Building a world class resources group

ATLANTIC LTD

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1 March 2012

INTERIM FINANCIAL REPORT – ATLANTIC VANADIUM HOLDINGS PTY LTD

Please find attached the consolidated interim financial report for Atlantic Vanadium Holdings Pty Ltd (**AVHPL**) for the period ended 31 December 2011.

AVHPL is a wholly-owned subsidiary of Atlantic Ltd (**Atlantic**) and owns 100% of the issued capital of Midwest Vanadium Pty Ltd (**MVPL**). MVPL owns the Windimurra vanadium project.

These accounts are unaudited and have been released to the Security Trustee for MVPL's senior secured notes to comply with the ongoing reporting requirements under the senior secured notes indenture.

-ends-

For further details please contact:

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About Atlantic Ltd

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

Atlantic combines its strong financing capability with a highly disciplined and innovative approach to acquire resources projects that are low cost, long life and near production.

Atlantic subsidiary Midwest Vanadium Pty Ltd owns 100% of the Windimurra vanadium project, located approximately 600 kilometres north of Perth in Western Australia. Windimurra is one of the largest proven vanadium reserves in the world.

Additional information on Atlantic can be found at www.atlanticltd.com.au.

ATLANTIC VANADIUM HOLDINGS PTY LTD

A.C.N. 143 559 880

INTERIM FINANCIAL REPORT

For the half-year ended 31 December 2011

CONTENTS

CORPORATE INFORMATION

DIRECTORS

Michael Minosora
Tony Veitch
Brian McMaster (resigned 16 August 2011)

COMPANY SECRETARY

Richard Maltman (resigned 2 February 2012)
Tony Veitch (appointed 2 February 2012)

INDEPENDENT AUDITORS

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MANAGEMENT DISCUSSION AND ANALYSIS

The following management discussion and analysis for Atlantic Vanadium Holdings Pty Ltd ("AVHPL" or the "Company") and its controlled entity Midwest Vanadium Pty Ltd ("MVPL") (collectively the "Group") should be read in conjunction with the Consolidated Interim Financial Report for the period ended 31 December 2011. The effective date of this report is 29 February 2012.

The financial information presented in this management discussion and analysis has been extracted from the attached Interim Financial Report.

FORWARD LOOKING STATEMENTS

Some of the statements contained in this management discussion and analysis, including those relating to strategies and other statements, are predictive in nature, and depend upon or refer to future events or conditions, or include such words as "expects", "intends", "plans", "anticipates", "believes", "estimates", "forecasts" or similar expressions that are forward looking statements. Forward looking statements include, without limitation, the information concerning possible or assumed further results of operations as set forth herein. These statements are not historical facts but instead represent only expectations, estimates and projections regarding future events and are qualified in their entirety by the inherent risks and uncertainties surrounding future expectations generally.

The forward looking statements contained in this management discussion and analysis are not guarantees of future performance and involve certain risks and uncertainties that are difficult to predict. The future results of the Group may differ materially from those expressed in the forward looking statements contained in this management discussion and analysis due to, among other factors, the risks and uncertainties inherent in the business of the Group. The Group does not undertake any obligation to update or release any revisions to these forward looking statements to reflect events or circumstances after the date of this management discussion and analysis or to reflect occurrence of anticipated events.

COMPETENT PERSON STATEMENT

The information in this report relating to exploration activities and mineral resources is based on information compiled by Colin J S Arthur, who is a Chartered Geologist, Member of The Australasian Institute of Mining and Metallurgy and Fellow of the Geology Society of London. Mr Arthur is a full-time employee of Midwest Vanadium Pty Ltd in the capacity of Chief Geologist.

Mr Arthur has over 26 years experience in this style of mineralization and the type of deposit under consideration and related mining methods and project evaluation. He has sufficient experience which is relevant to the style of mineralization and to the activity which he has undertaken. He is therefore qualified as a Competent Person as defined in the 2004 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves'. Mr Arthur consents to the inclusion of this report in the form and context in which it appears.

HIGHLIGHTS

- **First ferrovanadium production at Windimurra Project subsequent to period end**
- **Mine to port iron ore logistics chain completed**
- **Positive preliminary exploration results at southern Windimurra tenements**

WINDIMURRA VANADIUM AND IRON ORE PROJECT UPDATE

During the period, the Company achieved construction completion at its 100%-owned Windimurra Project ("Windimurra"), an important milestone, in line with budget cost estimates but behind schedule by two months.

Process commissioning was also completed with the exception of the last three areas of the process chain being the flash dryer, reduction kiln and ferrovanadium electric arc furnace, which were delayed due to a hold-up in gas regulatory and safety approvals.

Subsequent to period end, these last plant areas were successfully commissioned culminating in first ferrovanadium production in early January 2012.

First ferrovanadium from Windimurra

Other than for the milling and beneficiation circuits, commissioning progress has been in line with expectations, with crushing, kiln and ferrovanadium circuits largely performing to plan.

Recoveries through the vanadium production process are consistent with expectations for this stage of production ramp-up.

Following successfully proving the plant's ability to produce ferrovanadium, MVPL will focus its attention on accelerating production ramp-up at Windimurra to meet its previously-advised target of full production of 6,300 tonnes per annum of contained vanadium in Q1 calendar year 2013.

During the period, the Company undertook a third party review process with specialist engineering groups to identify any further modifications that might be required to the crushing, milling and beneficiation ("CMB") circuit to improve its performance and to assist in the production ramp-up.

The Company has embarked on a number of the proposed modifications to the milling and beneficiation components within the CMB circuit. It is expected that all modifications will cost A$14 million. It is estimated that the major components of these works will be concluded in Q2 calendar year 2012. The Company has also taken steps to reduce the impact of the modification works on the near term production ramp-up schedule.

MVPL currently expects Windimurra to progressively increase output as the modifications are put into place, and to attain 65% of plant design production capacity during Q2 calendar year 2012.

Further modifications to the CMB circuit to be carried out later in the year, all included within the A$14 million modification estimate, are expected to lead to indirectly increasing the capacity of the CMB circuit to 115% of design capacity. Work is underway to convert the benefit of this additional capacity into additional vanadium production.

