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ANNUAL FINANCIAL REPORT

for the year ended 30 June 2009

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Corporate Information

Directors:

John Hannaford
Executive Director

Jim Malone
Non Executive Director

Anthony Veitch
Non Executive Director

Company Secretary:

Morgan Barron

Auditors:

HLB Mann Judd
2nd Floor
15 Rheola Street
WEST PERTH WA 6005

Solicitors:

Middletons
Level 2, 6 Kings Park Road
WEST PERTH WA 6005

Registered & Principal Office:

Level 2, 16 Altona Street
WEST PERTH WA 6005
Telephone: + 618 9482 0500
Facsimile: + 618 9482 0505

Postal Address:

P.O. Box 902
WEST PERTH WA 6872

Home Stock Exchange:

Australian Securities Exchange
Exchange Plaza
2 The Esplanade
PERTH WA 6000
ASX Codes – ATI
ATIO

Share Registry:

Security Transfer Registrars Pty Ltd
PO Box 535
APPLECROSS WA 6953
Telephone +618 9315 2333

Letter from the Executive Director

Dear Shareholder,

On behalf of the Directors of Atlantic Limited (the "Company" or "Atlantic"), I am pleased to present this Annual Report to you.

The 2009 year has been one of significant change for the Company. Following the restructuring of the Company in financial year 2008 the Company continued to market pearl product from Myanmar and evaluated new business opportunities with the principle objective of increasing shareholder value.

As part of this review the Directors identified an opportunity to acquire Azure Mining International Limited, a company holding a permit for Bauxite exploration located in the Bao Loc province of southern Vietnam. After due diligence, Atlantic presented the proposal to acquire AMI to shareholders for approval at an extraordinary meeting in February and the acquisition was completed in May 2009.

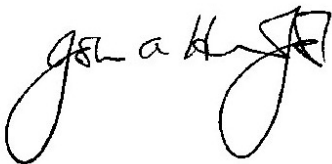
Atlantic is now accelerating its exploration activities at Bao Loc by implementing an exploration and development programme that is budgeted at approximately US\$600,000. This programme is will involve drilling, delineation of a JORC-compliant resource and completion of a scoping study into the development of a bauxite mining operation. Recent sample results confirmed the existence of high grade, low impurity bauxite mineralisation at the project area.

The Company believes that the Bao Loc Project represents an outstanding opportunity to develop a bauxite export operation targeting the huge and growing East Asian markets. Demand for bauxite for aluminium production has grown dramatically in recent years as China's mass urbanisation has fuelled demand. This strong growth is predicted to continue in the medium to long-term as per capita aluminium consumption in China moves towards the levels of more developed economies.

Pearl marketing activities were delayed during the year as harvesting was deferred by the pearl farms due to weather conditions and other factors, however a small parcel of pearls was sold in June.

On behalf of the Board of Atlantic, I would like to thank you for your support and we look forward to providing you with more positive information on the development of the Bao Loc bauxite project over the coming months.

Yours faithfully,



JOHN HANNAFORD
Executive Director



Directors' Report

Your Directors have pleasure in submitting their report on the Consolidated Entity, being Atlantic Limited ("Atlantic" or the "Company") and its controlled entity, for the year ended 30 June 2009.

All references in this Directors' Report and the financial report to activities of the Company or decisions affecting its business or assets between 1 July 2007 and 8 August 2007 should be to such activities of the Company while subject to a Deed of Company Arrangement or decisions of the Deed Administrators.

The Directors' Report, Financial Statements, Directors' Declaration, Independent Auditor's Report and Corporate Governance Statement have, to the extent possible, been prepared in accordance with the requirements in the Corporations Act 2001 and the Listing Rules of the Australian Securities Exchange.

DIRECTORS

The Directors of the Company at the date of this report and their relevant background details are as follows:

Mr John Hannaford - appointed 4 July 2007
BCom, C.A., F.Fin.

EXPERIENCE AND EXPERTISE

Mr Hannaford is a qualified Chartered Accountant who has worked in various corporate roles within the resources sector in Australia, Asia and Europe. He has been involved with a wide range of companies including listed oil and gas explorers and producers, oilfield construction groups and various gold and mineral exploration companies. In 2004, Mr Hannaford established Ventnor Capital, to provide specialist corporate advice to companies principally within the resources industries. Prior to establishing Ventnor Capital, Mr Hannaford provided various administrative, corporate and strategic financial advisory services to resource companies and was a Director, Company Secretary or Financial Controller for many of these companies.

Mr Hannaford is a Fellow of the Financial Services Institute of Australasia, an Associate of the Institute of Chartered Accountants in Australia and holds a Bachelor of Commerce.

OTHER CURRENT DIRECTORSHIPS

Executive Director - Emerald Oil & Gas NL

OTHER DIRECTORSHIPS HELD IN LISTED COMPANIES IN THE LAST THREE YEARS

Non-Executive Chairman – Bathurst Resources Ltd

Non-Executive Director - NeuroDiscovery Ltd

INTERESTS IN SHARES AND OPTIONS

26,969,763 ordinary shares in Atlantic Limited

18,363,933 options over ordinary shares in Atlantic Limited

Directors' Report (continued)

Mr Anthony Veitch - appointed 4 July 2007
BCom, MBA.

EXPERIENCE AND EXPERTISE

Mr Veitch has a Bachelor of Commerce degree (UWA) and a Master of Business Administration (ECU).

Mr Veitch previously worked with the Australian Securities Exchange, where he worked on numerous ASX listings and other transactions in the Australian capital markets. He then worked as Manager of Corporate Projects for the London Stock Exchange plc, a FTSE 250 company. Mr Veitch is currently an Executive Director of Citadel Capital Pty Ltd, and is involved in providing corporate and strategic advice to a wide range of private and public companies.

OTHER CURRENT DIRECTORSHIPS

Non-Executive Director - Baraka Petroleum Limited

INTERESTS IN SHARES AND OPTIONS

8,000,000 ordinary shares in Atlantic Limited
4,000,000 options over ordinary shares in Atlantic Limited

Mr Jim Malone - appointed 4 July 2007
BCom, Associate of the Australian Society of CPA's

EXPERIENCE AND EXPERTISE

Mr Malone has worked successfully as an accountant, stockbroker, business analyst and CEO of a medium sized business for the past 20 years.

Prior to entering the mining industry, Mr Malone worked for Arthur Andersen accountants, Hartley Poynton stockbrokers, CSFB and Lehman Brothers merchant banks in London and for the West Coast Eagles and Richmond Football Clubs, the latter as CEO from 1994 to 2000.

OTHER CURRENT DIRECTORSHIPS

Executive Director - Latin Gold Limited
Non-Executive Director - Uranium King Limited
Non-Executive Chairman - Quest Petroleum Limited
Non-Executive Director – Richmond Mining Limited
Non-Executive Chairman – Monaro Mining NL

INTERESTS IN SHARES AND OPTIONS

4,000,000 ordinary shares in Atlantic Limited
2,000,000 options over ordinary shares in Atlantic Limited

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Directors' Report (continued)

COMPANY SECRETARY

Morgan Barron - appointed 10 August 2007
BCom, CA, F Fin.

Morgan Barron is a qualified Chartered Accountant who has worked in various corporate roles both in Australia and Europe. He has recently been involved in a number of company secretarial functions and ASX junior transactions; including the recapitalisation of Matrix Oil NL and its reinstatement to the ASX as Emerald Oil & Gas NL.

Mr Barron holds a Bachelor of Commerce Degree, is a Fellow of the Financial Securities Institute of Australasia, and an Associate of the Institute of Chartered Accountants in Australia. He brings a high level of corporate experience as well as a strong financial and corporate background.

PRINCIPAL ACTIVITIES OF THE COMPANY

During the year, the principal continuing activities of the Consolidated Entity consisted of pearl marketing and the ongoing assessment of projects that will enhance shareholder value. Atlantic also acquired 100% of Azure Mining International Limited, a company with an interest in a bauxite exploration project in Lam Dong province in southern Vietnam.

DIVIDENDS

No dividends were paid during the year and no recommendation is made as to the payment of dividends.

REVIEW OF OPERATIONS

Pearl marketing activities continued during the year, however were again affected by issues with the pearl harvest in Myanmar and the stockpiling of pearl stocks by Golden Pearl Pty Ltd. Pearl markets and prices have been impacted by the global financial crisis, however the Company sold a small batch of pearls in the June quarter. The Company is examining opportunities to expand its pearl marketing and has continued to evaluate new business opportunities with the principle objective of increasing shareholder value.

On 9 January 2009, Atlantic entered into a definitive agreement to acquire 100% of Azure Mining International Limited ("AMI"). AMI's application for a bauxite exploration permit covering approximately 100 km² at Bao Loc, Lam Dong province, Vietnam was given the support of the relevant authorities during the year.

Following ratification of the acquisition of AMI by Atlantic shareholders at the General Meeting held on 25 February 2009, Atlantic subsequently agreed with the vendors of AMI to extend the transaction completion deadline to 1 June 2009, pending clarification of the proposed terms of the investment licence required by Atlantic for its proposed development of the Bao Loc bauxite deposit. Completion of the transaction occurred on 21 May 2009.

In connection with the acquisition of AMI, Atlantic completed a non-renounceable entitlement issue of 1 new share and one free attaching option for every 3 existing shares held raising \$560,196 in February 2009.

Directors' Report (continued)

REVIEW OF OPERATIONS (CONTINUED)

Atlantic also issued 220 million shares by way of a private placement at \$0.005 per share to sophisticated and professional investors identified by Azure Capital together with 220 million free attaching options exercisable at \$0.008 on or before 31 December 2011 raising \$1.1 million before costs.

On 5 May 2009, Atlantic announced assay results from four samples collected from separate locations on the Bao Loc Project during a field reconnaissance trip to confirm the extent and depth of the bauxite horizon. A composite bauxite sample made up from these four samples was washed and screened.

Mined bauxite is typically upgraded with a simple wash and screen process producing a higher grade product. The test work undertaken was designed to simulate the full scale processing option. The screening results showed the plus 1.18mm fraction material demonstrated a washing recovery at 69.58%. The washed product had the following metallurgical properties:

- 46.15% Available Alumina;
- 1.04% Reactive Silica.

The results demonstrate that the sample material tested would respond favourably to a washing and screening process, with upgrades to quality and grade. X-Ray Diffraction analysis of the samples demonstrated the Bauxite ore type is Gibbsite which is the preferred feedstock for Alumina refineries.

Atlantic has received extensive data from previous exploration carried out by Vinacomin, Vietnam's state-owned bauxite mining company, over the western half of the Bao Loc project area. Previous exploration by Vinacomin, carried out in 2005–06, included field mapping, trenching and shaft excavation and extensive sampling.

A total of 8 shafts totalling 58 metres were sunk by Vinacomin, from which 46 samples were taken. Seven trenches were dug with a total volume of 50.4 m³ from which 18 samples were taken. The mapping and sampling indicate a consistent near surface bauxite layer capping hills in the area. The sample details, washing and chemical analyses of the 64 samples are reported in the tables below.

