expenses	(37,900)	-	(13,035)	(50,935)
Corporate expenses	-	-	(2,978)	(2,978)
Impairment expense	(69,737)	-	-	(69,737)
Administration expenses	(4,364)	(1,144)	4,364	(1,144)
Finance expenses	(1,406)	-	(17)	(1,423)
Segment results before tax	(112,430)	(1,144)	(11,615)	(125,189)
Income tax (expense)/benefit				-
Result after income tax				(125,189)
Other comprehensive income	-	-	-	-
Total comprehensive loss for the period				(125,189)
Included in the above:				
Share-based payment expense	133	-	(67)	66
Segment assets	508,372	-	29,037	537,409
Segment liabilities	431,352	4,393	129,819	565,564
Capital expenditure	-	-	85,541	85,541

Unallocated segment assets consists of interest capitalised on the Convertible Bonds and Promissory Notes. Unallocated segment liabilities primarily consists of the Convertible Bonds and Promissory Notes liability and the embedded derivatives associated with these financial instruments.

23 OPERATING SEGMENTS (CONTINUED)

BUSINESS ACTIVITIES (CONTINUED)

	WINDIMURRA VANADIUM PROJECT $'000	VIETNAM $'000	UNALLOCATED $'000	CONSOLIDATED $'000
30 Jun 2012				
Segment revenue - external	431	-	254	685
Segment revenue - internal	-	-	-	-
Other expenses	(8,051)	-	(1,663)	(9,714)
Corporate expenses	-	-	(5,254)	(5,254)
Administration expenses	(2,951)	(708)	-	(3,659)
Finance expenses	(861)	-	-	(861)
Segment results before tax	(11,432)	(708)	906	(18,803)
Income tax (expense)/benefit				-
Result after income tax				(18,803)
Included in the above:				
Share-based payment expense	5	-	189	194
Segment assets	506,530	-	29,037	535,567
Segment liabilities	394,151	3,249	25,419	422,819
Capital expenditure	121,064	-	29	121,093

24 RELATED PARTY DISCLOSURES

SUBSIDIARIES

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

NAME	NOTE	COUNTRY OF INCORPORATION	% EQUITY INTEREST	
			2013	2012
Atlantic Vanadium Holding Pty Ltd		Australia	100%	100%
Azure Mining International Pty Ltd	(a)	Australia	100%	100%
Atlantic (Middle East) Pty Ltd	(a)	Australia	100%	100%
Atlantic Incentive Plan Pty Ltd	(a)	Australia	100%	100%
Midwest Vanadium Pty Ltd		Australia	100%	100%
Atlantic (Mining) Pty Ltd	(a)	Australia	100%	100%

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

ULTIMATE PARENT

Atlantic 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 entity.

DIRECTORS

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

Michael Minosora – Chairman and Managing Director

Tony Veitch – Executive Director

Phiong Phillipus Darma – Non-Executive Director

TRANSACTIONS WITH DIRECTORS AND DIRECTOR-RELATED ENTITIES

The following transactions were undertaken between any Group company and the following Director-related parties during the years ended 30 June 2013 and 30 June 2012:

Ambrosia Empire Limited, (**Ambrosia**) a company in which Mr Thanh Nguyen has a beneficial interest, was paid consulting fees of US$485,000 (2012: US$200,000). At 30 June 2013, an amount of US$20,000 (30 June 2012: US$60,000) was owed to Ambrosia. Additional consulting fees were paid during the year to Ambrosia in relation to the Group's development study for an integrated mine-rail-port bauxite project in Vietnam.

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.

