

31 May 2010

## ATLANTIC LTD – CHANGE OF STRATEGIC DIRECTION

Atlantic Ltd (ASX: ATI, “Atlantic”) is pleased to lodge two notices to shareholders seeking approval for its proposed change of strategic direction and related resolutions.

In late 2009, Atlantic announced that the Board had approved a new strategy to seek to become a resources company with a diversified portfolio of world class resources projects.

The first step in the implementation of this new strategy was taken earlier this year when Atlantic announced that agreement had been reached for it to acquire a 62.5% equity interest in the Windimurra vanadium project.

The Windimurra vanadium project is a major resources project that, once operational at nameplate capacity, will produce approximately 7% of world vanadium.

The Atlantic Board believes that the Windimurra vanadium project represents a world scale project opportunity that will deliver significant value for shareholders.

The acquisition of the majority interest in the Windimurra vanadium project can only proceed if Atlantic shareholders approve a change of activities under ASX rules.

Further information regarding Atlantic’s proposed change in activities and other related resolutions is contained in the attached notices.

Atlantic will also lodge a prospectus disclosing detailed information in relation to its activities prior to the meetings.

-ends-

### For further details please contact:

**Michael Minosora**  
Managing Director  
Atlantic Limited  
+61 8 6436 4610

**John McGlue**  
FD Third Person  
+61 8 9386 1233  
+61 417 926 915

### About Atlantic Limited

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

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

Additional information on Atlantic can be found at [www.atlanticltd.com.au](http://www.atlanticltd.com.au).

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www.atlanticltd.com.au

31 May 2010

Dear Shareholder

**CHANGE OF STRATEGIC DIRECTION**

Please find enclosed notices for two extraordinary general meetings of shareholders of Atlantic Ltd (**Atlantic**) to be held on Wednesday 30 June 2010 at the Central Park Conference Centre, Seminar Room, Ground Floor (Opposite Building Foyer), 152-158 St Georges Terrace, Perth, Western Australia at 10am and 11am Perth time respectively.

The purpose of the meetings is to approve Atlantic's proposed change in strategic direction under ASX rules and related resolutions.

In early April, Atlantic announced that it had entered into agreements to acquire a 62.5% interest in the Windimurra vanadium project, a major resources project that, once operational at nameplate capacity, will produce approximately 7% of world vanadium supply in times of increasing prices for steel making commodities.

The Board believes that the Windimurra vanadium project represents a world scale project opportunity that will deliver significant value for shareholders.

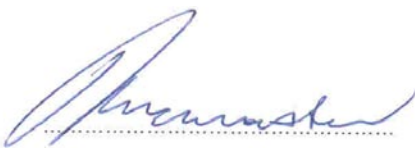
The acquisition of the majority interest in the Windimurra vanadium project cannot proceed without shareholder approval for the proposed change of activities and a related resolution to consolidate the share capital of Atlantic. As such, these resolutions are important first steps on the path to achieving Atlantic's vision and strategy in the resources sector.

On this basis, I encourage you to consider the attached documentation thoroughly and vote at the meetings.

Further information regarding Atlantic's proposed change in activities and the resolutions is contained in the attached documentation. Should you have any further questions about the resolutions proposed, please do not hesitate to contact our Company Secretary Stacey Apostolou on +61 8 6311 4614.

On behalf of the Board, I would like to thank you for your continued support at this exciting and pivotal time in Atlantic's development.

Yours sincerely

Ian McMaster  
Chairman

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ACN 009 213 763

**NOTICE OF EXTRAORDINARY GENERAL MEETING**

**AND**

**EXPLANATORY MEMORANDUM TO SHAREHOLDERS**

FOR AN EXTRAORDINARY GENERAL MEETING OF SHAREHOLDERS TO BE HELD ON WEDNESDAY, 30 JUNE 2010 AT THE CENTRAL PARK CONFERENCE CENTRE, SEMINAR ROOM, GROUND LEVEL (OPPOSITE BUILDING FOYER), 152-158 ST GEORGES TERRACE, PERTH, WESTERN AUSTRALIA AT 10.00AM PERTH TIME

**IMPORTANT INFORMATION**

***This is an important document that should be read in its entirety.  
If you do not understand it you should consult your professional advisers  
without delay.***

***Should you wish to discuss the matters in this Notice of Extraordinary General Meeting, please do not hesitate to contact the Company Secretary on (+61 8) 6311 4614.***

You are encouraged to attend the meeting, but if you cannot, you are requested to complete and return the enclosed Proxy Form without delay to Security Transfer Registrars Pty Ltd, PO Box 535, Applecross WA, 6953, by facsimile on +61 9315 2233, or email at registrar@securitytransfer.com.au.

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**NOTICE OF EXTRAORDINARY GENERAL MEETING  
TO SHAREHOLDERS**

**NOTICE IS HEREBY GIVEN** that an Extraordinary General Meeting of the members of Atlantic Ltd (**Atlantic or the Company**) will be held on the date and at the location and time specified below:

**DATE:** Wednesday, 30 June 2010  
**LOCATION:** Central Park Conference Centre, Seminar Room, Ground Level  
(opposite building foyer), 152-158 St Georges Terrace,  
Perth, Western Australia  
**TIME:** 10.00am Perth time

**BUSINESS**

The business to be transacted at this Extraordinary General Meeting is Resolutions 1 to 6 as set out below.

**RESOLUTION 1 ~ CHANGE IN NATURE AND SCALE OF ACTIVITIES**

To consider and if thought fit, to pass, with or without amendment, the following Resolution as an **ordinary resolution**:

*"That, subject to the passing of Resolution 2, for the purposes of Listing Rule 11.1 and for all other purposes, approval is given for the Company to make a significant change to the nature and scale of its activities as described in the Explanatory Memorandum accompanying this Notice."*

**Voting Exclusion Note**

The Company will disregard any votes cast on Resolution 1 by any person who might obtain a benefit if Resolution 1 is passed (except a benefit solely in the capacity of a holder of ordinary shares) and by any associate of that person (or those persons).