Pentoxide Circuit

As previously announced, following strong expressions of interest for the supply of premium grade vanadium pentoxide from Windimurra, particularly from the master alloy industry, the Company continues to investigate adding a vanadium pentoxide circuit to the Windimurra project.

The addition of a vanadium pentoxide circuit has the potential to increase the vanadium production capacity of the project, provide operational flexibility and attract higher unit revenues.

Marketing – Vanadium

During the period, the sales and marketing team, in conjunction with Element Commodities, attended a number of major industry sales events and continued to build awareness of the new supply of Windimurra vanadium. This was well received by customers.

Negotiations have also continued with key potential offtake customers for the Company's proposed premium vanadium pentoxide product stream.

Marketing – Iron Ore

During the period, negotiations with several customers continued regarding the initial shipment of iron ore.

The Company has not been able to achieve commencement of iron ore shipments to date and now expects its first shipment to occur as soon as possible following signing of an initial iron ore sales contract.

The Company has also received offers for its direct ship ore high titano-magnetite lump product, following successful customer test work. MVPL continues to market this lump product in addition to its existing iron ore fines products to customers.

Iron Ore Logistics

During the half-year, MVPL completed the iron ore logistics supply chain for the transport of iron ore from Windimurra to the Port of Geraldton.

Port arrangements for the initial export of iron ore to customers were also finalised.

Site preparations for iron ore screening, loading and transport were completed along with iron ore business approvals.

Loading of iron ore utilising a container-based solution was successfully trialled for other clients at Geraldton Port in mid-December.

Exploration

During the period, MVPL continued its exploration activities on the outcropping magnetite zones within its tenements to the south of the existing Windimurra vanadium mine.

The surface mapping and sampling program revealed magnetite zones of up to 70 metres width with elevated iron and vanadium levels.

Average sample grades returned across certain sections of the outcrops are as follows:

Table 1 Traverses of 50m across the central vanadium bearing core of the outcrops

SiO_2%	TiO_2%	V_2O_5%	Fe_2O_3%	Fe%
5.2	11.7	1.0	71.0	49.7

Table 2 Traverses of 70m, across entire outcropping package

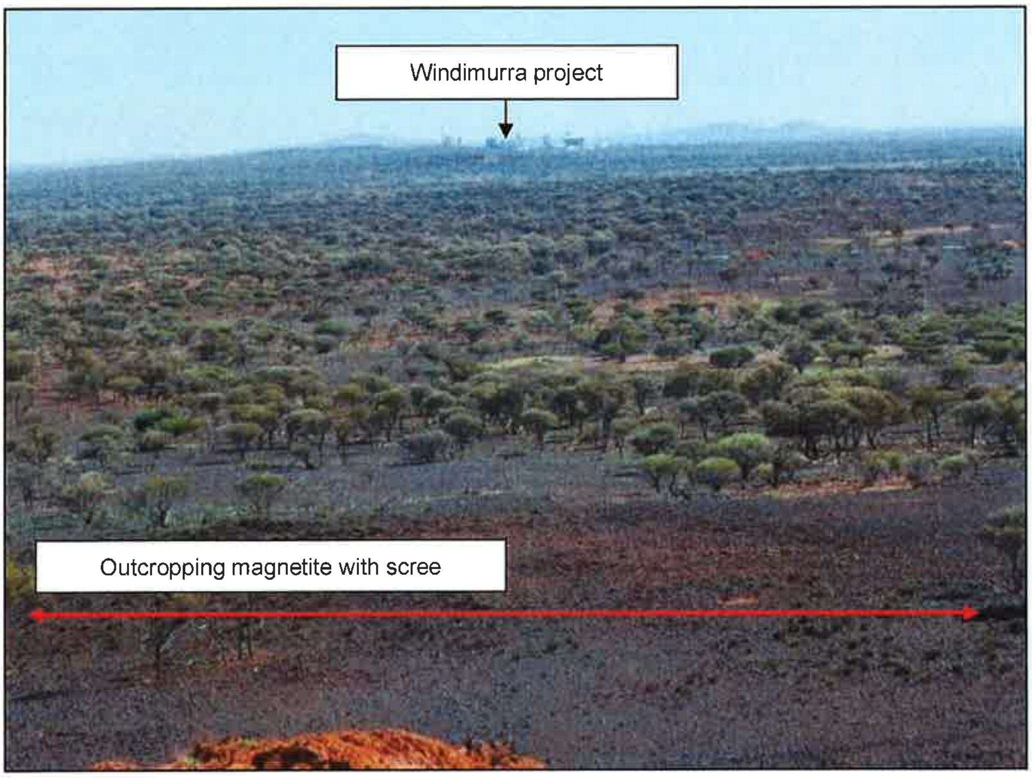
SiO_2%	TiO_2%	V_2O_5%	Fe_2O_3%	Fe%
3.4	5.7	0.5	78.8	55.1