25 KEY MANAGEMENT PERSONNEL

(A) KEY MANAGEMENT PERSONNEL

(i) Executive Directors

Mr Michael Minosora (Chairman and Managing Director)
Mr Tony Veitch (Executive Director)

(ii) Non-Executive Directors

Mr Phiong Phillipus Darma

(iii) Other Key Management Personnel

Mr Alan Bradshaw (Group Human Resources Manager), resigned 31 July 2012
Mr Ross Glossop (Chief Financial Officer), resigned 14 November 2012
Mr Peter Patterson (General Counsel), appointed 3 September 2012, resigned 28 February 2013
Mr Scott Mathewson (General Manager Operations), resigned 9 April 2013
Mr John Gardener (General Manager Sales and Marketing), appointed 16 January 2012
Mr Terry Perles (President North America), appointed 1 May 2012
Mr Daniel Harris (Chief Operating Officer), appointed 9 October 2012
Mr Terry Bourke (General Counsel), appointed 10 June 2013
Mr Scott Nicholas (Chief Financial Officer), appointed 1 July 2013
Mr Shane Entriken (Executive General Manager Human Resources and External Affairs), appointed 5 August 2013
Mr Mark Greenaway (General Manager Operations) – appointed 12 August 2013
Mr Thanh Nguyen (Executive Director Azure Mining International Pty Ltd and Atlantic (Middle East) Pty Ltd)

(B) COMPENSATION FOR KEY MANAGEMENT PERSONNEL

	2013 $	2012 $
Short-term employee benefits	3,520,942	3,661,941
Post-employment benefits	100,762	164,820
Termination benefits	121,177	-
Share-based payment	(158,631)	17,603
Total compensation for key management personnel	3,584,250	3,844,364

A portion of total compensation for key management personnel has been capitalised as part of the development costs of Windimurra.

Detailed remuneration disclosures are provided in the Remuneration Report within the Director's Report on pages 23 to 29.

25 KEY MANAGEMENT PERSONNEL (CONTINUED)

(C) SHAREHOLDINGS OF KEY MANAGEMENT PERSONNEL

	BALANCE 1 JUL	GRANTED AS REMUNERATION	NET CHANGE OTHER	BALANCE 30 JUN
2013				
Executive Directors				
Michael Minosora (i)	5,768,033	-	11,363,636	17,131,669
Tony Veitch (ii)	480,000	-	-	480,000
Non-Executive Directors				
Phiong Phillipus Darma	-	-	-	-
Other key management personnel				
Ross Glossop (from 1/7/2013 to 14/11/2013)	-	-	-	-
Alan Bradshaw (from 1/7/2013 to 31/7/2013)	-	-	-	-
Scott Mathewson (from 1/7/2013 to 9/4/2013)	20,000	-	-	20,000
John Gardener	-	-	-	-
Thanh Nguyen	2,190,350	-	6,000	2,196,350
Peter Patterson (from 3/9/2012 to 28/2/2013)	-	-	-	-
Daniel Harris (appointed 9/10/2012)	-	-	-	-
Terry Bourke (appointed 10/6/2013	-	-	-	-
Terry Perles (1/7/2012 to 30/6/2013)	40,000	-	-	40,000

25 KEY MANAGEMENT PERSONNEL (CONTINUED)

(C) SHAREHOLDINGS OF KEY MANAGEMENT PERSONNEL (CONTINUED)

	BALANCE 1 JUL	GRANTED AS REMUNERATION	NET CHANGE OTHER	BALANCE 30 JUN
2012				
Executive Directors				
Michael Minosora (i)	1,214,700	-	4,553,333	5,768,033
Tony Veitch (ii)	400,000	-	80,000	480,000
Non-Executive Directors				
Phiong Phillipus Darma	-	-	-	-
Ian McMaster (iv)	100,000	-	(100,000)	-
Alan Mulgrew (iv)	280,000	-	(280,000)	-
Jay Wacher (iv)	409,571	-	(409,571)	-
Other Key Management Personnel				
Ross Glossop	-	-	-	-
Alan Bradshaw	-	-	-	-
Scott Mathewson (v)	-	-	20,000	20,000
John Gardener	-	-	-	-
Thanh Nguyen (iii)	1,360,258	-	830,092	2,190,350
George Gelavis	-	-	-	-
Michael Marriott	-	-	-	-
Brian McMaster	-	-	-	-
Richard Maltman	-	-	-	-
Terry Perles	40,000	-	-	40,000
Joseph Resudek	-	-	-	-
Philip Baillie	-	-	-	-

(i) Mr Minosora's share issue was approved at an extraordinary general meeting on 27 January 2012, where 4,553,333 shares were issued at $1.200.