Summary of the Sampling by Vinacomin:

	<i>Hole Depth (m)</i>	<i>Soil cover (m)</i>	<i>Bauxite thickness</i>
Average	5.5	0.4	4.3

Summary of Vinacomin's analytical results for the 64 washed and screened bauxite samples:

	<i>Analytical Results %</i>						
	<i>SiO₂</i>	<i>TiO₂</i>	<i>Al₂O₃</i>	<i>Fe₂O₃</i>	<i>FeO</i>	<i>Moisture</i>	<i>Total</i>
Minimum	0.8	1.6	36.4	11.6	0.1	21.2	97.3
Maximum	10.1	4.0	54.4	35.7	0.8	27.8	100.0
Average	3.05	2.80	48.40	19.16	0.45	25.30	99.16

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Directors' Report (continued)

REVIEW OF OPERATIONS (CONTINUED)

The sample results are largely consistent with Atlantic's limited sampling conducted over the same project area and provides added evidence of the consistent high quality and low impurity levels of the bauxite mineralization over the Bao Loc project area.

The data included an estimate of the extent of the bauxite mineralisation based on area and average thickness to suggest a conceptual target in the order of 50 to 100 million tonnes. To date there has been insufficient exploration activity to define a Mineral Resource as defined by The Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves (JORC Code).

Following the assessment of the data supplied by Vinacomin, Atlantic's technical team has formulated an exploration program including drilling and shaft sinking to confirm previous results and to provide more extensive data. The exploration program is planned to commence shortly once regulatory approvals have been received.

In conjunction with this exploration program, Atlantic has already commenced a scoping study on the development of a first stage washed bauxite mining operation at Bao Loc.

The Consolidated Entity made a consolidated net loss for the year of \$512,913 (2008: \$7,268,413 profit), of which all is attributable to the parent entity.

SIGNIFICANT CHANGES IN THE STATE OF AFFAIRS

The significant changes in the state of affairs of the Company during the year were as follows:

- On 21 May the Company completed the acquisition of 100% of the shares in Azure Mining International Limited. AMI holds an exploration permit for an area in the Bao Loc province of southern Vietnam prospective for Bauxite mineralisation.

EVENTS SUBSEQUENT TO BALANCE SHEET DATE

No matters or circumstances have arisen since the end of the financial year which significantly affected or may significantly affect the operations of the Company, the results of those operations or the state of affairs of the Consolidated Entity in subsequent financial years.

LIKELY DEVELOPMENTS

Information on likely developments in the operations of the Consolidated Entity and the expected results of these operations have not been included in the financial report because the directors believe it would be likely to result in unreasonable prejudice to the Consolidated Entity.

ENVIRONMENTAL REGULATION

As at the date of this report, the Consolidated Entity's operations are not subject to any significant environmental regulation under a Commonwealth, State or Territory law.

Directors' Report (continued)

DIRECTORS' INTERESTS IN THE SHARES AND OPTIONS OF THE COMPANY

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

<i>Director</i>	Shares		Options	
	<i>Held Directly</i>	<i>Held Indirectly</i>	<i>Held Directly</i>	<i>Held Indirectly</i>
J. Hannaford	-	26,969,733	-	18,363,933
J. Malone	-	4,000,000	-	2,000,000
A. Veitch	-	8,000,000	-	4,000,000
Total	-	38,969,733	-	24,363,933

DIRECTORS' MEETINGS

The attendance at 14 meetings of the Company's Directors held during the year ended 30 June 2009 is shown below:

	Director Attendance	Eligible to Attend
J. Hannaford	14	14
J. Malone	13	14
A. Veitch	14	14

RETIREMENT, ELECTION AND CONTINUATION IN OFFICE OF DIRECTORS

Mr J Hannaford, Mr J Malone and Mr A Veitch continued in office for the financial year.

In accordance with the Constitution, Mr J Hannaford, Mr J Malone and Mr A Veitch retired as directors at the annual general meeting and were re-appointed by shareholders.

REMUNERATION REPORT

The remuneration report is set out under the following main headings:

- A. Principles used to determine the nature and amount of remuneration
- B. Details of remuneration
- C. Service agreements
- D. Share-based compensation
- E. Additional Information

The information provided under headings A-D includes remuneration disclosures that are required under Accounting Standard AASB 124 *Related Party Disclosures*. These disclosures have been transferred from the financial report and have been audited. The disclosures in Section E are additional disclosures required by the *Corporations Act 2001* and *Corporations Regulations 2001* which have not been audited.

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Directors' Report (continued)

REMUNERATION REPORT (CONTINUED)

A. Principles used to determine the Nature and Amount of Remuneration

Remuneration philosophy

The Board determines the appropriate nature and amount of remuneration. The Board ensures that the executive reward satisfies the following criteria for good reward governance practice:

- competitiveness and reasonableness;
- acceptability to shareholders;
- alignment of executive remuneration to performance;
- transparency; and
- capital management.

The framework provides a mix of fixed and variable pay.

Remuneration structure

In accordance with best practice Corporate Governance, the structure of non-executive director and executive remuneration is separate and distinct.

Non-executive director remuneration

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

The ASX Listing Rules specify that the aggregate remuneration of non-executive directors shall be determined from time to time by a general meeting. The maximum pool limit currently stands at \$150,000 per annum.

The amount of aggregate remuneration and the manner in which it is apportioned amongst directors is reviewed annually. The Board considers advice from external shareholders as well as the fees paid to non-executive directors of comparable companies when undertaking the annual review process.

Executive director remuneration

Executive director remuneration is reviewed annually by the Board. 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 Committee has access to external, independent advice where necessary.

Variable Remuneration

Atlantic has not developed a variable remuneration policy. Please see section E below regarding the relationship between remuneration and company performance.

Retirement allowances

Superannuation contributions required under the Australian superannuation guarantee legislation are deducted from the directors' overall fee entitlements.

B. Details of Directors' and Key Management Personnel Remuneration

The Board of Directors for the previous financial year until 6 July 2007 consisted of three Directors who were not remunerated and therefore there is no performance or equity based remuneration for the period between 1 July 2007 and 6 July 2007. The remuneration for the part of the year where a paid Director or executive was in place is set out in the following table.

Directors' Report (continued)

REMUNERATION REPORT (CONTINUED)

	Short-term			Post Employment		Equity	TOTAL
	Salary & Fees	Cash Bonus	Non-Monetary	Super-annuation	Retirement Benefits	Options	\$
Directors							
John Hannaford - Executive Chairman							
2009	77,500	-	-	-	-	-	77,500
2008	56,693	-	-	-	-	-	56,693
Jim Malone - Non-Executive Director							
2009	30,000	-	-	-	-	-	30,000
2008	29,435	-	-	-	-	-	29,435
Anthony Veitch - Non-Executive Director							
2009	30,000	-	-	-	-	-	30,000
2008	29,435	-	-	-	-	-	29,435
Total Remuneration: Directors							
2009	137,500	-	-	-	-	-	137,500
2008	115,563	-	-	-	-	-	115,563

C. Service Agreements

On appointment to the Board, all non-executive directors enter into a service agreement with the Company in the form of a letter of appointment. The letter summarises the Board policies and terms, including compensation, relevant to the office of director.

All contracts may be terminated early by either party with one months notice. Details of the contracts are as follows:

J Hannaford – Executive director

- Term of agreement – ongoing subject to annual review
- Base fees \$30,000 per annum, plus GST, to be reviewed annually by the Board
- Executive fees of \$47,500, plus GST were paid to Ventnor Capital, a company with which John Hannaford has a beneficial interest.

J Malone – Non-executive director

- Term of agreement – ongoing subject to annual review
- Base fees \$30,000 per annum, plus GST, to be reviewed annually by the Board

A Veitch – Non-executive director

- Term of agreement – ongoing subject to annual review
- Base fees \$30,000 per annum, plus GST, to be reviewed annually by the Board

D. Share Based Compensation

There is currently no share based compensation awarded to directors.

E. Additional Information

Principles used to determine the nature and amount of remuneration: relationship between remuneration and company performance.

The overall level of executive reward takes into account the performance of the Company over a number of years, with greater emphasis given to the current and prior year.

*****End of Remuneration Report*****

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Directors' Report (continued)

SHARES UNDER OPTION

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

Date Granted	Expiry Date	Exercise Price	Number shares under option
08/08/07	31/12/10	\$0.01	70,000,000
10/03/09	31/12/11	\$0.08	337,539,263

These options do not entitle the holders to participate in any share issue of the Company or any other body corporate. No shares were issued as a result of the exercise of an option during the year ended 30 June 2009.

INDEMNIFICATION AND INSURANCE OF DIRECTORS, OFFICERS AND AUDITORS

The Company has paid a premium of \$8,647 to insure all of the directors against liabilities for costs and expenses incurred by them in defending any legal proceedings arising out of their conduct while acting in the capacity of director of the Company, other than conduct involving a wilful breach of duty in relation to the Company.

PROCEEDINGS ON BEHALF OF COMPANY

No person has applied for leave of Court to bring proceedings on behalf of the Company or to intervene in any proceedings to which the Company is a party for the purpose of taking responsibility on behalf of the Company for all or any part of those proceedings. The Company was not a party to any such proceedings during the year.

NON-AUDIT SERVICES

The Company may decide to employ the auditor on assignments additional to their statutory audit duties where the auditor's expertise and experience with the Company is important.

Details of amounts paid or payable to the auditor for audit and non-audit services provided during the current period and the prior comparative period are set out below.

A. Audit Services

	2009 \$	2008 \$
RSM Bird Cameron Partners:		
- Audit and review of financial reports	-	3,000
HLB Mann Judd		
- Audit and review of financial reports	13,500	10,500
Total remuneration for audit services	13,500	13,500

B. Non-Audit Services

There were no non-audit services provided by the auditor for the years ended 30 June 2008 and 30 June 2009.

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Directors' Report (continued)

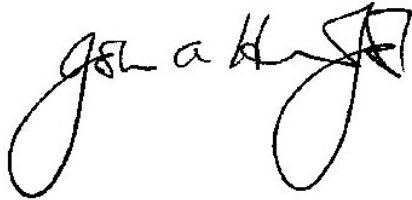
AUDITOR'S INDEPENDENCE DECLARATION

A copy of the auditor's independence declaration as required under section 307C of the *Corporations Act 2001* is set out on page 16.

AUDITOR

HLB Mann Judd continues in office in accordance with Section 327 of the *Corporations Act 2001*.

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



JOHN HANNAFORD

Director

Dated this 7th day of September 2009

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Corporate Governance Statement

The Board of Directors is responsible for the corporate governance of the Company. The Board guides and monitors the business activities and affairs of the Company on behalf of the shareholders by whom they are elected and to whom they are accountable. The Company has adopted systems of control and accountability as the basis for the administration and governance of the Company. The Board is committed to administering the policies and procedures with openness and integrity, pursuing the true spirit of corporate governance commensurate with the Company's needs. This Corporate Governance Statement has been structured with reference to the ASX Corporate Governance Council's ("Council") "Principles of Good Corporate Governance and Best Practice Recommendations" to the extent that they are applicable to the Company.

Information about the Company's corporate governance practices are set out below.