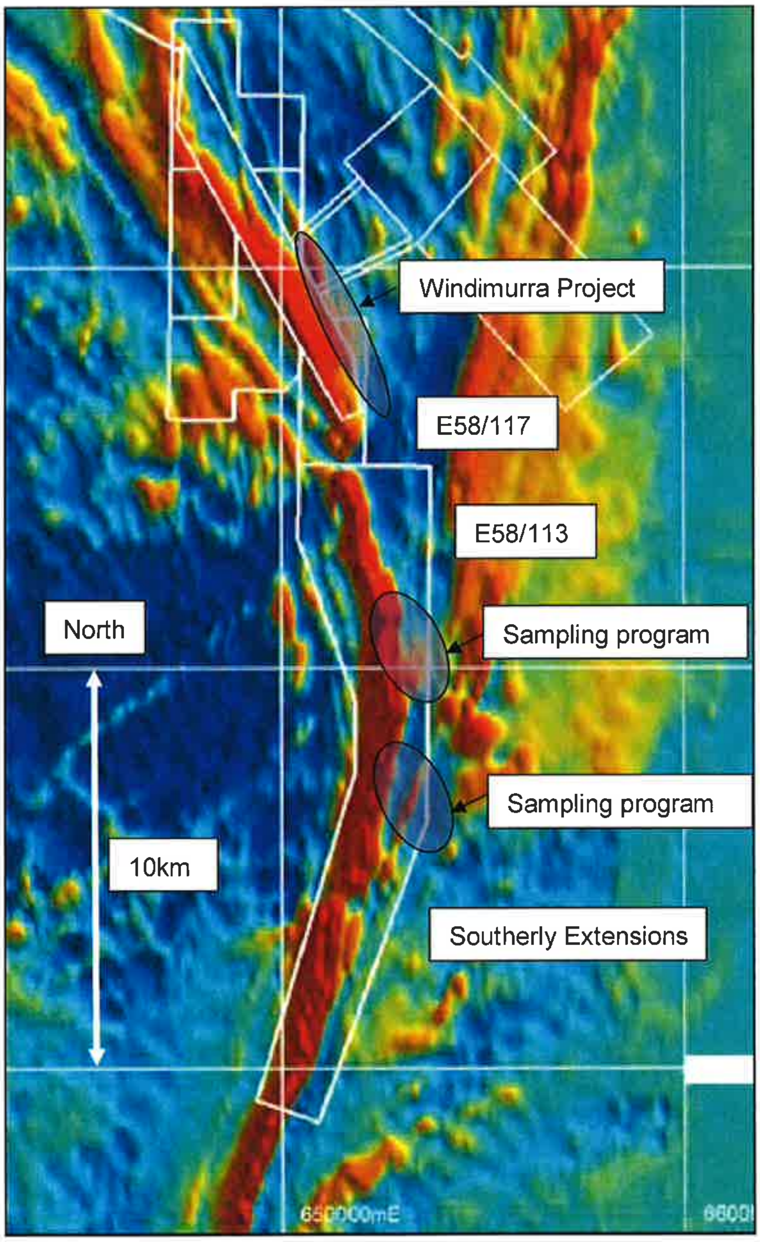
MVPL intends to proceed with further drilling, mapping and sampling over the area to determine the extent to which the elevated iron and vanadium levels continue below surface.

The latest results are consistent with the results of a scout drilling program reported in the June quarter 2011, which confirmed that the Windimurra vanadium bearing horizon extends south throughout the additional 21 kilometre strike length.

This exploration is designed to quantify the potential volume and grade of iron ore, ilmenite and vanadium based products that could be generated by non-complex shallow mining.

View looking North on Shepherd's Hill, 6km south of the Windimurra project





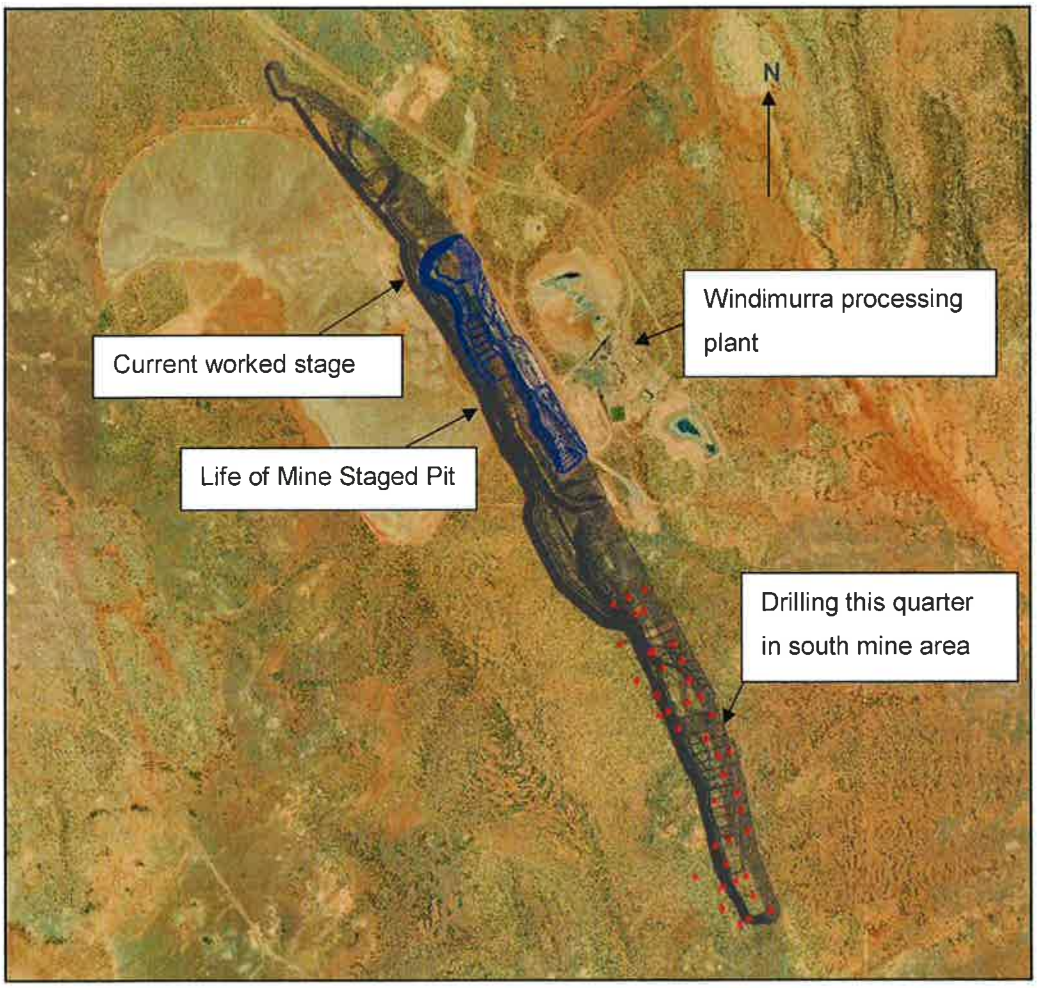
Resource Development

During the period, 3,620 metres of infill RC drilling on 100 metre line spacing was undertaken on the proposed next stage of the Windimurra mine, to the south of the current pit cutback. The overall 3.6 kilometre strike length of the proposed pit has been optimised into 7 stages. This drilling will result in a revised resource model which will enable MVPL to select the next stage of the pit to generate the best NPV for the project.

A revised mineral resource estimate will be reported in the next quarterly activity report. The currently worked start-up cutback will be mined out by March 2013. As such, this drilling will allow for a timely decision on the location of the next stage to allow waste pre-stripping to commence and to ensure continuous and uninterrupted ore supply to the processing facility.