(ii) Mr Veitch's share increase is a result of the exercise of 80,000 listed options at $0.200 each.

(iii) 800,000 of the net change other is a result of the exercise of listed options. 30,092 shares were purchased on market during the year ended 30 June 2012.

(iv) Net change due to resignation.

(v) Shares purchased on market during the year.

25 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
2013							
Executive Directors							
Michael Minosora	Rights over shares	3,960,000	-	-	-	3,960,000	3,960,000
Tony Veitch	Rights over shares	1,000,000	-	-	-	1,000,000	1,000,000
Non-Executive Directors							
Phiong Phillipus Darma	-	-	-	-	-	-	-
Other key management personnel							
Ross Glossop (ii)	Rights over shares	454,545	-	-	(454,545)	-	-
Alan Bradshaw (ii)	Rights over shares	227,272	-	-	(227,272)	-	-
Scott Mathewson (ii)	Rights over shares	454,545	-	-	(454,545)	-	-
John Gardener	Rights over shares	227,272	-	-	-	227,272	75,757
Thanh Nguyen	Listed options	-	-	-	-	-	-
Daniel Harris (i)	Rights over shares	-	400,000	-	-	400,000	-
Terry Perles (i)	Rights over shares	-	200,000	-	-	200,000	-

(i) Shares issued pursuant to ELAS in May 2013.
(ii) Net change due to resignation.

25 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
2012							
Executive Directors							
Michael Minosora	Rights over shares	3,960,000	-	-	-	3,960,000	3,960,000
Tony Veitch	Listed options	80,000	-	(80,000)	-	-	-
Tony Veitch	Rights over shares	1,000,000	-	-	-	1,000,000	1,000,000
Non-Executive Directors							
Phiong Phillipus Darma	-	-	-	-	-	-	-
Ian McMaster	-	-	-	-	-	-	-
Alan Mulgrew	-	-	-	-	-	-	-
Jay Wacher	-	-	-	-	-	-	-
Other key management personnel							
Ross Glossop (i)	Rights over shares	-	454,545	-	-	454,545	-
Alan Bradshaw (i)	Rights over shares	-	227,272	-	-	227,272	-
Scott Mathewson (i)	Rights over shares	-	454,545	-	-	454,545	-
John Gardener (i)	Rights over shares	-	227,272	-	-	227,272	-
Thanh Nguyen	Listed options	800,000	-	(800,000)	-	-	-
Michael Marriott (ii)	Rights over shares	400,000	-	-	(400,000)	-	-
Richard Maltman	-	-	-	-	-	-	-
Joseph Resudek	-	-	-	-	-	-	-
Philip Baillie	-	-	-	-	-	-	-
Yasmin Broughton	-	-	-	-	-	-	-
Stacey Apostolou	-	-	-	-	-	-	-

(i) Shares issued pursuant to ELAS in March 2012.
(ii) Net change due to resignation.

26 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, Convertible Bonds and Promissory Notes.

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.

(B) COMMODITY PRICE RISK

The Group's principal commodity price risk is vanadium and iron ore fluctuations in market prices.

Vanadium is not traded in any significant volume on global commodity exchanges. The Group has a marketing agreement for ferrovanadium in place for delivery over the period 2012 to 2016. The contracted selling price is the prevailing market price subject to a floor price for 65% of annual ferrovanadium production and a ceiling price for 65% of annual ferrovanadium production.

The Company has entered into a gas transport contract for the use of the Midwest Pipeline that contains a variable tariff linked to vanadium pentoxide price movements.

At 30 June 2013, if the vanadium pentoxide price had moved as illustrated in the table below, with all other variables held constant, (loss) profit after income tax and equity would have been affected as follows:

	(LOSS)/PROFIT AFTER INCOME TAX		EQUITY	
	2013	2012	2013	2012
	$'000	$'000	$'000	$'000
+ 3%	1,730	(1,242)	1,730	(1,242)
- 3%	(408)	293	(408)	293

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.