Where a voting exclusion applies, the Company need not disregard a vote if it is cast by a person as a proxy for a person who is entitled to vote in accordance with the directions on the proxy form or it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the proxy form to vote as the proxy decides.

**Important Note**

The passing of Resolution 1 is conditional upon, and subject to, Resolution 2 being passed by Shareholders.

**NOTICE OF EXTRAORDINARY GENERAL MEETING  
TO SHAREHOLDERS**

**RESOLUTION 2 ~ CONSOLIDATION OF SHARE CAPITAL**

To consider and if thought fit, to pass, with or without amendment, the following Resolution as an **ordinary resolution**:

*"That, subject to the passing of Resolution 1, for the purposes of Section 254H of the Corporations Act, clause 10.1 of the Company's Constitution and for all other purposes, the issued capital of the Company be consolidated on the basis that:*

- (a) every twenty five (25) Shares be consolidated into one (1) Share;*
- (b) every twenty five (25) Class B Performance Shares be consolidated into one (1) Class B Performance Share; and*
- (c) every twenty five (25) options each to acquire a Share be consolidated into one (1) option each to acquire a Share and the exercise price of each option be amended in inverse proportion to this ratio in accordance with ASX Listing Rule 7.22.1,*

*with the consolidation taking effect on a date to be announced to the ASX in accordance with the requirements of the ASX Listing Rules, and where this consolidation results in a fraction of a Share, Class B Performance Share or option being held by a Shareholder, Class B Performance Share holder or option holder (as the case may be), the directors of the Company be authorized to round that fraction up to the nearest whole Share, Class B Performance Share or option."*

**Important Note**

The passing of Resolution 2 is conditional upon, and subject to, Resolution 1 being passed by Shareholders.

**RESOLUTION 3 ~ ELECTION OF DIRECTOR – MR IAN MCMASTER**

To consider, and if thought fit, to pass the following Resolution as an **ordinary resolution**:

*"That Mr Ian McMaster, being a Director of the Company who was appointed since the last annual general meeting of the Company, retires in accordance with clause 13.5 of the Company's Constitution and, being eligible and having consented to act, be appointed as a Director of the Company with effect from the close of this meeting."*

**RESOLUTION 4 ~ ELECTION OF DIRECTOR – MR ALAN MULGREW**

To consider, and if thought fit, to pass the following Resolution as an **ordinary resolution**:

*"That Mr Alan Mulgrew, being a Director of the Company who was appointed since the last annual general meeting of the Company, retires in accordance with clause 13.5 of the Company's Constitution and, being eligible and having consented to act, be appointed as a Director of the Company with effect from the close of this meeting."*

**NOTICE OF EXTRAORDINARY GENERAL MEETING  
TO SHAREHOLDERS**

**RESOLUTION 5 ~ ELECTION OF DIRECTOR – MR JAY WACHER**

To consider, and if thought fit, to pass the following Resolution as an **ordinary resolution**:

*“That Mr Jay Wacher, being a Director of the Company who was appointed since the last annual general meeting of the Company, retires in accordance with clause 13.5 of the Company’s Constitution and, being eligible and having consented to act, be appointed as a Director of the Company with effect from the close of this meeting.”*

**RESOLUTION 6 ~ APPROVAL OF NON-EXECUTIVE DIRECTORS FEES**

To consider and, if thought fit, to pass, with or without amendment, the following Resolution as an **ordinary resolution**:

*“That, for the purposes of clause 13.8 of the Company’s Constitution, ASX Listing Rule 10.17 and for all other purposes, the maximum aggregate amount of directors’ fees that may be paid to non-executive directors of the Company be set at \$500,000, which may be divided among those directors in the manner determined by the Board of the Company from time to time.”*

**Voting Exclusion Statement**

The Company will disregard any votes cast on Resolution 6 by any director of the Company and by any associate of any director of the Company.

However, the Company need not disregard a vote if it is cast by a person as a proxy for a person who is entitled to vote in accordance with the directions on the proxy form or it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the proxy form to vote as the proxy decides.

**Important Note**

Resolutions 3 to 6 are not conditional upon the passing of any other Resolution.

**Snapshot Date**

The Company has determined under Corporations Regulation 7.11.37 that for the purposes of this Meeting, Shares will be taken to be held by those persons who are registered as holders of Shares at 5pm Perth time on Monday, 28 June 2010. Share transfers registered after that time will be disregarded in determining an entitlement to attend and vote at the Meeting.

**DATED** 31 May 2010



**STACEY APOSTOLOU**  
COMPANY SECRETARY

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**NOTICE OF EXTRAORDINARY GENERAL MEETING  
TO SHAREHOLDERS**

**NOTES**

A member entitled to vote at this Extraordinary General Meeting is entitled to appoint a proxy to attend and vote for the member at the Meeting. A proxy need not be a member. If the member is entitled to cast 2 or more votes at the Meeting, the member may appoint 2 proxies. If a member appoints 2 proxies and the appointment does not specify the proportion or number of the member's votes each proxy may exercise, each proxy may exercise half of the votes. A proxy form is enclosed.

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**EXPLANATORY MEMORANDUM  
TO SHAREHOLDERS**

This Explanatory Memorandum forms part of a notice convening an Extraordinary General Meeting of Shareholders of Atlantic Ltd (**Atlantic** or **the Company**) to be held at 10.00am Perth time on Wednesday, 30 June 2010. This Explanatory Memorandum is intended to assist Shareholders in understanding the background to and the legal and other implications of the Notice and the reasons for the Resolutions proposed.