As part of this stage selection process, a program of 8 diamond core holes are currently being drilled, to collect samples for metallurgical testwork and to gain detailed geological knowledge. The recovery of ores in this area will also be instrumental in the selection of the next stage of the pit to return the optimal project NPV.

Windimurra project resource overview



KEY APPOINTMENTS

Scott Mathewson, General Manager Operations

During the period, Scott Mathewson was appointed to the role of General Manager of Operations. Scott most recently worked at Rio Tinto for six years – the last three as Manager Operations for Dampier Salt Ltd based in Port Hedland.

John Gardener, General Manager Sales & Marketing

During the period, John Gardener was appointed to the role of General Manager of Sales & Marketing. John was previously Business Development Manager for Sinosteel and Sales & Marketing Manager for Rio Tinto (Iron Ore). John will be responsible for sales and marketing across both vanadium and iron ore product groups.

CORPORATE ACTIVITY

Towards the end of the half-year, Atlantic Ltd, the ultimate parent company and 100% owner of AVHPL, announced a raising of A$25.0 million via a placement of 20,833,333 fully paid ordinary shares in Atlantic Ltd at a fixed price of A$1.20 per share.

The proceeds from this capital raising were used to finance improvements and modifications to the CMB plant at Windimurra, which have the potential to accelerate Windimurra's ramp-up to full capacity, and for general corporate purposes.

The placement comprised an unconditional component raising A$18,186,000 immediately through the placement of 15,155,000 new shares, and a conditional component raising A$6,814,000 through the placement of 5,678,333 new shares, subject to shareholder approval.

SUBSEQUENT REPORTING TO BALANCE DATE

Consistent with the reporting obligations of Atlantic Ltd, the Australian Securities Exchange listed ultimate holding company of the Group, the following disclosures have been made by Atlantic Ltd to the Australian Securities Exchange subsequent to 31 December 2011 which should be read in conjunction with this report:

- Atlantic Ltd – Company Secretary Appointment/Resignation, reported on 3 February 2012
- Atlantic Ltd – Quarterly Cashflow Report, reported on 30 January 2012
- Atlantic Ltd – Resuls of Extraordinary General Meeting, reported on 27 January 2012
- Atlantic Ltd – December Quarterly Activities Report, reported on 23 January 2012
- Atlantic Ltd – Windimurra Vanadium Project Update "First Ferrovanadium Production, reported on 9 January 2012

STATEMENT OF COMPREHENSIVE INCOME

	Half-year ended 31 December 2011 A$'000	10 May 2010 to 31 December 2010 A$'000
Revenue	98	252
Other (expenses)/income	(9,470)	683
Corporate expenses	-	(3,134)
Administrative expenses	(1,275)	(816)
Finance expenses	(410)	(6,649)
Loss before income tax	(11,057)	(9,664)
Income tax benefit	-	5,914
Loss after income tax	(11,057)	(3,750)
Other comprehensive income	-	-
Total comprehensive loss for the period	(11,057)	(3,750)

Six Months Ended 31 December 2011

"Revenue" relates to interest earned on cash held during the period. Interest earned on funds associated with the senior secured notes raising has been capitalised in line with international financial reporting standards as the Windimurra Project meets the definition of a qualifying asset.

"Other (expenses)/income" consists of net realised and unrealised foreign exchange gains. The significant increase in net foreign exchange losses during the half year is a result of the weakening of the AUD:USD exchange rate from 1.0739 to 1.0156 during the period. In addition, foreign exchange gains/(losses) associated with the senior secured notes raising has now been capitalised in line with international financial reporting standards as the Windimurra Project meets the definition of a qualifying asset.

"Administrative expenses" includes A$0.3m in salary and wages costs and A$1.0m in administration related costs.

"Finance expenses" consist of the unwinding of the rehabilitation provision. Borrowing costs associated with the senior secured notes have been capitalised in line with international financial reporting standards as the Windimurra Project meets the definition of a qualifying asset.

From Incorporation 10 May 2010 to 31 December 2010

"Revenue" relates to interest earned on cash held.

"Other income" consists of net realised and unrealised foreign exchange gains.

"Corporate expenses" consist of the acquisition costs of MVPL.

"Administrative expenses" include other office costs.

"Finance expenses" consists of interest on loans from Atlantic of A$0.9m and interest on finance leases and borrowings of A$5.8m.

STATEMENT OF FINANCIAL POSITION

	31 December 2011 A$'000	30 June 2011 A$'000
Cash and cash equivalents	45,843	114,155
Trade and other receivables	1,504	13,602
Inventory	6,844	1,922
Other current assets	3,521	1,180
Assets classified as held for sale	1,430	-
Property, plant and equipment	379,965	280,644
Restricted cash	8,916	8,667
Trade and other payables	(33,894)	(29,039)
Other current liabilities	(5,975)	(3,037)
Loans and borrowings	(316,365)	(298,453)
Rehabilitation provision	(21,500)	(15,615)
Net Assets	**70,289**	**74,026**

"Cash and cash equivalents" at 31 December 2011 includes US$38.7m (A$38.1m) held in an interest reserve account in accordance with the provisions of the senior secured notes indenture.

"Trade and other receivables" are primarily made up of GST receivables of A$0.7m, interest income receivable of A$0.4m, and sundry receivables of A$0.4m.

"Inventory" consists of stores and consumables of A$2.8m, soda ash reagent inventory of A$1.3m, natural gas of A$2.3m and fuel of A$0.4m.

"Other current assets" consist of prepayments.

"Assets classified as held for sale" relate to accommodation units surplus to the Windimurra Project requirements that Management intends to sell within the next six months.

"Property, plant and equipment" consists of the carrying value of assets at 30 June 2011 of A$280.6m, additions for the period of A$71.5m, capitalised borrowing costs of A$23.4m and a rehabilitation provision adjustment of A$5.5m.

"Restricted cash" relates to cash backed unconditional performance bonds guaranteed by a financial institution, and cash backed bank guarantees for the operation of corporate credit cards and other facilities.

"Trade and other payables" primarily relate to liabilities accrued in relation to the construction and commissioning of the Windimurra Project of A$19.7m and interest accruals for the senior secured notes of A$14.2m.