Iron ore sales are generally based on an international iron ore index. The Group monitors market expectations for future commodity prices consistent with its risk management objectives.

(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. Management also aims to maintain a capital structure that ensures the lowest possible 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.

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

	2013	2012
Gearing ratio	107%	78%

26 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 $'000	FIXED INTEREST RATE MATURING IN			NON-INTEREST BEARING $'000	TOTAL $'000	FLOATING %	AVERAGE INTEREST RATE FIXED %
		< 1 YEAR $'000	1 TO 5 YEARS $'000	> 5 YEARS $'000				
30 Jun 2013								
Financial assets								
Cash and cash equivalents	115	-	-	-	(40)	75	1.5%	
Trade and other receivables	-	9,590	-	-	27,996	37,586	-	
Financial derivative asset	-	-	-	-	743	743	-	-
	115	9,590	-	-	28,699	38,404		
Financial liabilities								
Trade and other payables	-	-	-	-	46,547	46,547	-	-
Convertible Bonds	-	-	66,107	-	-	66,107	-	22.5%
Promissory Note	-	31,542	-	-	-	31,542	-	22.5%
Senior Secured Notes	-	-	-	349,044	-	349,044	-	13.1%
Finance Lease	-	516	-	-	-	516	-	14.9%
Financial Derivative Liability	-		-	-	42,742	42,742	-	-
	-	32,058	66,107	349,044	89,289	536,498		
30 Jun 2012								
Financial assets								
Cash and cash equivalents	255	23,824	-	-	5	24,084	2.7%	1.0%
Trade and other receivables	-	9,227	-	-	2,388	11,615	-	2.7%
Financial derivative asset	-	-	-	-	1,490	1,490	-	-
	255	33,051	-	-	3,883	37,189		
Financial liabilities								
Trade and other payables	-	-	-	-	38,324	38,324	-	-
Loans and borrowings	-	1,128	-	335,198	-	336,326	-	11.5%
Financial derivative liability	-	-	-	-	13,157	13,157	-	-
	-	1,128	-	335,198	51,481	387,807		

26 FINANCIAL INSTRUMENTS (CONTINUED)

(D) INTEREST RATE RISK (CONTINUED)

At 30 June 2013, if interest rates had moved as illustrated in the table below, with all other variables held constant, (loss)/profit after income tax and equity would have been affected as follows:

	(LOSS)/PROFIT AFTER INCOME TAX		EQUITY	
	2013 $'000	2012 $'000	2013 $'000	2012 $'000
+ 1%	2	7	2	7
- 1%	(2)	(7)	(2)	(7)

The movements in (loss)/profit after income tax are due to higher/lower interest income from 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 12 months.

(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 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:

	2013 $'000	2012 $'000
Financial assets		
Cash and cash equivalents	-	23,825
Trade and other receivables	252	-
	252	23,825
Financial liabilities		
Trade and other payables	11,349	14,295
Promissory Note	14,300	-
Loans and borrowings	349,044	315,990
	374,693	330,285
Net exposure	(374,441)	(306,460)

At 30 June 2013, if the Australian dollar to United States dollar exchange rate had moved as illustrated in the table below, with all other variables held constant, (loss)/profit after income tax and equity would have been affected as follows:

	(LOSS)/PROFIT AFTER INCOME TAX		EQUITY	
	2013 $'000	2012 $'000	2013 $'000	2012 $'000
+ 10%	34,140	27,826	34,140	27,826
- 10%	(41,727)	(34,010)	(41,727)	(34,010)

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 US$ spot rate as at balance date, moving this spot rate by the reasonably possible movements and then re-converting the US$ into AU$ 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 12 months.

As at 30 June 2013, the AU$:US$ exchange rate is A$1.000:US$0.9275 and the year to date average AU$:US$ exchange rate is A$1.000:US$1.0271.