**PART 1 – INFORMATION ABOUT ATLANTIC AND ITS BUSINESS**

**1.1 Background**

Atlantic was incorporated in January 1987 and listed on ASX in June 1987. From incorporation until entering into external administration in February 2007, the Company operated a number of diversified businesses including commercial property development, aquaculture, fishing and pearling operations.

Following the appointment of new directors and the effectuation of a deed of company arrangement in August 2007, Atlantic was reinstated to official quotation on ASX on 14 August 2007 as a pearl marketing business.

Following relisting, Atlantic carried out an internal study to investigate various avenues and opportunities to expand its pearl marketing business and also evaluated a number of new business opportunities with a view to creating long-term value for shareholders.

In November 2008, Atlantic announced that it had signed an agreement to acquire an interest in a company that had applied for the exploration rights for the Bao Loc bauxite project in Vietnam for staged consideration linked to the achievement of milestones on the project. Preliminary exploration work at Bao Loc then commenced whilst formal approvals for the project were sought.

In September 2009, Mr Michael Minosora joined Atlantic as Managing Director. Mr Minosora is a highly talented executive and brings a wealth of experience to Atlantic. He was previously Chief Financial Officer of Fortescue Metals Group, Managing Director of Azure Capital and Managing Partner of Ernst Young in Western Australia. Mr Minosora also has first class credentials as a financier and following his appointment arranged the placement of 140 million Shares at 3.5 cents each to raise \$4.9 million to strengthen Atlantic's balance sheet.

Following Mr Minosora's appointment and further analysis of the range of opportunities available to the Company, Atlantic announced in October 2009 that the Company would adopt a new strategic direction and would seek to become a successful resources company with a portfolio of world class assets.

At that time, Atlantic also announced that the Board was of the view that the potential benefits of continuing with pearl marketing did not provide adequate long term returns for Shareholders and that the Board did not intend to pursue further investment in its pearl marketing business. This view was reached after examination of the business opportunity, a series of delays with the pearl harvests in Myanmar and the unfavourable impact of the global financial crisis on pearl markets and prices generally.

**1.2 Vision and Strategy**

The strategic review completed in October 2009 resulted in the Board approving a new vision and strategy for the Company.



EXPLANATORY MEMORANDUM  
TO SHAREHOLDERS

**Atlantic's vision is to build a diversified portfolio of world class resources projects that will provide superior returns to shareholders.**

Atlantic intends to deliver on this vision leveraging its strong financing capability with a highly disciplined and innovative approach to acquire resources projects that are low cost, long life and near production.

This evolution of strategy and direction has already begun with agreement being reached to acquire a majority interest in the Windimurra vanadium project (**Windimurra Project**) and the signing of a Memorandum of Understanding for the development of a major aluminium supply chain project in Vietnam. These major transactions are consistent with Atlantic's new vision and strategy.

As part of Atlantic's new strategic direction, on 12 April 2010, Atlantic strengthened its Board significantly with the appointment of Mr Ian McMaster AM as Chairman and Mr Alan Mulgrew and Mr Jay Wacher as Non-Executive Directors.

Mr McMaster is a former CEO of CSR Sugar and has extensive Australian and international experience in the resources and steel industries.

Mr Mulgrew is a highly experienced company director spanning a career of more than 35 years in the aviation, infrastructure and energy industries.

Mr Wacher is the Finance Director of Emtex Group, a listed Indonesian television and telecommunications services business, and has an extensive career in corporate finance and private equity in Australia and Asia.

As part of the Board restructure completed in April 2010, Mr Tony Veitch was appointed a full-time Executive Director of Atlantic.

### **1.3 Change of Activities**

At the time that Atlantic announced its new strategic direction, the Company also announced that it would seek shareholder approval for a change in activities in accordance with ASX rules.

The Board considers that the the Windimurra Project represents a world scale project opportunity for the Company and has decided to change activities to a resources company under ASX rules in conjunction with the completion of the acquisition of an interest in the Windimurra Project.

As part of this change in activities, Atlantic must comply with Chapters 1 and 2 of the ASX Listing Rules. Following lodgement of this Notice and prior to the Meeting, the Company will also lodge a prospectus disclosing detailed information in relation to the Company's activities.

Further information on the timetable to complete the change of activities and the acquisition of an interest in the Windimurra Project is set out in Part 1.8.

### **1.4 Windimurra Vanadium Project**

In late December 2009, the Company announced it had signed a heads of agreement with Mineral Resources Limited (**MRL**) to re-launch the Windimurra Project in Western Australia.

EXPLANATORY MEMORANDUM  
TO SHAREHOLDERS

Subsequent to the signing of this agreement, in early April 2010, Atlantic announced that it had reached an amended agreement with MRL to work with MRL to offer to acquire and commission the world scale Windimurra Project, a major resources project that, once operational at nameplate capacity, will produce approximately 7% of world vanadium supply in times of increasing prices for steel making commodities.

Subject to the satisfaction of certain conditions precedent, which include:

- the Shareholder approval being sought at this Meeting;
- execution of various transaction documents including an intercreditor agreement, a syndicated facility agreement and a shareholders' agreement; and
- orders or consent under section 444GA of the Corporations Act permitting the deed administrators to transfer the whole of the existing shares in MVPL to Atlantic and MRL. These orders were given on 17 May 2010,

the transaction will give Atlantic an effective 62.5% majority share in Midwest Vanadium Pty Ltd (**MVPL**), the company that holds 100% of the Windimurra Project.

Under the terms of the transaction, Atlantic and MRL have reached agreement with the secured lenders to MVPL whereby, subject to completion, MRL and Atlantic will acquire a 90% equity interest in a new entity established to own 100% of MVPL in return for having procured new project finance sufficient to complete construction and commissioning of the Windimurra Project.