THE BOARD OF DIRECTORS

The Company's Constitution provides that the number of Directors shall not be less than three. There is no requirement for any shareholding qualification.

If the Company's activities increase in size, nature and scope, the size of the Board will be reviewed periodically and the optimum number of Directors required to adequately supervise the Company's activities will be determined within the limitations imposed by the Constitution and as circumstances demand.

The membership of the Board, its activities and composition is subject to periodic review. The criteria for determining the Suitability of a candidate for the Board shall include quality of the individual, background of experience and achievement, compatibility with other Board members, credibility within the Company's scope of activities, intellectual ability to contribute to Board duties and physical ability to undertake Board duties and responsibilities.

Directors are initially appointed by the full Board, subject to election by shareholders at the next annual general meeting. Under the Company's Constitution, the tenure of a Director (other than Managing Director, and only one Managing Director where the position is jointly held) is subject to reappointment by shareholders not later than the third anniversary following his or her last appointment. Subject to the requirements of the Corporations Act, the Board does not subscribe to the principle of retirement age and there is no maximum period of service as a Director. A Managing Director may be appointed for the period and on any terms the Directors think fit and, subject to the terms of any agreement entered into, the appointment may be revoked on notice.

The Company is not currently of a size, nor are its affairs of such complexity, to justify the formation of other separate or special committees of the Board. The Board as a whole is able to address the governance aspects of the full scope of the Company's activities and to ensure that it adheres to appropriate ethical standards.

APPOINTMENTS TO OTHER BOARDS

Directors are required to take into consideration any potential conflicts of interest when accepting appointments to other boards.

Corporate Governance Statement (continued)

INDEPENDENT PROFESSIONAL ADVICE

The Board has determined that individual Directors have the right in connection with their duties and responsibilities as Directors, to seek independent professional advice at the Company's expense. With the exception of expenses for legal advice in relation to Director's rights and duties, the engagement of an outside adviser is subject to prior approval of the Chairman and this will not be withheld unreasonably.

RISK MANAGEMENT SYSTEMS

The identification and management of risk, including calculated risk-taking activity, is viewed by management as an essential component in creating shareholder value.

Management, through the Chief Executive Officer is responsible for developing, maintaining and improving the Company's risk management and internal control system. Management provides the Board with periodic reports identifying areas of potential risks and the safeguards in place to efficiently manage material business risks. These risk management and internal control systems are in place to protect the financial statements of the entity from potential misstatement, and the Board is responsible for satisfying itself annually, or more frequently as required, that management has developed a sound system of risk management and internal control.

Strategic and operational risks are reviewed at least annually as part of the forecasting and budgeting process. The Company has identified and actively monitors risks inherent in the industries in which the Company operates.

The Board also receives a written assurance from the Chief Executive Officer (CEO) and Chief Financial Officer (CFO) that to the best of their knowledge and belief, the declaration provided to the Board in accordance with section 295A of the Corporations Act is founded on a sound system of risk management and internal control, and that the system is operating effectively in relation to financial reporting risks. The Board notes that due to its nature, internal control assurance from the CEO and CFO can only be reasonable rather than absolute. This is due to such factors as the need for judgement, the use of testing on a sample basis, the inherent limitations in internal control and because much of the evidence is persuasive rather than conclusive and therefore is not and cannot be designed to detect all weaknesses in internal control procedures.

CONTINUOUS REVIEW OF CORPORATE GOVERNANCE

Directors consider, on an ongoing basis, how management information is presented to them and whether such information is sufficient to enable them to discharge their duties as Directors of the Company. Such information must be sufficient to enable the Directors to determine appropriate operating and financial strategies from time to time in light of changing circumstances and economic conditions. The Directors recognise that pearl marketing and bauxite exploration and development is a business with inherent risks and that operational strategies adopted should, notwithstanding, be directed towards improving or maintaining the net worth of the Company.

ASX PRINCIPLES OF GOOD CORPORATE GOVERNANCE

The Board has reviewed its current practices in light of the ASX Principles of Good Corporate Governance and Best Practice Guidelines 2004 with a view to making amendments where applicable after considering the Company's size and the resources it has available.

Corporate Governance Statement (continued)

As the Company's activities develop in size, nature and scope, the size of the Board and the implementation of any additional formal corporate governance committees will be given further consideration.

The following table sets out the ASX Corporate Governance Guidelines with which the Company does not comply as at 30 June 2009:

ASX Principle	Reference/comment
Principle 2: Structure the board to add value	
2.2 The Chairperson should be an independent director	The Chairman John Hannaford is not independent under the definition in the ASX Corporate Governance Guidelines. The Board believes the alignment of the interests of directors with those of shareholders is the most efficient way to ensure shareholders interests are protected. The Board believes that this is both appropriate and acceptable at this stage of the Company's development.
2.3 The role of the Chairperson and the CEO should not be exercised by the same individual	The Chairman John Hannaford is also the CEO. The Board believes the alignment of the interests of directors with those of shareholders is the most efficient way to ensure shareholders interests are protected. The Board believes that this is both appropriate and acceptable at this stage of the Company's development.
2.4 The Board should establish a nomination committee	The Board has no formal nomination committee. Acting in its ordinary capacity from time to time as required, the Board carries out the process of determining the need for, evaluation of and appointment of new directors. In view of the size and resources available to the Company, it is not considered that a separate nomination committee would add any substance to this process.
Principle 4: Safeguard integrity in financial reporting	
4.1 – 4.4 The Board should establish an audit committee	The Company does not have an audit committee. The Board believes that, with only 3 Directors on the Board, the Board itself is the appropriate forum to deal with this function.
Principle 8: Remunerate fairly and responsibly	
8.1 The Board should establish a remuneration committee	Given the current size of the Board, the Company does not have a remuneration committee. The Board as a whole reviews remuneration levels on an individual basis, with the size of the Company making individual assessment more appropriate than formal remuneration policies. In doing so, the Board seeks to retain professional services as it requires, at reasonable market rates, and seeks external advice and market comparisons where necessary.

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Auditor's Independence Declaration

As lead auditor for the audit of the financial report of Atlantic Ltd for the year ended 30 June 2009, I declare that to the best of my knowledge and belief, there have been no contraventions of:

- a) the auditor independence requirements of the Corporations Act 2001 in relation to the audit; and
- b) any applicable code of professional conduct in relation to the audit.

This declaration is in respect of Atlantic Limited.



**Perth, Western Australia
7 September 2009**

**L DI GIALONARDO
Partner, HLB Mann Judd**

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ATLANTIC LTD
ACN: 009 213 763

Consolidated Income Statement

For the year ended 30 June 2009

	Note	Consolidated	Company	
		2009	2009	2008
		\$	\$	\$
Revenue	3	21,000	21,000	-
Other income	3	45,115	45,115	62,285
Employee benefits expense		(90,000)	(90,000)	(90,855)
Share based payments	21	(128,110)	(128,110)	-
Financial & administration expense		(203,501)	(203,501)	(151,154)
Indirect costs of acquisition		(44,527)	(44,527)	-
Other expenses		(112,890)	(112,890)	(79,159)
Loss before income tax	4	(512,913)	(512,913)	(258,873)
Income tax expense	5	-	-	-
Loss from continuing operations		(512,913)	(512,913)	(258,873)
Gain on disposal of subsidiaries and forgiveness of loans on completion of a Deed of Company Arrangement (DOCA)	3	-	-	7,527,286
Profit/(loss)		(512,913)	(512,913)	7,268,413
Overall Operations				
Basic (loss)/earnings per share (cents per share)	8	(0.11)	(0.11)	2.37
Diluted (loss)/earnings per share (cents per share)	8	(0.11)	(0.11)	1.96

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

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ATLANTIC LTD
ACN: 009 213 763

Consolidated Balance Sheet

As at 30 June 2009

	Note	Consolidated	Company	
		2009 \$	2009 \$	2008 \$
ASSETS				
CURRENT ASSETS				
Cash and cash equivalents	9	1,516,952	1,516,952	984,598
Trade and other receivables	10	18,291	18,291	7,574
TOTAL CURRENT ASSETS		1,535,243	1,535,243	992,172
NON-CURRENT ASSETS				
Exploration expenditure	11	3,228,777	-	-
Other financial assets	12	-	2,478,771	-
TOTAL NON-CURRENT ASSETS		3,228,777	2,478,771	-
TOTAL ASSETS		4,764,020	4,014,014	992,172
CURRENT LIABILITIES				
Trade and other payables	13	150,296	150,296	40,331
TOTAL CURRENT LIABILITIES		150,296	150,296	40,331
NON-CURRENT LIABILITIES				
Deferred tax liability	14	750,006	-	-
TOTAL NON-CURRENT LIABILITIES		750,006	-	-
TOTAL LIABILITIES		900,302	150,296	40,331
NET ASSETS/(LIABILITIES)		3,863,718	3,863,718	951,841
EQUITY				
Issued capital	15	18,178,794	18,178,794	14,882,114
Reserves	15	128,110	128,110	-
Accumulated losses		(14,443,186)	(14,443,186)	(13,930,273)
TOTAL EQUITY/(DEFICIENCY)		3,863,718	3,863,718	951,841

The above Consolidated Balance Sheet should be read in conjunction with the accompanying notes to the financial statements.

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ATLANTIC LTD
ACN: 009 213 763

Consolidated Statement of Changes in Equity

For the year ended 30 June 2009

	Note	Share Capital			Option Reserve	Accumulated losses	Total
		Ordinary	Performance Shares Class A	Class B			
Consolidated		\$	\$	\$	\$	\$	\$
Balance at 30.06.2008		14,882,114	-	-	-	(13,930,273)	951,841
Issue of shares	15	2,660,196	750,000	15	-	-	3,410,226
Issue costs	15	(113,531)	-	-	-	-	(113,531)
Loss attributable to members of parent entity		-	-	-	-	(512,913)	(512,913)
Issue of options	15	-	-	-	128,110	-	128,110
Balance at 30.06.2009		17,428,779	750,000	15	128,110	(14,443,186)	3,863,718

	Note	Share Capital			Option Reserve	Accumulated losses	Total
		Ordinary	Performance Shares Class A	Class B			
Company		\$	\$	\$	\$	\$	\$
Balance at 1.07.2007		12,298,895	-	-	-	(21,198,686)	(8,899,791)
Issue of shares		2,750,000	-	-	-	-	2,750,000
Issue costs		(166,781)	-	-	-	-	(166,781)
Profit attributable to members of the parent entity		-	-	-	-	7,268,413	7,268,413
Balance at 30.06.2008		14,882,114	-	-	-	(13,930,273)	951,841
Issue of shares	15	2,660,196	750,000	15	-	-	3,410,226
Issue costs	15	(113,531)	-	-	-	-	(113,531)
Loss attributable to members of parent entity		-	-	-	-	(512,913)	(512,913)
Issue of options	15	-	-	-	128,110	-	128,110
Balance at 30.06.2009		17,428,779	750,000	15	128,110	(14,443,186)	3,863,718

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

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ATLANTIC LTD
ACN: 009 213 763

Consolidated Cash Flow Statement

For the year ended 30 June 2009

	Consolidated	Company	
Note	2009 \$	2009 \$	2008 \$
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers	60,619	60,619	49,461
Payments to suppliers and employees	(358,908)	(358,908)	(669,436)
Interest received	45,115	45,115	62,095
Finance costs	-	-	-
Net cash used in operating activities	9 (253,174)	(253,174)	(557,880)
CASH FLOWS FROM INVESTING ACTIVITIES			
Payments for exploration activities	11 (716,610)	-	-
Proceeds from sale of non-current assets	3 -	-	300,000
Payment for acquisition of subsidiary	22 -	(253,292)	-
Payments for due diligence on acquisition	(44,527)	(44,527)	-
Net cash used in investing activities	(761,137)	(297,819)	300,000
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from issue of shares	1,660,196	1,660,196	2,750,000
Loans to subsidiary	18 -	(463,318)	-
Capital raising costs	(113,531)	(113,531)	(166,781)
Payment to creditors under a DOCA	-	-	(1,350,000)
Net cash provided by financing activities	1,546,665	1,083,347	1,233,219
Net (decrease)/increase in cash and cash equivalents	532,354	532,354	975,339
Cash and cash equivalents at beginning of financial year	9 984,598	984,598	9,259
Cash and cash equivalents at end of financial year	9 1,516,952	1,516,952	984,598

The above Consolidated Cash Flow Statement should be read in conjunction with the accompanying notes to the financial statements.