26 FINANCIAL INSTRUMENTS (CONTINUED)

(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 2013 is as follows:

	S&P RATED					INTERNALLY RATED	
	AAA $'000	AA $'000	A $'000	BAA $'000	BBB $'000	NO DEFAULT $'000	TOTAL $'000
30 Jun 2013							
Cash and cash equivalents	-	-	75	-	-	-	75
Trade and other receivables	28,774	371	9,273	-	-	300	38,718
Financial derivative asset	-	-	-	-	743	-	743
	28,774	371	9,348	-	743	300	39,536
30 Jun 2012							
Cash and cash equivalents	-	23,824	259	-	-	1	24,084
Trade and other receivables	1,431	9,080	381	113	480	130	11,615
Financial derivative asset	-	-	-	-	1,490	-	1,490
	1,431	32,904	640	113	1,970	131	37,189

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.

(G) LIQUIDITY RISK

The liquidity position of the Group is managed to ensure sufficient liquid funds are available to meet the Group's financial commitments in a timely and cost effective manner.

The Group's treasury function continually reviews the Group's liquidity position including cash flow forecasts to determine the forecast liquidity position and maintain appropriate liquidity levels. Sensitivity analysis is conducted on pricing and production to ensure the Group has the ability to meet commitments. This enables the Group to manage cash flows on a long-term basis and provides the flexibility to pursue a range of funding alternatives if necessary.

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 required short-term cash payments.

26 FINANCIAL INSTRUMENTS (CONTINUED)

(G) LIQUIDITY RISK (CONTINUED)

	≤ 6 MONTHS $'000	6 – 12 MONTHS $'000	1 – 5 YEARS $'000	> 5 YEARS $'000	TOTAL $'000
30 Jun 2013					
Financial liabilities					
Trade and other payables (ii)	35,482	-	-	-	35,482
Convertible Bonds (iii)	-	-	80,000	-	80,000
Interest payable – Convertible Bonds	9,242	9,242	13,210	-	31,694
Promissory Notes	-	31,542	-	-	31,542
Interest payable – Promissory Note	3,422	1,347	-	-	4,769
Loans and borrowings (iv)	20,768	20,768	491,213	-	532,749
	68,914	62,899	584,423	-	716,236
30 Jun 2012					
Financial liabilities					
Trade and other payables (ii)	24,233	-	-	-	24,233
Convertible Bonds (iii)	-	-	30,000	-	30,000
Interest payable – Convertible Bond	2,625	2,625	8,750	-	14,000
Loans and borrowings (iv)	21,526	21,526	191,712	366,524	601,288
	48,384	24,151	230,462	366,524	669,521

(i) Refer to note 8 for restrictions on cash.
(ii) Trade and other payables excludes the interest accrued on the Senior Secured Notes, Promissory Notes and Convertible Bonds, which are disclosed separately.
(iii) Represents gross cash outflow on the Convertible Bonds (including interest payments).
(iv) Represents gross cash outflows on the Senior Secured Notes (including interest payments).

(H) EQUITY PRICE RISK

Equity price risk arises from the embedded derivative associated with the Convertible Bonds and Promisory Notes. 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 conversion option is based on Black-Scholes valuation technique. Refer to note 15 for an analysis of the movement in the fair value of the embedded derivative, and further details on the valuation method.

At 30 June 2013, if the Company's share price had moved as illustrated in the table below, with all other variables held constant, (loss)/profit after income tax and equity would have been affected as follows:

	(LOSS)/PROFIT AFTER INCOME TAX		EQUITY	
	2013 $'000	2012 $'000	2013 $'000	2012 $'000
+ 10%	7,866	1,897	7,866	1,897
- 10%	(7,471)	(1,897)	(7,471)	(1,897)

Reasonably possible movements in the Company's share price were determined based on observations of historical movements from the date of execution of the Convertible Bond contract.

The reasonably possible movement was calculated by updating the share price input in a Black-Scholes valuation model, keeping all other variables constant.

26 FINANCIAL INSTRUMENTS (CONTINUED)

(I) 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 the debt component Convertible Bonds at 30 June 2013 is $96.197 million (2012: $31.732 million). Fair value is calculated based on the present value of future principle interest and cash flows discounted at 17.5% and 22.5% for Class A and Class B Convertible Bonds respectively. The fair value of the Promissory Notes at 30 June 2013 is $37.015 million. Fair value is calculated based on the present value of future principal and interest cash flows discounted at 22.5%.