Under the agreement, following completion of the transaction, Atlantic will hold 62.5% of the new entity owning 100% of MVPL, MRL will hold a limited free carried 27.5% shareholding and the secured lenders will be granted a 10% interest.

MRL is a highly credentialed and successful Australian mining services and processing company that will complete construction of the Windimurra plant and also operate the project crushing and processing plants longer-term.

Atlantic is currently working towards finalising the various transaction documents which are referred to above as a condition precedent and which are necessary for completion of the transaction. Atlantic is also arranging the necessary new project finance required to complete construction and commissioning of the Windimurra Project.

Further information about the Windimurra Project is set out in Part 3.

### 1.5 Bao Loc Project

On 9 January 2009, Atlantic entered into a definitive agreement to acquire 100% of Azure Mining International Pty Ltd (**AMI**). The acquisition of AMI was completed on 21 May 2009. AMI is negotiating with the Vietnamese authorities in relation to the Bao Loc bauxite project that covers approximately 100 km<sup>2</sup> near Bao Loc, Lam Dong province, Vietnam.

Further information about the Bao Loc project and AMI is set out in Part 3.

EXPLANATORY MEMORANDUM  
TO SHAREHOLDERS

**1.6 Vietnam Aluminium Industry Supply Chain Project**

As part of the proposed development of the Bao Loc project, Atlantic entered into discussions with a number of parties in Vietnam. Those discussions were most constructive and in late 2009 led to the signing of a Memorandum of Understanding (MOU) with Vietnam Natural Resources and Environment Corporation (T-MV), a Vietnamese state owned corporation, for the potential development of a major rail and port infrastructure project in the Central Highlands of Vietnam.

Following signing of the MOU, the parties have held regular discussions, however at this stage no agreement has been reached to develop the aluminium supply chain project or to fund any of the potential project expenditure.

Further information about the aluminium supply chain project is set out in Part 3.

**1.7 Key Risks**

If Resolutions 1 and 2 are approved by Shareholders, the Company will be subject to the usual risks associated with operating in the resources sector. Among others, these risks include:

- time and budget risks associated with constructing and commissioning a mineral processing plant;
- operational risks and hazards beyond the control of the Company including:
  - the risk of cost overruns and the necessity to finance such additional costs;
  - technical issues associated with the operation of production plants leading to failure to achieve production forecasts;
  - higher than expected costs of production due to unanticipated market factors;
  - failure to achieve recovery rates from ore reserves and plant processes;
  - environmental hazards;
  - industrial accidents;
  - availability of a suitably qualified workforce;
  - labour disputes;
  - hazardous weather conditions;
  - fires, floods and explosions;
- ability to secure buyers for the Company's products on reasonable terms;
- occupational health and safety risks;
- obtaining and maintaining all necessary exploration and mining consents and approvals;
- commodity price and exchange rate risks;
- for resource exploration efforts, the risk of finding new and additional economic resources which can be commercially exploited;
- the risk of obtaining the requisite land use rights to complete Atlantic's proposed mining and infrastructure projects in Vietnam;
- other risks associated with economic and market conditions and the ability to obtain finance as required; and
- risks and uncertainties associated with operating in a foreign jurisdiction including unforeseen changes in government, political, sovereign and regulatory policy in the foreign jurisdiction.

EXPLANATORY MEMORANDUM  
TO SHAREHOLDERS

1.8 Indicative Timetable

An indicative timetable for the Meeting, the consolidation of capital and completion of the transaction for Atlantic to acquire a 62.5% equity interest in the Windimurra Project is set out below.

Dispatch of Notice of Meeting to Shareholders	31 May 2010
Issue of Prospectus by Atlantic	21 June 2010 <sup>1</sup>
Last day for trading in pre-organised securities (that is, pre-consolidation)	29 June 2010
Trading in securities suspended by ASX	30 June 2010
Shareholder meeting	30 June 2010
Completion of transaction to acquire equity interest in Windimurra Project	30 June 2010
Trading would normally commence in reorganized securities on a deferred settlement basis	2 July 2010
Last day for Company to register transfers on a pre-reorganised basis	8 July 2010
First day for Company to register shares on a post reorganisation basis (that is, post consolidation). Shareholdings consolidated	9 July 2010
Dispatch of holding statements to Shareholders	15 July 2010
Trading in securities reinstated by ASX (subject to satisfaction of Chapters 1 and 2 of ASX Listing Rules) Normal T+3 trading on a post-consolidation basis commences	16 July 2010 <sup>2</sup>

<sup>1</sup> The Company intends to issue the Prospectus prior to the Shareholder meeting.

<sup>2</sup> Trading in securities will only be reinstated by ASX after Atlantic has completed the acquisition of an interest in the Windimurra Project and the Company has complied with Chapters 1 and 2 of the ASX Listing Rules. Atlantic will endeavour to minimize the period of suspension as much as possible.

Please note that the above timetable is indicative only and may be varied in consultation with the ASX. Any changes will be released to the ASX.

Shareholders should note that ASX has indicated that the Company's securities will be suspended from trading on the day of the Meeting to consider the proposed change in activities and will be reinstated once the Company has satisfied all of the requirements of Chapters 1 and 2 of the ASX Listing Rules.

The Company has invested significant time in the assessment and acquisition of the Windimurra Project and the aluminium supply chain project in Vietnam and the Board believes both have the potential to deliver suitable returns for the risks of the projects to Shareholders over time.

The Board believes it has significant Shareholder support for the proposed change of direction to a resources company. Whilst the Board is confident that Shareholders will approve the proposed change in activities, if Shareholders do not approve Resolutions 1 and 2, then the change in the nature and scale of Atlantic's activities will not proceed. If this is the case, Atlantic will not continue with the new vision and strategy or any of the above resources projects and will remain suspended from trading for an extended period until such time as Shareholders approve new business activities for Atlantic.