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Notes to the Financial Statements

For the year ended 30 June 2009

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

Atlantic Limited (the "Company") is a listed public company domiciled in Australia. The consolidated financial report of the Company for the year ended 30 June 2009 comprises the Company and its subsidiary (together referred to as the "Consolidated Entity" or "Group").

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*.

Australian Accounting Standards set out accounting policies that the AASB has concluded would result in a financial report containing relevant and reliable information about transactions, events and conditions to which they apply. Compliance with Australian Accounting Standards ensures that the financial statements and notes also comply with International Financial Reporting Standards (IFRS) in their entirety.

The financial report was authorised for issue on 7 September 2009 by the Board of Directors.

The following is a summary of the material accounting policies adopted by the Consolidated Entity in the preparation of the financial report. The accounting policies have been consistently applied, unless otherwise stated.

The financial report has been prepared on an accrual basis and is based on historical costs modified, where applicable, by the revaluation of selected non-current assets and financial assets and financial liabilities for which the fair value basis of accounting has been applied.

A. Income Tax

The charge for current income tax expense is based on the profit for the year adjusted for any non-assessable or disallowed items. It is calculated using the tax rates that have been enacted or are substantially enacted by the balance sheet date.

Deferred tax is accounted for using the balance sheet liability method in respect of temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. No deferred income tax will be recognised from the initial recognition of an asset or liability, excluding a business combination, where there is no effect on accounting or taxable profit or loss.

Deferred tax is calculated at the tax rates that are expected to apply to the period when the asset is realised or liability is settled. Deferred tax is credited in the income statement except where it relates to items that may be credited directly to equity, in which case the deferred tax is adjusted directly against equity.

Deferred tax assets are recognised to the extent that it is probable that future tax profits will be available against which deductible temporary differences can be utilised.

Notes to the Financial Statements

For the year ended 30 June 2009 (continued)

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

The amount of benefits brought to account or which may be realised in the future is based on the assumption that no adverse change will occur in income taxation legislation and the anticipation that the Company will derive sufficient future assessable income to enable the benefit to be realised and comply with the conditions of deductibility imposed by the law.

B. 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. When financial instruments are recognised initially, they are measured at fair value, plus, in the case of investments not at fair value through profit or loss, directly attributable transactions costs. The Group determines the classification of its financial assets after initial recognition and, when allowed and appropriate, re-evaluates this designation at each financial year-end.

All regular way purchases and sales of financial instruments 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 instruments under contracts that require delivery of the instrument within the period established generally by regulation or convention in the marketplace.

Financial assets at fair value through profit and loss

A financial asset is classified in this category if acquired principally for the purpose of selling in the short term or if so designated by management and within the requirements of AASB 139 Financial Instruments: Recognition and Measurement. Gains or losses on investments held for trading are recognised in profit or loss.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and are stated 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, as well as through the amortisation process.

Held-to-maturity investments

These investments have fixed maturities, and it is the Company's intention to hold these investments to maturity. Any held-to-maturity investments held by the Company are stated at amortised cost using the effective interest rate method. Gains and losses are recognised in profit or loss when the investments are derecognised or impaired, as well as through the amortisation process.

Available-for-sale financial assets

Available-for-sale financial assets include any financial assets not included in the above categories. Available-for-sale financial assets are reflected at fair value. Unrealised gains and losses arising from changes in fair value are taken directly to equity.

Notes to the Financial Statements
For the year ended 30 June 2009 (continued)

**NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES
(CONTINUED)**

Financial liabilities

Non-derivative financial liabilities are recognised at amortised cost, comprising original debt less principal payments and amortisation.

Impairment

At each reporting date, the Company assesses whether there is objective evidence that a financial instrument has been impaired. In the case of available-for-sale financial instruments, a prolonged decline in the value of the instrument is considered to determine whether impairment has arisen. Impairment losses are recognised in the income statement.

C. Impairment of Assets

At each reporting date, the Company reviews the carrying values of its tangible and intangible assets to determine whether there is any indication that those assets have been impaired. If such an indication exists, the recoverable amount of the asset, being the higher of the asset's fair value less costs to sell and value in use, is compared to the asset's carrying value. Any excess of the asset's carrying value over its recoverable amount is expensed to the income statement.

Impairment testing is performed annually for goodwill and intangible assets with indefinite lives.

Where it is not possible to estimate the recoverable amount of an individual asset, the Company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

D. Provisions

Provisions are recognised when the Company has a legal or constructive obligation, as a result of past events, for which it is probable that an outflow of economic benefits will result and that outflow can be reliably measured.

E. Cash and Cash Equivalents

For the purposes of the Cash Flow Statement, cash includes deposits at call with financial institutions and other highly liquid investments with original maturities of three months or less that are readily convertible to cash on hand and are subject to an insignificant risk of changes in value, net of outstanding bank overdrafts.

F. Revenue

Interest revenue is recognised on a proportional basis taking into account the interest rates applicable to the financial assets.

Revenue from the rendering of a service is recognised upon the delivery of the service to the customers.

Revenue from pearl sale commissions is recognised upon notification of the pearl sales.

All revenue is stated net of the amount of goods and services tax (GST).

Notes to the Financial Statements
For the year ended 30 June 2009 (continued)

**NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES
(CONTINUED)**

G. Borrowing Costs

Borrowing costs are recognised in the income statement in the period in which they are incurred.

H. Goods and Services Tax (GST)

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Australian Tax Office. In these circumstances the GST is recognised as part of the cost of acquisition of the asset or as part of an item of expense. Receivables and payables in the balance sheet are shown inclusive of GST.

Cash flows are presented in the cash flow statement on a gross basis, except for the GST component of investing and financing activities, which are disclosed as operating cash flows.

I. Comparative Figures

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

J. Issued Capital

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.

K. Earnings per share

Basic earnings per share is calculated as net profit 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 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.

L. Payables

Trade payables and other payables are carried at amortised costs and represent liabilities for goods and services provided to the Company prior to the end of the financial year that are unpaid and arise when the Company becomes obliged to make future payments in respect of the purchase of these goods and services.

Notes to the Financial Statements

For the year ended 30 June 2009 (continued)

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

M. Principles of consolidation

(i) Subsidiaries

The consolidated financial statements incorporate the assets and liabilities of all subsidiaries of Atlantic Limited as at 30 June 2009 and the results of all subsidiaries for the year then ended. Atlantic Limited and its subsidiaries together are referred to in this financial report as the Group or the Consolidated Entity.

Subsidiaries are all those entities (including special purpose entities) over which the Group has the power to govern the financial and operating policies, generally accompanying a shareholding of more than one-half of the voting rights. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Group controls another entity.

Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are de-consolidated from the date that control ceases. The purchase method of accounting is used to account for the acquisition of subsidiaries by the Group (refer to note 1(p)).

Intercompany transactions, balances and unrealised gains on transactions between Group companies are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of the impairment of the asset transferred. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

Investments in subsidiaries are accounted for at cost in the individual financial statements of Atlantic Limited.

N. Critical Accounting Judgments and Key Sources of Estimation Uncertainty

The application of accounting policies requires the use of judgements, estimates and assumptions about carrying values of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions are recognised in the period in which the estimate is revised if it affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Impairment:

The Directors evaluate estimates and judgments incorporated into the financial report based on historical knowledge and best available current information. Estimates assume a reasonable expectation of future events and are based on current trends and economic data, obtained both externally and within the Company.

Rights to tenure of exploration and evaluation assets:

As disclosed in Note 1(P), the carrying value of exploration and evaluation expenditure is dependent on the consolidated entity having current rights to tenure of the bauxite project located in the Bao Loc district of Lam Dong province in Vietnam, by way of continued support from the authorities.

Notes to the Financial Statements

For the year ended 30 June 2009 (continued)

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

O. Share Based Payments

(i) *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 external valuer 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 Limited (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, ending on the date on which the relevant employees become fully entitled to the award (the vesting period).

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 income statement 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 (see Note 8).

Notes to the Financial Statements
For the year ended 30 June 2009 (continued)

**NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES
(CONTINUED)**

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 development.

As noted in Note 22, Atlantic acquired 100% of the issued share capital of Azure Mining International Ltd ("AMI") on 25 May 2009. AMI has a bauxite exploration project covering approximately 100 km² in the Bao Loc district of Lam Dong province in Vietnam. The company is currently in discussions with Vinacomin, a state-owned bauxite mining company, to structure a joint venture for exploration and cooperation in the area with the objective of progressing exploration at Bao Loc as well as additional bauxite areas. The project site is currently under the management of the Lam Dong People's Committee ("LDPC"). The LDPC has endorsed AMI's application to undertake exploration of the bauxite deposit. The Prime Minister and Deputy Prime Minister of Vietnam have requested AMI and the LDPC to work with Vinacomin to expedite their cooperation on the project.

Notes to the Financial Statements

For the year ended 30 June 2009 (continued)

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

P. Exploration and evaluation (continued)

Whilst there is a possibility that support for the project may be withdrawn by the authorities, based on precedents and common practice exhibited by the authorities to date, the consolidated entity is confident that it has current rights to tenure of the project. The carrying value of the consolidated entity's exploration and evaluation expenditure of \$3,228,777 at 30 June 2009 is dependent on the company having current rights to tenure of the project by way of continued support by the authorities. If this support was withdrawn, there would be significant uncertainty as to the carrying value of the exploration and evaluation expenditure recorded at 30 June 2009.

Q. Business Combinations

The purchase method of accounting is used to account for all business combinations, including business combinations involving entities or businesses under common control, regardless of whether equity instruments or other assets are acquired. Cost is measured as the fair value of the assets given, equity instruments issued or liabilities incurred or assumed at the date of exchange. Where equity instruments are issued in an acquisition, the fair value of the instruments is their published market price as at the date of exchange unless, in rare circumstances, it can be demonstrated that the published price at the date of exchange is an unreliable indicator of fair value and that other evidence and valuation methods provide a more reliable measure of fair value. Transaction costs arising on the issue of equity instruments are recognised directly in equity. Indirect costs relating to the acquisition are expensed in the period in which they occur.

Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date, irrespective of the extent of any minority interest. The excess of the cost of acquisition over the fair value of the Group's share of the identifiable net assets acquired is recorded as goodwill. If the cost of acquisition is less than the Group's share of the fair value of the identifiable net assets of the subsidiary acquired, the difference is recognised directly in the income statement, but only after a reassessment of the identification and measurement of the net assets acquired.

Where settlement of any part of cash consideration is deferred, the amounts payable in the future are discounted to their present value as at the date of exchange. The discount rate used is the entity's incremental borrowing rate, being the rate at which a similar borrowing could be obtained from an independent financier under comparable terms and conditions.

Notes to the Financial Statements
For the year ended 30 June 2009 (continued)

NOTE 2: ADOPTION OF NEW AND REVISED STANDARDS

Early adoption of accounting standards

The Group has elected to early adopt the following accounting standard for the reporting period beginning 1 July 2008:

AASB 3 Business Combinations (March 2008).

The following changes to accounting requirements are included:

- Acquisition costs incurred in a business combination will no longer be recognised in goodwill but will be expensed unless the cost relates to issuing debt or equity securities;
- Contingent consideration will be measured at fair value at the acquisition date and may only be provisionally accounted for during a period of 12 months after acquisition;
- A gain or loss of control will require the previous ownership interests to be remeasured to their fair value;
- There shall be no gain or loss from transactions affecting a parent's ownership interest of a subsidiary with all transactions required to be accounted for through equity (this will not represent a change to the Group's policy);
- Dividends declared out of pre-acquisition profits will not be deducted from the cost of an investment but will be recognised as income;
- Impairment of investments in subsidiaries; joint ventures and associates shall be considered when a dividend is paid by the respective investee; and
- Where there is, in substance, no change to Group interests, parent entities inserted above existing Groups shall measure the cost of its investments at the carrying value of its share of the equity items shown in the balance sheet of the original parent at the date of reorganisation.

Under AASB 3, the Group has the option to record the parent entity's share of goodwill only, or the total goodwill of the parent and the non-controlling interest. If applicable in the future, the Group will need to determine whether to maintain its present accounting policy of calculating goodwill acquired based on the parent entity's share of net assets acquired, or change its policy so goodwill recognised also reflects that of the non-controlling interest.

As a consequence, the Group has also early adopted AASB 127 Consolidated and Separate Financial Statements (as amended in March 2008).

Early adoption of this standard will have no impact to the comparatives in accordance with AASB 108 Accounting Policies, Changes in Accounting Estimates and Errors.

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Notes to the Financial Statements
For the year ended 30 June 2009 (continued)

NOTE 2: ADOPTION OF NEW AND REVISED STANDARDS (CONTINUED)

New Accounting Standards for application in future periods

The AASB has issued the following new, revised and amended standards and interpretations that have mandatory application dates for future reporting periods. The Group has decided against early adoption of these standards. A discussion of those future requirements and their impact on the Group follows:

- AASB 8: Operating Segments and AASB 2007-3: Amendments to Australian Accounting Standards arising from AASB 8 [AASB 5, 6, 102, 107, 119, 127, 134, 136, 1023 & 1038] (applicable for annual reporting periods commencing from 1 January 2009). AASB 8 replaces AASB 114 and requires identification of operating segments on the basis of internal reports that are regularly reviewed by the Group's Board for the purpose of decision making. While the impact of this standard can not be assessed at this stage, there is the potential for more segments to be identified. Given the lower economic levels at which segments may be defined, and the fact that cash generating units cannot be bigger than operating segments, impairment calculations may be affected. Management does not presently believe that impairment losses will result from this change.
- AASB 101: Presentation of Financial Statements, AASB 2007-8: Amendments to Australian Accounting Standards arising from AASB 101, and AASB 2007-10: Further Amendments to Australian Accounting Standards arising from AASB 101 (all applicable to annual reporting periods commencing from 1 January 2009). The revised AASB 101 and amendments supersede the previous AASB 101 and redefines the composition of financial statements including the inclusion of a statement of comprehensive income. There will be no measurement or recognition impact on the Group. If an entity has made a prior period adjustment or reclassification, a third balance sheet as at the beginning of the comparative period will be required.

Notes to the Financial Statements
For the year ended 30 June 2009 (continued)

NOTE 2: ADOPTION OF NEW AND REVISED STANDARDS (CONTINUED)

- AASB 123: Borrowing Costs and AASB 2007-6: Amendments to Australian Accounting Standards arising from AASB 123 [AASB 1, 101, 107, 111, 116 & 138 and Interpretations 1 & 12] (applicable for annual reporting periods commencing from 1 January 2009). The revised AASB 123 has removed the option to expense all borrowing costs and will therefore require the capitalisation of all borrowing costs directly attributable to the acquisition, construction or production of a qualifying asset. Management has determined there will be no effect on the Group as the Group currently has no qualifying assets.
- AASB 2008-1: Amendments to Australian Accounting Standard – Share Based Payments: Vesting Conditions and Cancellations [AASB 2] (applicable for annual reporting periods commencing from 1 January 2009). This amendment to AASB 2 clarifies that where vesting conditions consist of service and performance conditions only, other elements of a share-based payment transaction should therefore be considered for the purposes of determining fair value. Cancellations are also required to be treated in the same manner whether cancelled by the entity or another party.
- AASB 2008-2: Amendments to Australian Accounting Standards – Puttable Financial Instruments and Obligations Arising on Liquidation [AASB 7, 101, 132 & 139 and Interpretation 2] (applicable for annual reporting periods commencing from 1 January 2009). These amendments introduce an exception to the definition of a financial liability to classify as equity instruments certain puttable financial instruments and certain other financial instruments that impose an obligation to deliver a pro-rata share of net assets only upon liquidation.
- AASB 2008-5: Amendments to Australian Accounting Standards arising from the Annual Improvements Project (July 2008) (AASB 2008-5) and AASB 2008-6: Further Amendments to Australian Accounting Standards arising from the Annual Improvements Project (July 2008) (AASB 2008-6) detail numerous non-urgent but necessary changes to accounting standards arising from the IASB's annual improvements project. No changes are expected to materially affect the Group.
- AASB 2008-8: Amendments to Australian Accounting Standards – Eligible Hedged Items [AASB 139] (applicable for annual reporting periods commencing from 1 July 2009). This amendment clarifies how the principles that determine whether a hedged risk or portion of cash flows is eligible for designation as a hedged item should be applied in particular situations and is not expected to materially affect the Group.
- AASB 2008-13: Amendments to Australian Accounting Standards arising from AASB Interpretation 17 – Distributions of Non-cash Assets to Owners [AASB 5 & AASB 110] (applicable for annual reporting periods commencing from 1 July 2009). This amendment requires that non-current assets held for distribution to owners be measured at the lower of carrying value and fair value less costs to distribute.

Notes to the Financial Statements
For the year ended 30 June 2009 (continued)

NOTE 2: ADOPTION OF NEW AND REVISED STANDARDS (CONTINUED)

- AASB Interpretation 15: Agreements for the Construction of Real Estate (applicable for annual reporting periods commencing from 1 January 2009). Under the interpretation, agreements for the construction of real estate shall be accounted for in accordance with AASB 111 where the agreement meets the definition of 'construction contract' per AASB 111 and when the significant risks and rewards of ownership of the work in progress transfer to the buyer continuously as construction progresses. Where the recognition requirements in relation to construction are satisfied but the agreement does not meet the definition of 'construction contract', revenue is to be accounted for in accordance with AASB 118. Management does not believe that this will affect the accounting policy of the Group.
- AASB Interpretation 16: Hedges of a Net Investment in a Foreign Operation (applicable for annual reporting periods commencing from 1 October 2008). Interpretation 16 applies to entities that hedge foreign currency risk arising from net investments in foreign operations and that want to adopt hedge accounting. The interpretation provides clarifying guidance on several issues in accounting for the hedge of a net investment in a foreign operation and is not expected to impact the Group.
- AASB Interpretation 17: Distributions of Non-cash Assets to Owners (applicable for annual reporting periods commencing from 1 July 2009). This guidance applies prospectively only and clarifies that non-cash dividends payable should be measured at the fair value of the net assets to be distributed where the difference between the fair and carrying value of the assets is recognised in profit or loss.

The Group does not anticipate early adoption of any of the above reporting requirements and does not expect these requirements to have any material effect on the Group's financial statements.

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Notes to the Financial Statements
For the year ended 30 June 2009 (continued)

NOTE 3: REVENUE

	Consolidated	Company	
	2009	2009	2008
	\$	\$	\$
Revenue - commissions received	21,000	21,000	-
Other Income:			
Interest	45,115	45,115	62,095
Sundry income	-	-	190
	66,115	66,115	62,285
Gain on disposal of subsidiaries and forgiveness of loans on completion of Deed of Company Arrangement (DOCA) ^(a)	-	-	7,572,286

(a) On 8 August 2007, the parent entity disposed of 100% of its interest in all of its subsidiaries under the terms of a Deed of Company Arrangement (DOCA) for \$300,000 cash consideration. The carrying value of Atlantic Limited's investment in the subsidiaries was \$90 at the time of the disposal. As the disposal of the subsidiaries formed part of the DOCA, the gain on disposal of the subsidiaries has been included in the income statement together with the gain on forgiveness of loans, resulting in a total gain of \$7,527,286 to the Company on completion of the DOCA.

NOTE 4: PROFIT/LOSS BEFORE INCOME TAX

	Consolidated	Company	
	2009	2009	2008
	\$	\$	\$
Profit/Loss before income tax is after the following expenses:			
Share based payments expense	128,110	128,110	-

NOTE 5: INCOME TAX EXPENSE

A. Reconciliation

The income tax expense (benefit) for the financial year differs from the amount calculated prima facie on the Profit/(Loss). The differences are reconciled as follows:

	Consolidated	Company	
	2009	2009	2008
	\$	\$	\$
Profit/(Loss) before income tax	(512,913)	(512,913)	7,268,413
Income tax expense/(benefit) calculated @ 30%	(153,874)	(153,874)	2,180,524
Tax effect of:			
Non-deductible provisions	9,644	9,644	-
Non-deductible expenses	-	-	-
Other	(235,446)	(16,819)	-
Income tax expense (benefit) adjusted for permanent differences	(379,676)	(161,049)	2,190,111
Tax losses not brought to account as future income tax benefits	379,676	161,049	68,075
Prior year tax losses applied against income tax expense	-	-	(2,258,186)
Movement in deferred tax balances	-	-	-
Income tax attributable to operating loss	-	-	-

Notes to the Financial Statements
For the year ended 30 June 2009 (continued)

NOTE 5: INCOME TAX EXPENSE (CONTINUED)

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.

B. Future Income Tax Benefits Not Recognised

During the comparative period, the Company materially changed ownership as part of a recapitalisation. As a consequence, the availability to offset prior year tax losses against future assessable income was lost. However, these losses were available to offset the gain from debt forgiveness and disposal of subsidiaries effectuated on completion of the DOCA. Losses incurred since the re-instatement to quotation of the parent entity are available to offset future assessable income.