The fair value of the Senior Secured Notes approximates the face value on maturity being US$335.000 million.

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

Gas transportation contract

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 project. Under the contract, MVPL is required to pay both a reservation charge and variable commodity tariff for each gigajoule 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 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 $nil. As at 30 June 2013, the fair value of contract was measured at $0.828 million (2012: $1.490 million) representing a $0.662 million decrease during the period.

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 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.

The following methods for the Group's valuation of derivatives.

Gas contract derivative	Level 2
Convertible Bonds derivative	Level 2
Promissory Note derivative	Level 2

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 the present value of future cash flows associated with the gas transportation contract.

27 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 four years five 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:

	2013 $'000	2012 $'000
Within one year	662	637
After one year but not more than five years	246	908
After more than five years	-	-
Total minimum lease payments	908	1,545

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 the Western Australian State Government. 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 2014 for the Group is approximately $0.404 million. This includes the minimum amounts required to retain tenure. These obligations are expected to be fulfilled in the normal course of operations. Commitments beyond this period are dependent upon whether existing rights of tenure are renewed or new rights of tenure are acquired.

28 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 2013.

29 AUDITORS' REMUNERATION

The auditor of the Company is Ernst & Young.

	2013 $	2012 $
Audit or review of the financial report of the entity and any other entity in the consolidated Group	190,000	182,250
Research and Development Tax Incentive Program	546,845	-
Tax planning	41,813	113,191
	778,658	295,441

30 PARENT ENTITY DISCLOSURES

	2013 $'000	2012 $'000
Current assets	15,860	7,663
Non-current assets	105,593	110,359
Total assets	121,453	118,022
Current liabilities	9,775	3,483
Non-current liabilities	139,832	32,366
Total liabilities	149,607	35,849
Contributed equity	129,814	119,738
Reserves	(4,099)	(4,089)
Accumulated losses	(153,869)	(33,476)
Total equity	(28,154)	82,173
Loss for the year	(120,393)	(4,751)
Other comprehensive income	-	-
Total comprehensive loss for the year	(120,393)	(4,751)

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 28 for further details of the commitment.

31 EVENTS AFTER THE BALANCE SHEET DATE

In July 2013, MVPL started shipping hematite iron ore fines from Windimurra to overseas buyers. MVPL has made three shipments to date.

Subsequent to year end, the Group has decided that commercial production commenced as at 1 July 2013 and therefore operating costs and revenues will no longer be capitalised for accounting purposes.

In July 2013, MVPL secured a new short-term funding facility of $15.300 million with a leading Australian bank. The facility is secured by a priority lien over MVPL's rights to receive reimbursement payments from the Australian Taxation Office under the Research and Development Tax Incentive Program in respect of the financial year ended 30 June 2013. The interest rate on the facility is fixed at 15% per annum payable monthly in arrears. The facility matures on the earlier of 28 February 2014 and the date of repayment following receipt of the Research and Development Tax Incentive Program claim for the year ended 30 June 2013. In September 2013 this funding facility was increased to $19.100 million.

In July 2013, MVPL secured approval for the release of its cash-backed environmental performance bonds of $8.507 million.

In August 2013, Atlantic exchanged the Promissory Notes, interest accrued and an arrangement fee payable on maturity of the Notes into new Class C Convertible Bonds that have materially the same terms as the Class B Convertible Bonds.

In August 2013, Atlantic secured an additional $20.000 million funding through the issue of Class D Convertible Bonds to Droxford. The Class D Convertible Bonds were issued on materially the same terms as the Class C Convertible Bonds albeit with a lower conversion price of 26.25 cents. The Class D Convertible Bonds conversion price of 26.25 cents resets the conversion price of all previous issues of Convertible Bonds (Class A, Class B and Class C). The conversion of the Class C Convertible Bonds and Class D Convertible Bonds is subject to Foreign Investment Review Board and Atlantic shareholder approval.