EXPLANATORY MEMORANDUM  
TO SHAREHOLDERS

**1.9 Capital Structure**

The consolidation of capital set out in Resolution 2 is required to meet ASX Listing Rules requirements, and in particular ASX Listing Rule 1.1 condition 11 which states that where a company has options on issue, the option exercise price for each underlying security must be at least 20 cents in cash.

Atlantic currently has listed options on issue exercisable at 0.8 cents each. To comply with ASX Listing Rule 1.1 condition 11, Atlantic is required to complete a one (1) for twenty five (25) consolidation to ensure these options are exercisable at 20 cents each.

The Board understands that there may be some Shareholders that are concerned with the share consolidation ratio, however the Company is required to complete this consolidation to comply with ASX Listing Rules.

**1.10 Resolutions**

The Company is putting the Resolutions to Shareholders to seek approval for:

- a change of direction to become a resources company;
- a consolidation of capital;
- election of Mr Ian McMaster as a Director;
- election of Mr Alan Mulgrew as a Director;
- election of Mr Jay Wachter as a Director; and
- an increase in the maximum level of Non-Executive Directors' fees.

Resolutions 1 and 2 are conditional on each other and cannot proceed without the other resolution being passed.

Resolutions 3 to 6 are not conditional upon the passing of any other resolution.

EXPLANATORY MEMORANDUM  
TO SHAREHOLDERS

**PART 2 – FURTHER INFORMATION ABOUT THE RESOLUTIONS**

**Resolution 1 - Change in Nature and Scale of Activities**

The Company is seeking to change the nature of its activities to become a resources company.

Assuming Shareholders approve Resolution 1, the Company must comply with Chapters 1 and 2 of the ASX Listing Rules.

In summary, Listing Rule 11.1 provides that a listed company that proposes to make a significant change to the nature or scale of its activities must provide full details to ASX as soon as practicable and comply with the following:

- provide to ASX information regarding the change and its effect on future potential earnings, and any information that ASX asks for;
- if ASX requires, obtain the approval of holders of its shares to the change; and
- if ASX requires, meet the requirements in Chapters 1 and 2 of the ASX Listing Rules as if the Company were applying for admission to the official list of ASX. ASX may also suspend quotation of the shares until the company has satisfied the requirements of Listing Rule 11.1.

ASX has informed the Company that the proposed change in the nature and scale of activities will require:

- Shareholder approval; and
- compliance with the requirements set out in Chapters 1 and 2 of the ASX Listing Rules.

The Company is preparing a prospectus, as required by the ASX Listing Rules, to provide information about the Company and its business, and this will be lodged before the Meeting as set out in the indicative timetable in Part 1.8.

If Resolution 1 is passed, the Company will have obtained, in compliance with Listing Rule 11.1, Shareholder approval to the change in the nature and scale of its activities to the extent described in this Explanatory Memorandum.

If Resolution 1 is not passed, the Company will not be permitted to change the nature and scale of its activities. This means that no further expenditure will be incurred by the Company in relation to its resources projects and the Company would remain suspended from trading until such time as Shareholders approve new business activities for Atlantic.

The passing of Resolution 1 is conditional upon, and subject to, Resolution 2 being passed by Shareholders. Therefore, if you wish to vote in favour of Resolution 1, you should also vote in favour of Resolution 2.

**Board Recommendation**

The Directors recommend that Shareholders vote in favour of Resolution 1 and state that they intend to vote in favour of Resolution 1 in respect of their own shareholdings.

EXPLANATORY MEMORANDUM  
TO SHAREHOLDERS

**Resolution 2 – Consolidation of Capital**

Resolution 2 seeks Shareholder approval to consolidate the number of Shares, Class B Performance Shares and options on issue on a one (1) for twenty five (25) basis to be effected immediately following the Meeting.

The consolidation will enable the Company to satisfy Chapters 1 and 2 of the ASX Listing Rules, and in particular ASX Listing Rule 1.1 condition 11.

Section 254H of the Corporations Act provides that a company may, by resolution passed in a general meeting, convert all or any of its shares into a larger or smaller number.

Listing Rule 7.20 provides that a company that proposes to reorganise its capital must advise equity security holders in writing the following:

- the effect of the proposal on the number of securities and the amount unpaid (if any) on the securities;
- the proposed treatment of any fractional entitlements arising from the reorganisation; and
- the proposed treatment of any convertible securities on issue.

In addition:

- under Listing Rule 7.21, the capital of a company may only be reorganised if, in respect of convertible securities (such as the Class B Performance Shares currently on issue), the number of convertible securities or the conversion price, or both, is reorganised so that the holder of the convertible securities will not receive a benefit that holders of ordinary securities do not receive; and
- under Listing Rule 7.22.1, a company proposing to reorganise its capital must consolidate the number of options on issue in the same ratio as the ordinary securities and the exercise price must be amended in inverse proportion to the ratio.

The Notice of Extraordinary General Meeting and this Explanatory Memorandum provides notice to security holders and contains the information required by Listing Rule 7.20. The consolidation has been structured to satisfy Listing Rules 7.21 and 7.22.1.

Not all Shareholders will hold a number of Shares that can be evenly divided by twenty five (25). Where a fractional entitlement occurs, the Directors will round that fraction up to the nearest whole Share.

Not all option holders will hold a number of options that can be evenly divided by twenty five (25). Where a fractional entitlement occurs, the Directors will round that fraction up to the nearest whole option.

Not all Class B Performance Share holders will hold a number of Class B Performance Shares that can be evenly divided by twenty five (25). Where a fractional entitlement occurs, the Directors will round that fraction up to the nearest whole Class B Performance Share.