The consolidated entity has Australian sourced income tax losses of \$1,492,502 (2008: \$226,916) that are available to offset future assessable income as at 30 June 2009. The parent entity has Australian sourced income tax losses of \$763,745 (2008: \$226,916) that are available to offset future assessable income as at 30 June 2009.

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 deductions for the losses to be realised.

	Consolidated 2009	Company 2009	2008
	\$	\$	\$
Deferred tax assets in relation to:			
- Australian sourced tax losses	229,124	229,124	68,075

NOTE 6: AUDITORS' REMUNERATION

	Consolidated 2009	Company 2009	2008
	\$	\$	\$
Remuneration of the auditor of the parent entity for auditing or reviewing the financial report:			
RSM Bird Cameron	-	-	3,000
HLB Mann Judd	13,500	13,500	10,500
	13,500	13,500	13,500

NOTE 7: DIVIDENDS

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

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Notes to the Financial Statements
For the year ended 30 June 2009 (continued)

NOTE 8: EARNING PER SHARE

	Consolidated	Company	
	2009	2009	2008
	\$	\$	\$
a. Gain/(loss) used to calculate basic and diluted EPS	(512,913)	(512,913)	7,268,413
	No.	No.	No.
b. Weighted average number of ordinary shares outstanding during the year used in calculating:			
Basic EPS	450,411,450	450,411,450	307,340,690
Diluted EPS	450,411,450	450,411,450	370,244,800

NOTE 9: CASH AND CASH EQUIVALENTS

	Consolidated	Company	
	2009	2009	2008
	\$	\$	\$
Cash at bank and in hand	1,516,952	1,516,952	984,598

(i) Reconciliation of profit for the year to net cash flows from operating activities

Gain/(Loss) after income tax	(512,913)	(512,913)	7,268,413
Non-cash flows in profit			
Share Based Payments	128,110	128,110	-
Depreciation	-	-	548
Loss on sale of equipment	-	-	94,200
Impairment of assets/ intangibles/investments	-	-	504
(Increase)/decrease in trade receivables	(10,717)	(10,717)	(7,574)
Due diligence costs in relation to acquisition	44,527	44,527	-
Gain on disposal of subsidiaries and forgiveness of loans on completion of a Deed of Company Arrangement (DOCA)	-	-	(7,527,286)
Increase/(decrease) in payables and accruals	97,819	97,819	(291,433)
Cash flows from operations	(253,174)	(253,174)	(557,880)

NOTE 10: TRADE AND OTHER RECEIVABLES

	Consolidated	Company	
	2009	2009	2008
	\$	\$	\$
CURRENT			
Trade receivables	-	-	-
Other receivables	18,291	18,291	7,574
	18,291	18,291	7,574

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Notes to the Financial Statements
For the year ended 30 June 2009 (continued)

NOTE 11: DEFERRED EXPLORATION EXPENDITURE

	Consolidated	Company	
	2009	2009	2008
	\$	\$	\$
Costs carried forward in respect of:			
Exploration and evaluation phase – at cost			
Balance at beginning of year	-	-	-
Sale of tenements	-	-	-
Acquired on acquisition of subsidiary	253,293	-	-
Expenditure incurred	475,464	-	-
Fair Value adjustment on Consolidation	2,500,020	-	-
Total exploration expenditure	3,228,777	-	-

The recoupment of costs carried forward in relation to areas of interest in the exploration and evaluation phases is dependent on the successful development and commercial exploitation or sale of the respective areas. As outlined in Note 1(p), this development is dependent on the continued support of the LDPC and relevant Vietnamese authorities.

NOTE 12: OTHER FINANCIAL ASSETS

	Consolidated	Company	
	2009	2009	2008
	\$	\$	\$
NON CURRENT			
Shares – Controlled entities at cost	-	2,003,307	-
Less: Provision for impairment	-	-	-
	-	2,003,307	-
Loans to controlled entities	-	475,464	-
	-	2,478,771	-

NOTE 13: TRADE AND OTHER PAYABLES

	Consolidated	Company	
	2009	2009	2008
	\$	\$	\$
Unsecured liabilities:			
Trade payables	118,150	118,150	23,331
Sundry payables and accrued expenses	32,146	32,146	17,000
	150,296	150,296	40,331

NOTE 14: DEFERRED TAX LAIBILITIES

	Consolidated	Company	
	2009	2009	2008
	\$	\$	\$
Deferred tax liability – fair value adjustment on acquisition	750,006	-	-

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Notes to the Financial Statements
For the year ended 30 June 2009 (continued)

NOTE 15: ISSUED CAPITAL AND RESERVES

Ordinary Shares

	Company	
	2009	2008
	\$	\$
768,157,053 (2008: 336,117,790) fully paid ordinary shares	17,428,779	14,882,114

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

	Company	
	No.	\$
<i>Movements in ordinary shares on issue</i>		
At 1 July 2007	52,235,581	12,298,895
Consolidation of share capital on 8/8/07	(26,117,791)	-
Issue of shares @ \$0.005 on 8/8/07	70,000,000	350,000
Issue of shares @ \$0.01 on 8/8/07	240,000,000	2,400,000
Issue costs	-	(166,781)
At 30 June 2008	336,117,790	14,882,114
Issue of shares @ \$0.005 on 6/3/09	59,213,502	296,068
Issue of shares @ \$0.005 on 10/3/09	52,825,761	264,128
Issue of shares @ \$0.005 on 10/3/09	220,000,000	1,100,000
Issue of shares @ \$0.01 on 21/5/09	100,000,000	1,000,000
Issue costs	-	(113,531)
At 30 June 2009	768,157,053	17,428,779

Performance Shares

Movements in Class A Performance Shares

At 1 July 2008	-	-
Issue of shares on 21/5/09	1,500	750,000
At 30 June 2009	1,500	750,000

Movements in Class B Performance Shares

At 1 July 2008	-	-
Issue of shares on 21/5/09	1,500	15
At 30 June 2009	1,500	15

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

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Notes to the Financial Statements
For the year ended 30 June 2009 (continued)

NOTE 15: ISSUED CAPITAL AND RESERVES (CONTINUED)

Reserves

	Company	
	No.	\$
<i>Movements in reserves</i>		
At 1 July 2008	-	-
Issue of options @ \$0.0064 on 21/5/09	20,000,000	128,110*
At 30 June 2009	20,000,000	128,110

* Information on the valuation of these options is disclosed in Note 22.

Options reserve

The options reserve is used to recognise the fair value of all options on issue but not yet exercised.

NOTE 16: SEGMENT REPORTING

The Group's primary segment reporting format is business segments as the Group's risks and rates of return are affected predominantly by differences in the products and services produced. Secondary segment information is reported geographically. The operating businesses are organised and managed separately according to the nature of the products and services provided, with each segment representing a strategic business unit that offers different products and serves different markets.

(i) *Description of segments*

Business segments

The consolidated entity is organised on a global basis into the following divisions by product and service type.

Pearl Marketing: Marketing business for the sale of pearl product.

Mineral Exploration: Exploration for minerals in Vietnam. This activity commenced in May 2009.

Geographical segments

The consolidated entity's operations are located in two main geographical areas:

Australia: The home country of the parent entity which is also the operating location of the pearl marketing business.

South East Asia: The consolidated entity's mineral exploration activities are located in Vietnam.

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Notes to the Financial Statements
For the year ended 30 June 2009 (continued)

NOTE 16: SEGMENT REPORTING (CONTINUED)

(ii) *Primary reporting segments – business segments*

2009	Pearl Marketing 2009 \$	Mineral Exploration 2009 \$	Consolidated 2009 \$
Segment Revenue			
Sales to external customers	21,000	-	21,000
Other revenue	-	-	-
Total Segment Revenue			21,000
Unallocated revenue			45,115
Consolidated Revenue			66,115
Segment Results			
Segment result	21,000	(44,527)	(23,527)
Intersegment eliminations	-	-	-
Unallocated revenue less unallocated expenses			(543,276)
Profit before income tax			(566,803)
Income tax expense			-
Profit for the year			(566,803)
Segment assets			
Segment assets	-	3,228,777	3,228,777
Intersegment eliminations	-	-	-
Unallocated assets			1,535,243
Total assets			4,764,020
Segment liabilities			
Segment liabilities	-	838,728	838,728
Intersegment eliminations	-	-	-
Unallocated liabilities			61,574
Total liabilities			900,302

(iii) *Secondary reporting format – geographical segments*

	Revenues from sales to external customers 2009 \$	Segment assets 2009 \$
Geographical Segment		
Australia	66,115	1,535,243
South East Asia	-	3,228,777
	66,115	4,764,020
Unallocated items	-	-
Total	66,115	4,764,020

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Notes to the Financial Statements
For the year ended 30 June 2009 (continued)

NOTE 17: CONTROLLED ENTITES

Name	Country of Incorporation	% Equity Interest		Investment	
		2009	2008	2009	2008
Azure Mining International Pty Ltd	Australia	100%	-	2,003,307	-

NOTE 18: RELATED PARTY TRANSACTIONS

A. Subsidiaries

Atlantic Limited is the ultimate Australian parent entity and ultimate parent of the Group. The subsidiaries of Atlantic Limited are disclosed in Note 18.

Loans to Subsidiary

Loans to subsidiary were made during the year as follows:

	Company 2009 \$	Company 2008 \$
Beginning of the year	-	-
Loans advanced	475,464	-
Provision for diminution	-	-
End of year	<u>475,464</u>	<u>-</u>

Terms and Conditions of loans

Loans between entities in the wholly owned Group are not interest bearing, unsecured and are payable upon reasonable notice having regard to the financial situation of the Company.

B. Directors

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

- John Hannaford (appointed 4 July 2007)
- Jim Malone (appointed 4 July 2007)
- Anthony Veitch (appointed 4 July 2007)

C. Remuneration and Retirement Benefits

Information on remuneration and retirement benefits of directors are disclosed in the Remuneration Report section of the Directors' Report.

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Notes to the Financial Statements
For the year ended 30 June 2009 (continued)

NOTE 18: RELATED PARTY TRANSACTIONS (CONTINUED)

D. Transactions with Director and Director related entities

Transactions were undertaken between the Company and the following related parties during the year ended 30 June 2009:

- Riverview Corporation Pty Ltd, a company in which Mr John Hannaford has a beneficial interest, was paid director's fees of \$30,000. As at 30 June 2009, an amount of \$2,500 GST exclusive was owed to Riverview Corporation Pty Ltd.
- Kilkenny Enterprises Pty Ltd, a company in which Mr Jim Malone has a beneficial interest, was paid directors fees of \$30,000. As at 30 June 2009, an amount of \$2,500 GST exclusive was owed to Kilkenny Enterprises Pty Ltd.
- Ardath Investments Pty Ltd, a company in which Mr Anthony Veitch has a beneficial interest, was paid directors fees of \$30,000. As at 30 June 2009, an amount of \$2,500 GST exclusive was owed to Ardath Investments Pty Ltd.
- Citadel Capital Pty Ltd, a company in which Mr Anthony Veitch has a beneficial interest, was paid project consulting fees of \$1,076. As at 30 June 2009, no amount was owed to Citadel Capital Pty Ltd.
- Ventnor Capital Pty Ltd, a company in which Mr John Hannaford has a beneficial interest, was paid for executive directors fees, bookkeeping, financial administration, serviced office charges and project consulting during the period, as set out below:

<u>Type of Transaction</u>	Consolidated	Company	
	2009	2009	2008
	\$	\$	\$
Executive directors' fees	47,500	47,500	27,258
Bookkeeping and financial administration	42,405	42,405	32,848
Serviced office charges (exclusive of GST)	54,516	54,516	54,516
Project consulting	18,097	18,097	-
TOTAL	162,518	162,518	114,622

At 30 June 2009, an amount of \$11,793 was owed to Ventnor Capital Pty Ltd (2008: \$18,250).