In August 2013, MVPL announced that it had paid its August interest payment to note holders but had failed to replenish the interest reserve account minimum balance of US$5.000 million as required under the Senior Secured Notes Indenture. This is a technical breach of the covenant in the Indenture and MVPL has until 17 October 2013 to replenish the interest reserve account.

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 2013 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 2013 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. Subject to note 2B, 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 required by Section 295A of the *Corporations Act 2001* for the financial year ended 30 June 2013.

On behalf of the Board

MICHAEL MINOSORA

Chairman and Managing Director

Dated this 30th day of September 2013

INDEPENDENT AUDITOR'S REPORT

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Independent audit report to the members of Atlantic Ltd

Report on the financial report

We have audited the accompanying financial report of Atlantic Ltd, which comprises the consolidated statement of financial position as at 30 June 2013, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration of the consolidated entity comprising the company and the entities 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 2A, 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 conducting the audit in accordance with Australian Auditing Standards. Because of the matters described in the Basis for Disclaimer of Opinion paragraph, however, we were not able to obtain sufficient appropriate audit evidence to provide a basis for an 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.

Basis for Disclaimer of Opinion

As more fully set out in Note 2B to the financial report, the group's ability to continue to meet its debts as and when they fall due is reliant on ongoing funding, management of the group's working capital, rectification of the secured note indenture breach, that occurred subsequent to 30 June 2013, which requires replenishment of the interest reserve account by US$5 million by 17 October 2013 and achieving the scheduled ramp up of production at the group's Windimurra project over the coming months. As at the date of this report, the consolidated entity has limited unrestricted cash, has not received the required short term funding, the secured note breach has not been rectified and the Windimurra project is only in the initial production ramp up stages.

We have been unable to obtain sufficient appropriate audit evidence as to whether the consolidated entity can achieve the matters set out in Note 2B to the financial report, and we are therefore unable to determine whether it is appropriate to prepare the financial statements on a going concern basis.

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In addition, the consolidated entity has impaired its non current assets relating to its Windimurra project at 30 June 2013, resulting in an impairment charge of $69,737,000 being recognised as an expense in the consolidation statement of comprehensive income for the year ended 30 June 2013, and the groups non current assets relating to its Windimurra project being carried at $480,338,000 in the consolidated statement of financial position at 30 June 2013.

A key assumption made by the Directors which underpins the impairment assessment and resultant impairment charge relates to production assumptions for vanadium and iron ore. As the production assumptions are impacted by the effectiveness of process improvements to the Windimurra project and the rate at which the plant can be ramped up to nameplate production levels, which are currently uncertain, we are unable to obtain sufficient appropriate audit evidence to assess the reasonableness of the Directors' production assumptions. Consequently, we are unable to determine whether the impairment adjustment recognised by the group was adequate and thus whether the impaired carrying value of the group's non current assets relating to its Windimurra project as at 30 June 2013 is appropriate.

Disclaimer of Opinion

Because of the significance of the matters described in the Basis of Disclaimer of Opinion paragraph, we have not been able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion. Accordingly, we do not express an opinion on the financial report.

Report on the remuneration report

We have audited the Remuneration Report included in the directors' report for the year ended 30 June 2013. 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 Ltd for the year ended 30 June 2013, complies with section 300A of the Corporations Act 2001.

Ernst & Young

Ernst & Young

Gavin Buckingham

Gavin Buckingham
Partner
Perth
30 September 2013

ASX SHAREHOLDER INFORMATION

Additional information as at 30 September 2013 required by the Australian Securities Exchange Listing Rules not shown elsewhere in this report is as follows:

1 DISTRIBUTION OF EQUITY SECURITIES

(I) ORDINARY SHARES

154,757,339 fully paid ordinary shares are held by 1,188 individual share holders. All of these shares are quoted on ASX. All issued ordinary shares carry one vote per share and carry the right to dividends. No on-market share buy-back is current.