It is not considered that any taxation consequences will arise for Shareholders or option holders from the consolidation, however if a Shareholder, Class B Performance Share holder or option holder has any concerns in this regard, they should consult a tax advisor. Shareholders and option holders are however advised to seek their own tax advice on the effect of the consolidation and neither the Company, its Directors, employees or advisers accept any responsibility for the individual taxation consequences arising from the consolidation.

EXPLANATORY MEMORANDUM  
TO SHAREHOLDERS

As from the effective date of Resolution 2 (being the date of the Meeting):

- all holding statements for Shares will cease to have any effect, except as evidence of entitlement to a certain number of post-consolidation Shares;
- all certificates for options (if any) will cease to have any effect, except as evidence of entitlement to a number of post-consolidation options; and
- all certificates for Class B Performance Shares (if any) will cease to have any effect, except as evidence of entitlement to a number of post-consolidation Class B Performance Shares.

After the consolidation becomes effective, the Company will arrange for new holding statements for Shares and, to the extent required, new option and new Class B Performance Share certificates, to be issued to holders.

The consolidation will take effect in accordance with a timetable released by the Company to the ASX.

Holders of Atlantic options who wish to exercise their options and receive Atlantic Shares prior to the consolidation taking effect are advised to lodge their exercise notice with the Company by no later than 5pm Perth time on 14 June 2010. Option exercise notices which are received after this deadline will be processed after the consolidation has taken effect on a post consolidation basis.

If Resolution 2 is passed, the capital structure of the Company will change as set out below (assuming no options are exercised before the date of consolidation):

Security	Current	Post Consolidation
Shares	1,282,667,941	51,306,718
Class B performance shares	1,500	60
Listed options (expiring 31 December 2011)	246,311,071	9,852,443
Unlisted options (expiring 31 December 2010)	60,217,304	2,408,692

The passing of Resolution 2 is conditional upon, and subject to Resolution 1 being passed by Shareholders. Therefore if you wish to vote in favour of Resolution 2, you should also vote in favour of Resolution 1.

#### Board Recommendation

The Directors recommend that Shareholders vote in favour of Resolution 2 and state that they intend to vote in favour of Resolution 2 in respect of their own shareholdings.

#### Resolution 3 – Election of Director – Mr Ian McMaster

Clause 13.5 of the Company's Constitution requires that a Director appointed to fill a casual vacancy or as an additional Director will hold office until the next following general meeting of the Company when the Director may be elected.

Mr Ian McMaster, who was appointed as a Director on 11 April 2010, is accordingly required to retire and, being eligible, is seeking election by Shareholders. Resolution 3 seeks Shareholder approval for the election of Mr Ian McMaster as a Director of the Company.

Personal particulars for Mr Ian McMaster are set out below.



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**Mr Ian McMaster**

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

**Recommendation**

The existing Directors, Mr Michael Minosora and Mr Anthony Veitch, recommend that Shareholders vote in favour of Resolution 3.

**Resolution 4 – Election of Director – Mr Alan Mulgrew**

Clause 13.5 of the Company's Constitution requires that a Director appointed to fill a casual vacancy or as an additional Director will hold office until the next following general meeting of the Company when the Director may be elected.

Mr Alan Mulgrew, who was appointed as a Director on 11 April 2010, is accordingly required to retire and, being eligible, is seeking election by Shareholders. Resolution 4 seeks Shareholder approval for the election of Mr Alan Mulgrew as a Director of the Company.

Personal particulars for Mr Alan Mulgrew are set out below.

**Mr Alan Mulgrew**

Mr Mulgrew provides strategic advice to numerous major institutions in the aviation, construction, infrastructure and energy sectors. Prior to this role, Mr Mulgrew spent more than 35 years as a senior aviation executive both within Australia and overseas, including managing responsibility for Perth and Sydney Airports. Mr Mulgrew has held a number of high profile directorships, including Chairman, with both private and public companies. He is currently a Non-Executive Director of Doric Group Holdings Pty Ltd, Adelaide Airport Limited and Tesla Corporation Pty Ltd.

**Recommendation**

The existing Directors, Mr Michael Minosora and Mr Anthony Veitch, recommend that Shareholders vote in favour of Resolution 4.

**Resolution 5 – Election of Director – Mr Jay Wacher**

Clause 13.5 of the Company's Constitution requires that a Director appointed to fill a casual vacancy or as an additional Director will hold office until the next following general meeting of the Company when the Director may be elected.

Mr Jay Wacher, who was appointed as a Director on 11 April 2010, is accordingly required to retire and, being eligible, is seeking election by Shareholders. Resolution 5 seeks Shareholder approval for the election of Mr Jay Wacher as a Director of the Company.

Personal particulars for Mr Jay Wacher are set out below.

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**Mr Jay Wacher**

Mr Wacher is currently Finance Director of PT Elang Mahkota Teknologi Tbk (Emtek Group), an Indonesian-based television and telecommunications services business. Prior to that, Mr Wacher was Managing Director of Finance of world class plantation company, PT London Sumatra Indonesia Tbk, which was acquired by an international investment consortium in 2004 in a debt restructuring. Mr Wacher has 16 years experience in corporate finance and private equity investment and has 10 years experience in investing and business in South East Asia.

Mr Wacher was previously a director of Carnegie, Wylie & Company, the Australian investment bank and private equity firm, and before that a Director of Arthur Anderson. He has performed strategic, M&A and advisory assignments for the Commonwealth Government as well as for many Australian listed and private companies.

**Recommendation**

The existing Directors, Mr Michael Minosora and Mr Anthony Veitch, recommend that Shareholders vote in favour of Resolution 5.