"Other current liabilities" refers to the provision for acquisition levy of A$2.3m attributable to the acquisition of MVPL, insurance premium funding of A$3.1m and the annual leave provision of A$0.6m.

"Loans and borrowings" consist of the US$335m senior secured note issue. The carrying value of the senior secured notes is calculated by using the amortised cost method and the netting off of transaction costs of A$14.6m.

"Rehabilitation provision" represents the present value estimate of costs required to rehabilitate the existing environmental disturbance at Windimurra.

STATEMENT OF CHANGES IN EQUITY

	Ordinary shares A$'000	Equity contribution reserve A$'000	Retained earnings A$'000	Total A$'000
Balance as at 31 December 2011	7,261	55,247	7,781	70,289
Balance as at 31 December 2010	11	33,973	(3,750)	30,234

"Ordinary shares" consists of 7,261,111 fully paid ordinary shares at A$1.00 each. During the half year ended 31 December 2011, the Company issued 7,250,000 fully paid ordinary shares to its parent company Atlantic Ltd at $1.00 each.

"Equity contribution reserve" consists of the A$34m loan forgiveness and a A$19.7m MVPL investment contribution from Atlantic. In addition, this balance includes A$0.9m relating to the tax effected imputed contribution for the loans from Atlantic to MVPL from September 2010 to February 2011, a A$0.4m MVPL acquisition cost contribution and a A$0.1m share based payment contribution from Atlantic.

STATEMENT OF CASH FLOWS

	Half-year ended 31 December 2011 A$'000	**10 May 2010 to 31 December 2010 A$'000**
Operating cash flows	(12,183)	(3,322)
Investing cash flows	(66,632)	8,514
Financing cash flows	7,234	39,307
Opening cash	114,155	-
Exchange rate adjustment	3,269	-
Closing Cash	**45,843**	**44,499**

Six Months Ended 31 December 2011

"Operating cash flows" are primarily made up of payments to suppliers and employees of A$5.6m, interest paid of A$18.5m offset by GST received of $11.2m and interest income of A$0.7m.

"Investing cash flows" relate to payments for property, plant and equipment for the Windimurra Project of A$66.6m.

"Financing cash flows" consist of proceeds from the share issue of A$7.3m.

"Exchange rate adjustments" refer to the revaluation of the USD cash balances into AUD. This is positive as a consequence of the weakening of the AUD:USD exchange rate during the period.

From Incorporation 10 May 2010 to 31 December 2010

"Operating cash flows" are primarily payments to suppliers and employees of A$3.4m with some minor interest revenue and interest expense cash flows.

"Investing cash flows" relate to payments for property, plant and equipment for the Windimurra Project, net of cash received on acquisition of MVPL of A$27.6m.

"Financing cash flows" consist of proceeds from intercompany loan inflows of A$50m from Atlantic and payout of historical loans and borrowings of MVPL of A$10.1m.

FINANCIAL INSTRUMENTS

Cash and Cash Equivalents are held in short term interest bearing cash accounts with AA credit rated Australian banks.

Trade and Other Receivables are all non interest bearing and primarily relate to GST receipts which are AAA credit rated.

Restricted Deposits are held in long term interest bearing cash accounts with AA credit rated Australian banks.

Trade and Other Payables are all short term and non interest bearing.

Loans and Borrowings consist of short term insurance premium funding and the US$335m senior secured notes. The notes have a fixed interest rate of 11.5% per annum and a fixed maturity of 15 February 2018.

Interest rate risk arises from cash and cash equivalents and loans and borrowings. The Group constantly analyses its interest rate exposure. Within this analysis, consideration is given to the potential renewals of existing positions, alternative financing, alternative hedging positions and the mix of fixed and variable interest rates. Interest rate risk is mitigated through the use of fixed interest loans and borrowings and cash investment strategies with both the short and long term maturities.

Foreign currency risk refers to the risk that the fair value of future cash flows will fluctuate due to changes in foreign exchange rates. The Group's primary exposure is to the USD:AUD exchange rate as revenues from the Windimurra Project are received in USD and expenses incurred are mainly in AUD. Foreign exchange risk is mitigated through USD outflows in the form of interest payments and some Windimurra Project expenses (for example soda ash reagent) as well as holding USD cash balances where possible.

The Group does not engage in any hedging or derivative transactions to manage interest rate or foreign exchange risks.

The Group's exposure to credit risk arises from potential default of the counterparty, with a maximum exposure equal to the carrying amount of the financial assets. Credit risk predominately arises from cash deposits with banks and financial institutions and receivables from statutory authorities.

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

SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS

The preparation of financial statements requires Management to make significant accounting judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in any future periods affected.

The significant accounting judgements and significant accounting estimates and assumptions are unchanged from those described in the Group's Annual Financial Report for the period from the date of incorporation, 10 May 2010, to 30 June 2011.

SUBSEQUENT EVENTS TO REPORTING PERIOD

On 27 January 2012, an Extraordinary General Meeting of the shareholders of the Group's ultimate parent Atlantic Ltd, was held to consider various resolutions in relation to the A$25 million equity placement announced by Atlantic Ltd on 7 December 2011. The equity placement included:

- an unconditional placement of 15,155,000 fully paid ordinary shares at A$1.20;
- a conditional placement of 4,553,333 fully paid ordinary shares at A$1.20 to Mr Michael Minosora, Managing Director of Atlantic Ltd; and,
- a further conditional placement of 1,250,000 fully paid ordinary shares at A$1.20 to Droxford International Limited, Atlantic Ltd's largest shareholder.

All resolutions were passed without amendment at the Extraordinary General Meeting. The conditional components of the placement raising $6,814,000 were completed on 24 February 2012.

On 31 January 2012, the Company issued 7,100,000 fully paid ordinary shares to its parent company Atlantic Ltd at $1.00 each.