As part of the recapitalisation of the Company in August 2007, Ventnor Capital Pty Ltd and/or its nominees were issued 70,000,000 shares at 0.5 cents per share and 70,000,000 free attaching options. Included in this figure were shares and options issued to the following directors:

	Shares	Options
John Hannaford	14,000,000	14,000,000
Jim Malone	2,000,000	2,000,000
Anthony Veitch	2,000,000	2,000,000
TOTAL	18,000,000	18,000,000

All transactions with related parties are on normal commercial terms and conditions unless otherwise stated.

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Notes to the Financial Statements
For the year ended 30 June 2009 (continued)

NOTE 19: KEY MANAGEMENT PERSONNEL

(a) Shareholdings

Year Ended 30 June 2009

Number of Shares held by Directors and Key Management Personnel

	Balance 1 July 2008	Received as Remuneration	Options Exercised	Net Change Other	Balance 30 June 2009
John Hannaford	20,227,300	-	-	6,742,433*	26,969,733
Jim Malone	3,000,000	-	-	1,000,000*	4,000,000
Anthony Veitch	6,000,000	-	-	2,000,000*	8,000,000
TOTAL	29,227,300	-	-	9,742,433	38,969,733

*shares issued on participation in non renounceable entitlements issue in March 2009

Year Ended 30 June 2008

	Balance 1 July 2007	Received as Remuneration	Options Exercised	Net Change Other	Balance 30 June 2008
John Hannaford	-	-	-	20,227,300	20,227,300
Jim Malone	-	-	-	3,000,000	3,000,000
Anthony Veitch	-	-	-	6,000,000	6,000,000
TOTAL	-	-	-	29,227,300	29,227,300

(b) Option Holdings

Year Ended 30 June 2009

Number of Options held by Directors and Key Management Personnel

	Balance 1 July 2008	Received as Remuneration	Options Exercised	Net Change Other	Balance 30 June 2009
John Hannaford	11,621,500	-	-	6,742,433*	18,363,933
Jim Malone	1,000,000	-	-	1,000,000*	2,000,000
Anthony Veitch	2,000,000	-	-	2,000,000*	4,000,000
TOTAL	14,621,500	-	-	9,742,433	24,363,933

*options issued on participation in non renounceable entitlements issue in March 2009

Year Ended 30 June 2008

	Balance 1 July 2007	Received as Remuneration	Options Exercised	Net Change Other	Balance 30 June 2008
John Hannaford	-	-	-	11,621,500	11,621,500
Jim Malone	-	-	-	1,000,000	1,000,000
Anthony Veitch	-	-	-	2,000,000	2,000,000
TOTAL	-	-	-	14,621,500	14,621,500

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Notes to the Financial Statements
For the year ended 30 June 2009 (continued)

NOTE 19: KEY MANAGEMENT PERSONNEL (CONTINUED)

(c) Remuneration

The remuneration of Directors and Key Management Personnel is disclosed in the Remuneration Report section of the Directors' Report and is not duplicated in this note.

(d) Retirement Benefits of Directors

There were no amounts paid during the year in respect of the retirement of Directors.

NOTE 20: FINANCIAL INSTRUMENTS

Capital risk management objectives

The Group manages its capital to ensure that entities in the Group will be able to continue as a going concern while maximising the return to stakeholders through the optimisation of the debt and equity balance.

The capital structure of the Group consists of cash and cash equivalents and equity attributable to equity holders of the parent, comprising issued capital, reserves and retained earnings.

None of the Group's entities are subject to externally imposed capital requirements.

Operating cash flows are used to maintain and expand operations, as well as to make routine expenditures such as tax, dividends and general administrative outgoings.

	Consolidated	Parent	
	2009	2009	2008
	\$	\$	\$
Categories of financial instruments			
Financial assets			
Derivative instruments in designated hedging relationships	-	-	-
Held-to-maturity investments	-	-	-
Loans and receivables	-	475,464	-
Cash and cash equivalents	1,516,952	1,516,952	-
Available-for-sale financial assets	-	2,003,307	-
Financial liabilities			
Derivative instruments in designated hedging relationships	-	-	-
Amortised cost	-	-	-

At the reporting date there are no significant concentrations of credit risk relating to loans and receivables at fair value through profit or loss. The carrying amount reflected above represents the Company's and the Group's maximum exposure to credit risk for such loans and receivables.

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Notes to the Financial Statements
For the year ended 30 June 2009 (continued)

NOTE 20: FINANCIAL INSTRUMENTS (CONTINUED)

Financial risk management objectives

The Group's financial instruments consist mainly of deposits with its bank, accounts receivable and payable, and loans to subsidiaries.

The Group is exposed to liquidity risk, credit risk and market risk (including currency risk and interest rate risk).

The main purpose of non-derivative financial instruments is to raise finance for Company operations. The Company does not speculate in the trading of derivative instruments.

(i) Liquidity Risk

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

(ii) Credit Risk

The maximum exposure to credit risk at balance date is the carrying amount, net of any provisions for impairment of those assets, as disclosed in the balance sheet and notes to the financial statements.

The Group does not have any material credit risk exposure to any single receivable or group of receivables.

(iii) Market Risk

Currency Risk

The Group operates internationally and is exposed to foreign exchange risk arising from currency exposures to the US 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. Atlantic is exposed to foreign exchange currency risk primarily through undertaking certain transactions denominated in foreign currency. Risks are managed at Board level but there are currently no formal measures in place.

Atlantic is exposed to foreign currency denominated in US dollars through the future sales of bauxite, however, at 30 June 2009, the Group had no financial assets or liabilities that were denominated in US dollars.

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Notes to the Financial Statements
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NOTE 20: FINANCIAL INSTRUMENTS (CONTINUED)

Interest Rate Risk

The Company's exposure to interest rate risk, which is the risk that a financial instrument's value will fluctuate as a result of changes in market interest rates and the effective weighted average interest rates on classes of financial assets and financial liabilities, is as follows:

Consolidated	Weighted average effective interest rate %	Fixed Interest Rate					Total
		Floating Interest Rate	1-3 Months \$	3 months - 1 year \$	1-5 years \$	Non- interest bearing	
2009							
<i>Financial assets</i>							
Cash assets	3.93%	1,516,952	-	-	-	-	1,516,952
Receivables	-	-	-	-	-	18,291	18,291
Total Financial Assets		1,516,952	-	-	-	18,291	1,535,243
<i>Financial liabilities</i>							
Payables	-	-	-	-	-	150,296	150,296
Total Financial Liabilities		-	-	-	-	150,296	150,296
Company							
2009							
<i>Financial assets</i>							
Cash assets	3.93%	1,516,952	-	-	-	-	1,516,952
Receivables	-	-	-	-	-	493,755	493,755
Shares in controlled entities						2,003,307	2,003,307
Total Financial Assets		1,516,952	-	-	-	2,497,062	4,014,014
<i>Financial liabilities</i>							
Payables	-	-	-	-	-	150,296	150,296
Total Financial Liabilities		-	-	-	-	150,296	150,296
2008							
<i>Financial assets</i>							
Cash assets	6.76%	-	-	-	-	984,598	984,598
Receivables	-	-	-	-	-	7,574	7,574
Total Financial Assets		-	-	-	-	992,172	992,172
<i>Financial liabilities</i>							
Payables		-	-	-	-	40,331	40,331
Total Financial Liabilities		-	-	-	-	40,331	40,331

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Notes to the Financial Statements
For the year ended 30 June 2009 (continued)

NOTE 20: FINANCIAL INSTRUMENTS (CONTINUED)

Interest rate risk sensitivity analysis:

Consolidated		Effect On:	
		Profit 2009	Equity 2009
Risk Variable	Sensitivity*	\$	\$
Interest Rate	+ 0.50%	4,016	4,016
	- 0.50%	(4,016)	(4,016)

Company		Effect On:		Effect On:	
		Profit 2009	Profit 2008	Equity 2009	Equity 2008
Risk Variable	Sensitivity*	\$	\$	\$	\$
Interest Rate	+ 0.50%	4,016	3,436	4,016	3,436
	- 0.50%	(4,016)	(3,436)	(4,016)	(3,436)

*The method used to arrive at the possible change of 50 basis points was based on the analysis of the absolute nominal change of the Reserve Bank of Australia (RBA) monthly issued cash rate. Historical rates indicate that for the past five financial years, there was a bias towards an increase in interest rate ranging between 0 to 50 basis points. It is considered that 50 basis points is a 'reasonably possible' estimate as it accommodates for the maximum variations inherent in the interest rate movement over the past five years.

NOTE 21: SHARE BASED PAYMENTS

Expenses arising from share-based payment transactions

Total expenses arising from share-based payment transactions recognised during the year were as follows:

	Consolidated & Company 2009	Company 2008
	\$	\$
Share-based payments:		
Options issued in consideration for services	128,110	-
	128,110	-

These options are detailed below:

**Consolidated & Company
2009**

Date Granted	Expiry Date	Exercise Price \$	Number at beginning of year	Movement During the year	Exercised	Expired	Number at end of year
20/05/09	31/12/11	0.008	-	20,000,000	-	-	20,000,000
			-	20,000,000			20,000,000

No options were issued in consideration for services in the year ended 30 June 2009.

During the year, no options were exercised to take up ordinary shares.

As at the year end, the Company had a total of 352,039,263 unissued ordinary shares on which options are outstanding with exercise prices ranging from 0.8 cents to 1 cent.

The weighted average remaining contractual life of all share options outstanding at the end of the financial year is 2.34 years.

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Notes to the Financial Statements
For the year ended 30 June 2009 (continued)

NOTE 21: SHARE BASED PAYMENTS (CONTINUED)

On 21 May 2009, the Company issued 20,000,000 Options to Trident Capital Pty Ltd or its nominee as an introduction fee for the Azure Mining International Ltd transaction. The issue was approved by shareholders at the Extraordinary General Meeting held on 25 February 2009. There are no voting rights attached, the options are transferable by instrument in the form commonly used for the transfer of options, and they may be exercised at any time until 31 December 2011. The details of the options issued to Trident are as follows:

Fair value of options granted

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

The table below summarises the model inputs for options granted during the year:

Model Inputs	
1. Options granted for no consideration:	20,000,000
2. Exercise price (cents):	0.8
3. Issue date:	21 May 2009
4. Expiry date:	31 December 2011
5. Underlying security spot price at grant date (cents):	1
6. Expected price volatility of the company's shares:	98%
7. Expected dividend yield:	0%
8. Risk-free interest rate	4.13%
Black & Scholes Valuation per Option	0.0064

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

NOTE 22: BUSINESS COMBINATIONS

(i) Summary of acquisition

On 21 May 2009, Atlantic acquired 100% of the issued share capital of Azure Mining International Ltd. The acquired business holds a mineral exploration permit in Vietnam.