**Resolution 6 – Approval of Non-Executive Directors Fees**

As part of the change of strategy and direction, Atlantic completed a thorough review of the composition and structure of the Board. This process led to the announcement on April 12 of the appointment of Mr McMaster, Mr Mulgrew and Mr Wacher.

The new Non-Executive Directors bring an outstanding level of experience and leadership to Atlantic, particularly across the resources and infrastructure sectors.

Resolution 6 seeks approval to set the maximum aggregate amount of Directors' fees that may be paid to Non-Executive Directors of the Company at \$500,000 per annum. This will allow Atlantic to pay suitable Directors' fees to the new Non-Executive Directors and provide the Company with the flexibility to appoint further high quality Non-Executive Directors in the future. Pursuant to the proposed changes to ASX Listing Rule 10.17, superannuation contributions made by the Company for the benefit of Non-Executive Directors and fees that a Non-Executive Director agrees to sacrifice on a pre-tax basis are included in the maximum aggregate fees proposed of \$500,000.

Clause 13.8 of the Company's Constitution and ASX Listing Rule 10.17 requires that the maximum aggregate amount of Directors' fees that may be paid to Non-Executive Directors of the Company be set by the Company in general meeting. The current limit approved by Shareholders is \$150,000 per annum.

The new maximum aggregate amount of Directors' fees has been determined after reviewing similar companies listed on ASX. The Directors believe that this limit is at a level which is in line with the remuneration practices of companies of a similar size and nature listed on ASX.

Shareholders should note that it is not intended that the maximum aggregate amount be fully utilised immediately, however the maximum proposed will provide the Company with the flexibility to attract further high quality candidates to the Board in the future.

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**PART 3 – FURTHER INFORMATION ABOUT ATLANTIC’S PROJECTS**

**3.1 Windimurra Vanadium Project**

The Windimurra Project in Western Australia is a world scale ferrovanadium operation with the planned capacity to produce approximately 5,700 tonnes per annum of contained vanadium with an initial mine life of 19 years.

When in full operation, the Windimurra Project is forecast to account for approximately 7% of the world’s vanadium production. The Windimurra Project is currently 100% owned by Midwest Vanadium Pty Ltd (**MVPL**) (Receiver and Manager Appointed).

**Location and Geology**

The Windimurra Project is located approximately 600 kilometres north of Perth and 80 kilometres by road from Mount Magnet in Western Australia.

The Windimurra vanadium deposit lies within the eastern flank of the large Windimurra intruded layered gabbro complex, which is part of the regional Murchison granite-greenstone province. The vanadium deposits lie within the lower 200 metres of a 600 metre wide structurally discordant section of the layered intrusive, known as the Shephard’s Discordant Zone.

Since first exploration in 1972, the deposit has undergone extensive geological definition, including drilling, aerial geophysics, ground trenching and mapping. This, together with an extensive geological database from the mining of the deposit between 1999 and 2003, and the relatively simplistic geological framework, provides high confidence in the geological understanding of the deposit.

The vanadium is hosted within a 200 metre footwall sequence of magnetite rich bands within the gabbro sequence. Vanadium mineralisation is elevated within the bands and also occurs in economic concentrations in the interstitial gabbro material. The layered package dips 35 degrees to the west, with a clearly defined footwall into un-mineralised gabbros. Apart from minor rolling and warping of the layered units, local scaled structural shearing/slumping and emplacement of barren anorthosite rich bands, the package is continuous along the strike length of the existing pit and has been tracked along strike, via drilling, both south and north for a further 5 kilometres.

Infill drilling has allowed detailed modelling of vanadium distribution within the 200 metre footwall gabbro package. The majority of vanadium mineralisation lies within the main zone, which averages 70 metres in true thickness. Other minor ore zones are located in the upper packages.

The weathering profile, as confirmed by infill drilling and pit exposures, is both regular and also transitional with distinct decreases in weathering down to fresh material below 40 metres. During the weathering and oxidation processes, the vanadium is immobile and thus the concentrations are unaffected, however the magnetite does vary due to oxidation to various levels of hematite and martite. These changes can be clearly defined by use of magnetic susceptibility probing, resulting in a well defined weathering model.

The level of oxidation directly affects the proportion of magnetite in the ore and thus the recovery of vanadium bearing magnetite to concentrate. Metallurgical test work and experience in the previous operations at Windimurra have indicated that recovery to concentrate increases from 40% near surface to 84% at the 40 metre fresh ore interface.

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**Resource and Reserve Estimates**

Successive mineral resource estimates have been undertaken for the Windimurra Project, culminating in a December 2008 estimate for Mineral Resources and Ore Reserves in accordance with the JORC Code.

The following Mineral Resources and Ore Reserves estimate was released by Windimurra Vanadium Limited (Receiver and Manager Appointed) for the Windimurra Project to the ASX on 30 January 2009:

Classification	Tonnes (mt)	V <sub>2</sub> O <sub>5</sub> (%)	V (%)	V (tonnes)
Measured	46.68	0.48	0.27	126,000
Indicated	70.73	0.47	0.26	183,900
Inferred	59.18	0.44	0.25	148,000
Total	176.59	0.46	0.26	457,000

Source: Windimurra Vanadium Ltd - 30 January 2009

Classification	Unit	Central Pit	North Pit	South Pit	Combined
Probable					
Ore	mt	11.3	16.6	29.2	57.1
V <sub>2</sub> O <sub>5</sub>	%	0.47	0.47	0.48	0.47
Proven					
Ore	mt	36.2	2.8	1.7	40.7
V <sub>2</sub> O <sub>5</sub>	%	0.48	0.44	0.49	0.47
Total					
Ore	mt	47.5	19.4	30.9	97.8
V <sub>2</sub> O <sub>5</sub>	%	0.47	0.46	0.48	0.47

Source: Windimurra Vanadium Ltd - 30 January 2009

Note: Mineral resources and ore reserves reported utilise a lower cut-off grade of 0.275% V<sub>2</sub>O<sub>5</sub>

**Mining**

The planned development of the Windimurra Project involves the mining of oxidised and fresh magnetite-rich ore to a depth of 150 metres, with transitional and fresh ores to be bench mined for grade control.