On 29 February 2012, the Company issued 4,250,000 fully paid ordinary shares to its parent company Atlantic Ltd at $1.00 each.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the half-year ended 31 December 2011

	Note	3 months ended 31 December 2011 A$'000	3 months ended 31 December 2010 A$'000	Half-year ended 31 December 2011 A$'000	10 May 2010 to 31 December 2010 A$'000
Revenue	3	(590)	240	98	252
Other income/(expenses)	3	14,681	446	(9,470)	683
Corporate expenses	3	-	-	-	(3,134)
Administrative expenses	3	(1,026)	(557)	(1,275)	(816)
Finance expenses	3	9,349	(6,042)	(410)	(6,649)
Profit/(loss) before income tax		22,414	(5,913)	(11,057)	(9,664)
Income tax benefit			2,618	-	5,914
Profit/(loss) after income tax		22,414	(3,295)	(11,057)	(3,750)
Other comprehensive income		-	-	-	-
Total comprehensive income/(loss) for the period		22,414	(3,295)	(11,057)	(3,750)

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

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2011

	Note	31 December 2011 A$'000	30 June 2011 A$'000
Assets			
Current Assets			
Cash and cash equivalents	5	45,843	96,218
Trade and other receivables		1,504	13,602
Inventory		6,844	1,922
Other current assets		3,521	1,180
Assets classified as held for sale	6	1,430	-
Total Current Assets		59,142	112,922
Non-Current Assets			
Property, plant and equipment	7	379,965	280,644
Cash and cash equivalents		-	17,937
Trade and other receivables		8,916	8,667
Total Non-Current Assets		388,881	307,248
Total Assets		448,023	420,170
Liabilities			
Current Liabilities			
Trade and other payables		33,894	29,039
Loans and borrowings		3,112	290
Provisions		2,863	2,747
Total Current Liabilities		39,869	32,076
Non-Current Liabilities			
Loans and borrowings		316,365	298,453
Provisions		21,500	15,615
Total Non-Current Liabilities		337,865	314,068
Total Liabilities		377,734	346,144
Net Assets		70,289	74,026
Equity			
Contributed equity	8	7,261	11
Reserves		55,247	55,177
Retained earnings		7,781	18,838
Total Equity		70,289	74,026

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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the half-year ended 31 December 2011

	Ordinary shares A$'000	Equity contribution reserve A$'000	Retained earnings A$'000	Total A$'000
Balance as at 1 July 2011	11	55,177	18,838	74,026
Profit for the period	-	-	(11,057)	(11,057)
Other comprehensive income	-	-	-	-
Total comprehensive income for the period	-	-	(11,057)	(11,057)
Transactions with owners in their capacity as owners:				
Shares issued	7,250	-	-	7,250
Contribution from holding company (net of tax)	-	70	-	70
Balance as at 31 December 2011	7,261	55,247	7,781	70,289

	Ordinary shares A$'000	Equity contribution reserve A$'000	Retained earnings A$'000	Total A$'000
Balance as at 10 May 2010	-	-	-	-
Loss for the period	-	-	(3,750)	(3,750)
Other comprehensive income	-	-	-	-
Total comprehensive loss for the period	-	-	(3,750)	(3,750)
Transactions with owners in their capacity as owners:				
Shares issued	11	-	-	11
Contribution from holding company (net of tax)	-	33,973	-	33,973
Balance as at 31 December 2010	11	33,973	(3,750)	30,234

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

CONSOLIDATED STATEMENT OF CASH FLOWS

For the half-year ended 31 December 2011

	Note	Half-year ended 31 December 2011 A$'000	10 May 2010 to 31 December 2010 A$'000
Cash flows from Operating Activities			
Payments to suppliers and employees		(5,588)	(3,436)
GST received		11,235	-
Interest received		687	300
Interest paid		(18,517)	(186)
Net cash flows used in Operating Activities	9	(12,183)	(3,322)
Cash flows from Investing Activities			
Puchase of property, plant and equipment		(66,632)	(19,103)
Cash acquired on acquisition of Midwest Vanadium Pty Ltd		-	27,617
Net cash flows (used in)/from Investing Activities		(66,632)	8,514
Cash flows from Financing Activities			
Net transactions from intercompany loans		-	50,000
Proceeds from issue of shares		7,250	-
Repayment of borrowings		(16)	(10,072)
Transaction costs relating to senior secured notes		-	(621)
Net cash flows from Financing Activities		7,234	39,307
Net (decrease)/increase in cash and cash equivalents		(71,581)	44,499
Cash and cash equivalents at beginning of the period		114,155	-
Net foreign exchange differences		3,269	-
Cash and cash equivalents at end of the period	5	45,843	44,499

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1 CORPORATE INFORMATION

The consolidated interim financial report of Atlantic Vanadium Holdings Pty Ltd (the "Company") and its controlled entity Midwest Vanadium Pty Ltd ("the Group" or "Consolidated Entity") for the half-year ended 31 December 2011 was authorised for issue in accordance with a resolution of the Directors on 29 February 2012.

The Company was incorporated on 10 May 2010 and the 30 June 2011 annual financial report was the first annual financial report of the Company. The financial year end of the Company is June.

The ultimate parent entity of the Company is Atlantic Ltd ("Atlantic"), a company listed on the Australian Securities Exchange ("ASX").

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A Basis of Preparation

This unaudited special purpose condensed financial report for the half-year ended 31 December 2011 has been prepared in accordance with AASB 134 *Interim Financial Reporting* and the *Corporations Act 2001*.

The interim financial report does not include full disclosures of the type normally included in an annual financial report and therefore cannot be expected to provide as full an understanding of the financial performance, financial position and cash flows of the Group as a full financial report.

It is recommended that this interim financial report be read in conjunction with the audited special purpose financial report of the Group for the period from the date of incorporation on 10 May 2010 to 30 June 2011 and any public announcements made by its parent entity Atlantic during the interim period ended 31 December 2011 in accordance with continuous disclosure requirements of the ASX Listing Rules.

The interim financial report has been prepared on an accrual basis and is based on historical costs.

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

Apart from the changes in accounting policy noted below (Note 2c), the accounting policies and methods of computation are the same as those adopted in the most recent annual financial report.

B Going Concern

The Group has cash on hand at 31 December 2011 of A$45.8m. Included within this cash on hand is A$38.1m (US$38.7m) which is reserved for the February 2012 and August 2012 interest payments under the senior secured notes and a minimum holding balance of A$4.9m (US$5.0m) required to be held under the senior secured notes. This leaves cash on hand at 31 December 2011 of A$2.8m for general working capital.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

B Going Concern (continued)

The Group has trade and other payables at 31 December 2011 of A$33.9m and short term insurance premium funding of A$3.1m. Included within this trade and other payables amount is A$14.2m in interest accruals associated with the senior secured notes February 2012 interest payment. This amount is payable out of the A$38.1m interest reserve account. The balance of trade and other payables is A$22.8m.