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

	FULLY PAID ORDINARY SHARES	CLASS B PERFORMANCE SHARES
NIL holding	0	-
1 - 1,000	441	12
1,001 - 5,000	280	-
5,001 - 10,000	150	-
10,001 - 100,000	260	-
100,001 and over	57	-
	1,188	12

The number of shareholders holding less than a marketable parcel of fully paid ordinary shares is 511. The number of shareholders holding less than an economic panel of fully paid ordinary shares is 791.

(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 nor in the proceeds on a winding. Class B Performance Shares hold no voting rights at shareholders' meetings.

(III) CLASS A, CLASS B, CLASS C AND CLASS D CONVERTIBLE BONDS

Details of Convertible Bonds:

30 Class A Convertible Bonds.

50 Class B Convertible Bonds.

4 Class C Convertible Bonds.

1 Class D Convertible Bond.

Together these bonds have a face value of $157,094,089.000 (including capitalised interest to 23 September 2013) convertible to fully paid ordinary shares (as at the conversion price applicable on 23 September 2013) at 26.25 cents per share (which price is subject to resetting provisions).

All of these bonds mature on 6 March 2015. These bonds are convertible into ordinary shares at any time at the holder's election, subject to shareholder approval and Foreign Investment Review Board approval (to the extent required). They hold no voting rights at shareholder meetings. All of these bonds are held by one bond holder, Droxford International Limited. They are not quoted on ASX.

2 SUBSTANTIAL SHAREHOLDERS

The Company has received the following notices of substantial shareholding:

	FULLY PAID	
	NUMBER	PERCENTAGE
Ordinary shareholders		
DROXFORD INTNL LTD	26,958,333	17.42%
MINOSORA MICHAEL JOHN	21,091,661	13.62%
PROSPEROUS GLOBAL ASSETS LIMITED	13,496,214	8.72%
	61,546,208	39.76%

3 TWENTY LARGEST HOLDERS OF QUOTED EQUITY SECURITIES

	FULLY PAID	
	NUMBER	PERCENTAGE
Ordinary shareholders		
DROXFORD INTNL LTD	26,958,333	17.42%
CITICORP NOM PL	21,940,054	14.18%
MINOSORA MICHAEL JOHN	15,916,969	10.29%
JP MORGAN NOM AUST LTD	13,858,726	8.96%
PROSPEROUS GLOBAL ASSETS	13,496,214	8.72%
NATIONAL NOM LTD	12,252,760	7.92%
PLUS ADVANTAGE	6,200,000	4.01%
HSBC CUSTODY NOM AUST LTD	6,012,853	3.89%
ATLANTIC INCENTIVE PLAN	4,960,000	3.21%
TRINITY MGNT PL	2,884,951	1.86%
AMBROSIA EMPIRE LTD	2,154,250	1.39%
JP MORGAN NOM AUST LTD	2,057,561	1.33%
ABN AMRO CLEARING SYDNEY	1,702,190	1.10%
PETERSON JASON & LISA	1,300,000	0.84%
MINOSORA WENDY	1,214,692	0.78%
DWELLERS NOM PL	1,030,000	0.67%
INCONSULTARE PL	644,338	0.42%
SARGOOD PAMELA JULIAN	500,000	0.32%
ARDATH INV PL	480,000	0.31%
DER LA NOBLE CORP LTD	474,848	0.31%
	136,038,739	87.93%

CORPORATE INFORMATION

DIRECTORS

Michael Minosora
(Chairman and Managing Director)

Tony Veitch
(Executive Director)

Phiong Phillipus Darma
(Non-Executive Director)

REGISTERED AND PRINCIPAL OFFICE

Level 29
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Facsimile: +61 8 6141 7101

COMPANY SECRETARY

Tony Veitch

POSTAL ADDRESS

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INDEPENDENT AUDITORS

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11 Mounts Bay Road
PERTH WA 6000

HOME EXCHANGE

Australian Securities Exchange
Exchange Plaza
2 The Esplanade
PERTH WA 6000

LEGAL ADVISERS

DLA Piper
Level 31
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PERTH WA 6000

SHARE REGISTRY

Security Transfer Registrars Pty Ltd
PO Box 535
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