Details of the fair value of the assets and liabilities acquired are as follows:

	\$
Purchase consideration (refer to (ii) below):	
Cash paid	253,292
Ordinary shares issued	1,000,000
Class A Performance shares issued	750,000
Class B Performance shares issued	15
Total purchase consideration	2,003,307
Fair value of net identifiable assets acquired (refer to (iii) below)	2,003,307

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Notes to the Financial Statements
For the year ended 30 June 2009 (continued)

NOTE 22: BUSINESS COMBINATIONS (CONTINUED)

(ii) Purchase consideration

Performance shares are valued using Atlantic's trading price on the Australian Securities Exchange on the date of acquisition discounted by probability factors set by management as the best estimate of successful completion of the individual performance hurdles.

(iii) Assets and liabilities acquired

The assets and liabilities arising from the acquisition are as follows:

	Acquiree's carrying amount	Fair value
	\$	\$
Assets		
Exploration Assets	531,281	3,031,301
Liabilities		
Loans	277,988	277,988
Deferred Tax Liabilities	-	750,006
Net Assets	<u>253,293</u>	<u>2,003,307</u>

From the date of acquisition Azure Mining International Ltd has not contributed to the net loss of the Group.

If the combination had taken place at the beginning of the year, the loss for the Group would have been unchanged at \$512,913. There would have been no additional revenue from continuing operations. These amounts have been calculated using the Group's accounting policies.

NOTE 23: EVENTS AFTER BALANCE SHEET DATE

No matters or circumstances have arisen since the end of the financial year which significantly affected or may significantly affect the operations of the Consolidated Entity, the results of those operations or the state of affairs of the Consolidated Entity in subsequent financial years.

NOTE 24: COMPANY DETAILS

The registered office and principal place of business of the Company is:

Level 2, 16 Altona Street, West Perth WA 6005

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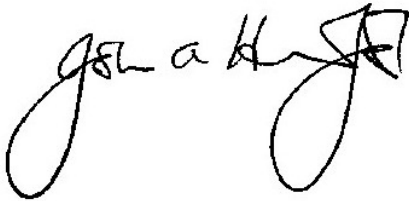
Directors' Declaration

In the Directors' opinion:

1. the financial statements and notes, as set out on pages 17 to 48 are in accordance with the Corporations Act 2001, including:
 - a. complying with Australian 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 and Company's financial position as at 30 June 2009 and of their performance for the year ended on that date.
2. there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable; and

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 2009.

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



John Hannaford
Director

Dated this 7th day of September 2009



INDEPENDENT AUDITOR'S REPORT**To the members of Atlantic Limited****Report on the Financial Report**

We have audited the accompanying financial report of Atlantic Limited ("the company"), which comprises the balance sheet as at 30 June 2009, the income statement, statement of changes in equity, cash flow statement and notes to the financial statements for the year ended on that date, and the directors' declaration for both the company and the consolidated entity. The consolidated entity comprises the company and the entities it controlled at the year's end or from time to time during the year.

Directors' Responsibility for the Financial Report

The directors of the company are responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the Corporations Act 2001. This responsibility includes establishing and maintaining internal controls relevant to the preparation and fair presentation of the financial report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances. In Note 1, the directors also state, in accordance with Accounting Standard AASB101 Presentation of Financial Statements, that compliance with the Australian equivalents to International Financial Reporting Standards ensures that the financial report, comprising the financial statements and notes, complies with International Financial Reporting Standards.

Auditor's Responsibility

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

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

Our audit did not involve an analysis of the prudence of business decisions made by directors or management.

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

Independence

In conducting our audit, we have complied with the independence requirements of the Corporations Act 2001.

Basis for Qualified Auditor's Opinion

As disclosed in our independent auditor's report in respect of the year ended 30 June 2008 and as required by Australian Accounting Standard AASB 127 "Consolidated and Separate Financial Statements", a consolidated financial report had not been prepared for the year ended 30 June 2008 due to a lack of information in respect of subsidiary companies which formed part of the consolidated entity up to the date of their disposal, 8 August 2007. Accordingly, the Company had elected to prepare only a parent entity financial report for the year ended 30 June 2008. This represented a departure from AASB 127, which requires that consolidated information be presented where a consolidated entity was in existence for any part of the financial period. This qualification applies to the comparative consolidated balances for the current financial year.

Qualified Auditor's Opinion

In our opinion, except for the matter noted in the preceding paragraph:

- (a) the financial report of Atlantic Limited is in accordance with the Corporations Act 2001, including:
 - (i) giving a true and fair view of the company's and consolidated entity's financial position as at 30 June 2009 and of their performance for the year ended on that date; and
 - (ii) complying with Australian Accounting Standards (including the Australian Accounting Interpretations) and the Corporations Regulations 2001; and
- (b) the financial report also complies with International Financial Reporting Standards as disclosed in Note 1.

Significant Uncertainty Regarding Tenure of Exploration and Evaluation Assets

Without further qualification to the opinion expressed above, we draw attention to Note 1(P) to the financial statements, which states that the consolidated entity's rights to tenure of the bauxite project located in the Bao Loc district of Lam Dong province in Vietnam is dependent on continued support by the Vietnamese authorities. If this support was withdrawn, there would be significant uncertainty as to the carrying value of the exploration and evaluation expenditure recorded at 30 June 2009.

Report on the Remuneration Report

We have audited the Remuneration Report included in the directors' report for the year ended 30 June 2009. 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.

Auditor's Opinion

In our opinion the Remuneration Report of Atlantic Limited for the year ended 30 June 2009, complies with section 300A of the Corporations Act 2001.

HLB Mann Judd

HLB MANN JUDD
Chartered Accountants

L Di Giallonardo

Perth, Western Australia
7 September 2009

L DI GIALLONARDO
Partner

ASX Additional Information

Additional information required by the ASX Limited Listing Rules not disclosed elsewhere in this Annual Report is set out below.

Shareholdings

The issue capital of the Company at 31 August 2009 is 782,657,053 ordinary fully paid shares. All ordinary shares carry one vote per share.

Top 20 Shareholders as at 31 August 2009

		No. of Shares Held	% Held
1	Dwellers Nominees PL	51,763,684	6.61%
2	ANZ Nom Ltd	48,300,000	6.17%
3	Ambrosia Empire Ltd	32,498,733	4.15%
4	HSBC Custody Nom Aust Ltd	31,496,504	4.02%
5	Riverview Corporation PL	26,969,733	3.45%
6	Jason & Lisa Peterson	25,733,333	3.29%
7	Cassim Salim	23,969,952	3.06%
8	Greatcity Corporation PL	18,500,000	2.36%
9	Mulloway PL	12,167,300	1.55%
10	Baring Nom PL	12,167,300	1.55%
11	Minosora Wendy	12,167,300	1.55%
12	Zap Nom PL	12,167,300	1.55%
13	Surfboard PL	11,412,881	1.46%
14	Bayonet Inv PL	11,167,300	1.43%
15	Comsec Nom PL	11,116,414	1.42%
16	Bogne Roger	10,000,000	1.28%
17	Muppets PL	9,835,234	1.26%
18	Ardath Inv PL	8,000,000	1.02%
19	MacDermott Katherine E	8,000,000	1.02%
20	Aziz Hussain	8,000,000	1.02%
		385,432,968	49.22%

Shares Range

	No. of Holders
1 – 1,000	134
1,001 – 5,000	110
5,001 – 10,000	18
10,001 – 100,000	138
100,001 and over	358
	758

Number holding less than a marketable parcel size of 26,315 shares at \$0.019 per share

287

Shareholders by Location

	No. of Holders
Australian holders	743
Overseas holders	15
	758

ASX Additional Information (continued)

Voting Rights

In accordance with the Company's Constitution, on a show of hands every shareholder present in person or by proxy, attorney or representative of a shareholder has one vote and on a poll every shareholder present in person or by proxy, attorney or representative of a shareholder has in respect of fully paid shares, one vote for every share held. No class of option holder has a right to vote, however the shares issued upon exercise of options will rank pari passu with the then existing issued fully paid ordinary shares.

Substantial Shareholders as at 31 August 2009

		<u>No. of Shares Held</u>	<u>% Held</u>
1	Dwellers Nominees PL	51,763,684	6.61
2	ANZ Nom Ltd	48,300,000	6.17

Option Holdings

The Company has two classes of options on issue at 31 August 2009 as detailed below. Options do not carry any rights to vote.

<u>Class</u>	<u>Terms</u>	<u>No. Of Options</u>
Listed Options	Exercisable at \$0.008 expiring on or before 31 Dec 2011	337,539,263
Unlisted Options	Exercisable at \$0.01 expiring on or before 31 Dec 2010	70,000,000

Top 20 Listed Option Holders as at 31 August 2009

		<u>No. of Options Held</u>	<u>% Held</u>
1	Ambrosia Empire Limited	20,000,000	5.93%
2	Ramsa PL	20,000,000	5.93%
3	Jason & Lisa Peterson	19,500,000	5.78%
4	Dwellers Nominees PL	15,190,920	4.50%
5	Surfboard PL	10,712,881	3.17%
6	Aziz Hussain	10,000,000	2.96%
7	Mulloway PL	10,000,000	2.96%
8	Ludger Kohmascher	9,824,854	2.91%
9	Celtic Capital PL	9,000,000	2.67%
10	Sonmit PL	9,000,000	2.67%
11	Patocoa Nominees PL	8,803,398	2.61%
12	Gandria Capital PL	8,166,600	2.42%
13	Salim Cassim	8,000,000	2.37%
14	IML Holdings PL	7,737,152	2.29%
15	Andrew James Parker	7,737,152	2.29%
16	Milwal PL	7,737,152	2.29%
17	Greatcity Corporation PL	6,833,333	2.02%
18	Riverview Corporation PL	6,742,433	2.00%
19	ETrade Australia Nominees PL	6,680,000	1.98%
20	Klip PL	5,323,995	1.58%
		<u>206,989,870</u>	<u>61.33%</u>

ASX Additional Information (continued)

Options Range	No. of Holders	
	Listed Options	Unlisted Options
1 – 1,000	13	-
1,001 – 5,000	11	-
5,001 – 10,000	2	-
10,001 – 100,000	26	-
100,001 and over	140	14
	<u>192</u>	<u>14</u>
Shareholders by Location		
Australian holders	186	14
Overseas holders	6	-
	<u>192</u>	<u>14</u>

The following unlisted option holders hold more than 20% of the Company's unlisted options:

	<u>No. of Options Held</u>	<u>% Held</u>
1 Jason & Lisa Peterson	14,500,000	20.71%