The Group also has capital commitments relating to the construction and commissioning of the Windimurra Project of A$6.9m. At 31 December 2011, this leaves a working capital deficit of A$26.9m.

The funds available at the half-year end will not meet planned activities for the forthcoming twelve months. These planned activities include activities which can be modified to significantly reduce levels and timing of expenditure if required. The current status of the Group's activities does not yet provide for production revenues.

Atlantic Ltd (the Group's ultimate parent entity) has met the Group's working capital requirements by raising additional capital through a share placement during December 2011 when Atlantic Ltd raised A$18.2m from the issue of 15,155,000 fully paid ordinary shares at A$1.20 each.

The Directors are fully aware of the funding requirements of the Group as at the date of this report and are in final discussions to address the Group's working capital requirements.

The Directors are satisfied that the Group will continue to operate as a going concern and base this view on the following factors:

- Atlantic Ltd's existing cash balances of A$11.7m as at 31 December 2011 available to be provided to the Group;
- An additional A$6.8m raised on 24 February 2012 following Atlantic Ltd shareholder approval;
- Atlantic Ltd's ability to raise additional funds as and when required;
- Commissioning at the Windimurra Project has been completed and the plant has successfully produced Ferrovanadium. Production is scheduled to ramp up over the coming months; and
- The Directors monitor expenditure against budget activities and will adjust activities as appropriate.

There are a number of inherent uncertainties about the achievement of future plans including:

- Ability of Atlantic Ltd to complete additional fund raisings to meet the Group's working capital requirements as and when required;
- Achieving production ramp up at the Windimurra Project in accordance with the Group's budgets;
- Fluctuations in commodity prices;
- Fluctuations in the AUD:USD foreign exchange rates; and
- Instability in the debt and equity markets.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

B Going Concern (continued)

In the event that the Group's future plans are not achieved, the Group and Atlantic Ltd would need to consider further fund raisings to maintain the basis for going concern. The Directors are confident that in the event that this should be required that Atlantic Ltd has the ability to source additional funds through the debt and equity markets.

Should the Group or Atlantic Ltd not be able to complete additional fund raisings to finance the ongoing ramp up of the Group's Windimurra Project or additional working capital as and when required, there would be significant uncertainty as to whether the Group will be able to meet its debts as and when they fall due and thus continue as a going concern.

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

C New Accounting Standards and Interpretations

The following amended Australian Accounting Standards and Interpretations relevant to the operations of the Consolidated Entity have been adopted from 1 July 2011.

- AASB 2009-14 Amendments to Australian Interpretation – Prepayments of a Minimum Funding Requirement, effective 1 January 2011;
- AASB 2010-4 Further Amendments to Australian Accounting Standards arising from the Annual Improvements Project [AASB 1, 7, 101, 134 and Interpretation 13], effective 1 January 2011;
- AASB 2010-5 Amendments to Australian Accounting Standards [AASB 1, 3, 4, 5, 101, 107, 112, 118, 119, 121, 132, 133, 134, 137, 139, 140, 1023 & 1038 and Interpretations 112, 115,127, 132 & 1042], effective 1 January 2011;
- AASB 2010-6 Amendments to Australian Accounting Standards – Disclosures on Transfers of Financial Assets [AASB 1 & 7], effective 1 July 2011;
- AASB 124 (Revised) Related Party Disclosures (December 2009), effective 1 January 2011; and
- AASB 1054 Australian Additional Disclosures, effective 1 July 2011.

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

3 REVENUE AND EXPENSES

	3 months ended 31 December 2011 A$'000	3 months ended 31 December 2010 A$'000	Half-year ended 31 December 2011 A$'000	10 May 2010 to 31 December 2010 A$'000
Revenue				
Interest (i)	(590)	240	98	252
Other income/(expenses)				
Net foreign exchange gains/(losses) (i)	14,681	446	(9,470)	683
Corporate expenses				
Acquisition costs	-	-	-	3,134
Administrative expenses				
Depreciation	-	50	-	57
Employee benefits expense	131	214	256	269
Other administration expenses	557	293	681	490
Impairment expense	338	-	338	-
	1,026	557	1,275	816
Included in administrative expenses are the following:				
Employee benefits expense				
- Wages, salaries and Directors' fees	97	184	171	239
- Superannuation	6	30	15	30
- Share-based payments	28	-	70	-
	131	214	256	269
Finance expenses				
Interest expense - senior secured notes (i)	(9,522)	-	-	-
Interest expense - syndicated debt	-	-	-	-
Interest expense - finance leases and other borrowings	-	5,182	-	5,789
Interest expense - related party	-	860	-	860
Unwinding of the discount of the rehabilitation provision	173	-	410	-
	(9,349)	6,042	410	6,649

(i) As at 31 December 2011, borrowing costs of A$23.3m (including interest expense, interest income and foreign exchange gains/(losses)) associated with the senior secured notes have been capitalised in accordance with International Financial Reporting Standards. At 31 December 2011, the construction and development of the Windimurra Project is considered a qualifying asset due to the delay in commercial production being achieved.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

4 DIVIDENDS

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

5 CASH AND CASH EQUIVALENTS

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

	31 December 2011 A$'000	30 June 2011 A$'000
CURRENT CASH AND CASH EQUIVALENTS		
Cash at bank and on hand (i)	45,843	96,218
NON-CURRENT CASH AND CASH EQUIVALENTS		
Cash interest reserve	-	17,937

Restrictions on cash and cash equivalents:

(i) Included within the cash disclosed at 31 December 2011 is A$7.7m that is specifically reserved for the construction and commissioning of the Windimurra Project owned by Midwest Vanadium Pty Ltd ("MVPL"). This A$7.7m consists of the A$4.9m (US$5.0m) minimum holding balance and the A$2.8m funds available for general working capital. At 31 December 2011, the use of this cash required approval on behalf of the senior secured note holders from both the independent engineer and security trustee. Following project completion of the Windimurra Project this approval will no longer be required, and as a consequence any surplus funds will become unrestricted.

Also included in the cash as at 31 December 2011 is an amount of US$38.7m (A$38.1m) for MVPL which is restricted to the payment of the second and third interest payments under the senior secured notes.

6 ASSETS CLASSIFIED AS HELD FOR SALE

As at 31 December 2011, Midwest Vanadium Pty Ltd ("MVPL") re-classified A$1.768m included in property, plant and equipment as "assets under construction" to Held for Sale. Included within the Statement of Comprehensive Income "administrative expenses" is a write down of the carrying value of these assets of A$0.338m to reflect the fair value less costs to sell. These assets consist of accommodation unit's surplus to the MVPL's requirements since the construction phase of the Windimurra Project has been completed. MVPL intends to sell these accommodation units within the next 6 months.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

7 PROPERTY, PLANT AND EQUIPMENT

	Site plant & equipment A$'000	Leased assets A$'000	Office equipment A$'000	Assets under construction A$'000	Mine properties and development A$'000	Total A$'000
At 1 July 2011 net of accumulated depreciation	125,309	129	68	137,452	17,686	280,644
Additions	-	-	-	93,167	679	93,846
Transfers	-	-	-	-	-	-
Change in rehabilitation provision	-	-	-	-	5,475	5,475
Depreciation charge for the period	(141)	(20)	(21)	182	-	0
At 31 December 2011 net of accumulated depreciation	125,168	109	47	230,801	23,840	379,965
At 31 December 2011						
Cost	125,526	160	98	230,801	23,840	380,425
Accumulated depreciation	(358)	(51)	(51)	-	-	(460)
Net carrying amount	125,168	109	47	230,801	23,840	379,965

Included in the additions line for Assets Under Construction is an amount of A$0.2m of capitalised depreciation and A$23.3m in capitalised borrowing costs.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

7 PROPERTY, PLANT AND EQUIPMENT (continued)

	Site plant & equipment A$'000	Leased assets A$'000	Office equipment A$'000	Assets under construction A$'000	Mine properties and development A$'000	Total A$'000
At 10 May 2010 net of accumulated depreciation	-	-	-	-	-	-
Acquisition of Midwest Vanadium Pty Ltd	97,866	22,120	37	61,496	22,080	203,599
Additions	5,700	-	61	75,956	847	82,564
Transfers	21,960	(21,960)	-	-	-	-
Change in rehabilitation provision	-	-	-	-	(5,241)	(5,241)
Depreciation charge for the period	(217)	(31)	(30)	-	-	(278)
At 30 June 2011 net of accumulated depreciation	125,309	129	68	137,452	17,686	280,644
At 30 June 2011						
Cost	125,526	160	98	137,452	17,686	280,922
Accumulated depreciation	(217)	(31)	(30)	-	-	(278)
Net carrying amount	125,309	129	68	137,452	17,686	280,644

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

8 ISSUED CAPITAL

During the period ended 31 December 2011, the Company issued 7,250,000 fully paid ordinary shares to its parent company Atlantic Ltd at $1.00 each.

9 CASH FLOW STATEMENT RECONCILIATION

Reconciliation of loss after income tax for the period to net cash flows used in operations:

	Half-year ended 31 December 2011 A$'000	10 May 2010 to 31 December 2010 A$'000
Loss after income tax	(11,057)	(3,750)
Adjustments for:		
Depreciation	-	57
Net foreign exchange gains	(8,166)	(208)
Costs funded by parent entity	-	1,495
Debt forgiveness	-	(5,525)
Unwinding of the discount of the rehabilitation provision	410	-
Stamp duty	(168)	2,700
Non cash interest expense	13,176	224
Interest income capitalised	951	-
Share based payments	70	-
Impairment expense	338	-
Changes in assets and liabilities:		
(Increase)/decrease in trade and other receivables	11,849	(1,215)
(Increase)/decrease in prepayments	0	(425)
(Increase)/decrease in inventory	(4,522)	(94)
Increase/(decrease) in trade and other payables	(15,347)	3,073
Increase/(decrease) in provisions	283	346
Net cash used in operating activities	(12,183)	(3,322)

10 COMMITMENTS AND CONTINGENCIES

As at 31 December 2011, Midwest Vanadium Pty Ltd had A$6.9m in capital commitments due within one year in relation to the construction and commissioning of the Windimurra Project.

There are no changes to the contingencies as disclosed in the most recent special purpose financial report.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

11 EVENTS AFTER THE REPORTING PERIOD

On 27 January 2012, an Extraordinary General Meeting, for the Group's ultimate parent Atlantic Ltd, was held to consider various resolutions in relation to the A$25 million equity placement announced by Atlantic Ltd on 7 December 2011. The equity placement included:

- an unconditional placement of 15,155,000 fully paid ordinary shares at A$1.20;
- a conditional placement of 4,553,333 fully paid ordinary shares at A$1.20 to Mr Michael Minosora, Managing Director of Atlantic Ltd; and,
- a further conditional placement of 1,250,000 fully paid ordinary shares at A$1.20 to Droxford International Limited, Atlantic Ltd's largest shareholder.

All resolutions were passed without amendment at the Extraordinary General Meeting. The conditional components of the placement raising $6,814,000 were completed on 24 February 2012.

On 31 January 2012, the Company issued 7,100,000 fully paid ordinary shares to its parent company Atlantic Ltd at $1.00 each.

On 29 February 2012, the Company issued 4,250,000 fully paid ordinary shares to its parent company Atlantic Ltd at $1.00 each.

DIRECTORS' DECLARATION

In the opinion of the Directors:

1. The financial statements and notes of the Consolidated Entity for the half-year ended 31 December 2011 are in accordance with the *Corporations Act 2001*, including:

   a) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*; and

   b) giving a true and fair view of the Consolidated Entity's financial position as at 31 December 2011 and of its performance for the half-year ended on that date;

2. Subject to the matters described in Note 2(b), there are reasonable grounds to believe that the Consolidated Entity will be able to pay its debts as and when they become due and payable.

This declaration is made in accordance with a resolution of Directors

MICHAEL MINOSORA
Director

Perth, Western Australia
Dated this 29th day of February 2012