**Blending**

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

Based on the proposed mining method, the ore will be blended on the run of mine stockpile from separate stockpiles of ore, segregated on the basis of the degree of

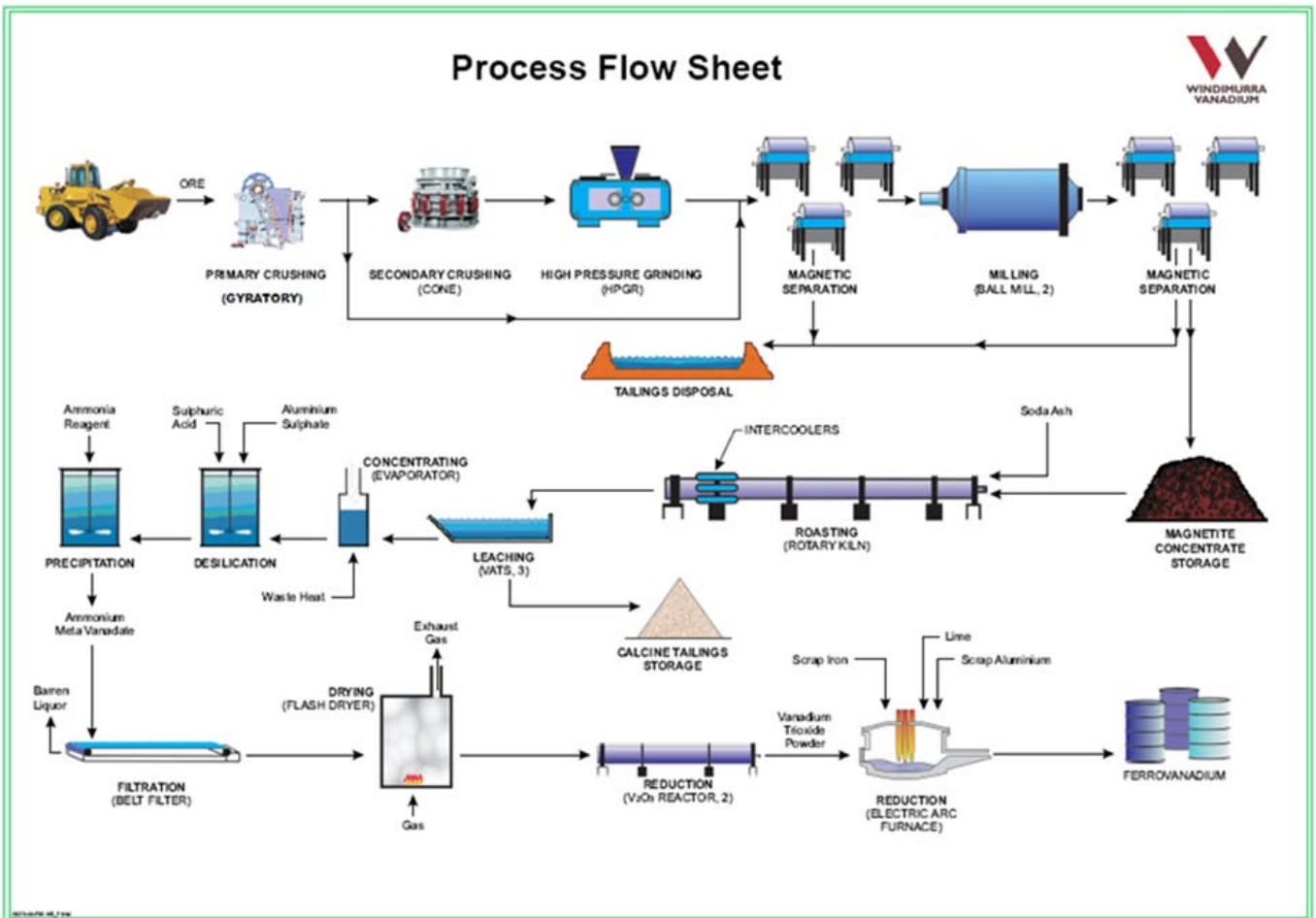
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oxidation. The mine production schedule is considered to be within the capabilities of the proposed equipment fleet and the total mining requirements are relatively modest.

Processing

The process flow diagram below shows the conventional vanadium processing methods and technology being utilised at the Windimurra Project.



Source: MVPL

The production of vanadium from vanadiferous magnetite involves:

- production of a magnetite concentrate via primary and secondary crushing, grinding and magnetic separation;
- roasting of this concentrate with sodium carbonate (a source of CO<sub>2</sub> and sodium) in a rotary kiln to convert the vanadium to water soluble sodium vanadate;
- leaching of the vanadium with water;
- desilification of the pregnant solution using sulphuric acid and aluminium sulphate;
- precipitation of ammonium metavanadate (**AMV**) using ammonium sulphate; and
- conversion of AMV to vanadium trioxide (V<sub>2</sub>O<sub>3</sub>) to ferrovanadium (**FeV**).

Completion and Commissioning

A substantial amount of the construction of the Windimurra Project has already been completed with the main outstanding items being the vanadium refinery and the tailings dam (see recent site photo below).

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Subject to Shareholder approval and completion of the transaction to recapitalise MVPL, the Windimurra Project is expected to be in production in early 2011.



### Demand for Vanadium

Vanadium demand is directly linked to global steel consumption, with approximately 85% to 90% of global vanadium production consumed in the steel industry. Vanadium is primarily used as an alloy to steels in order to increase the strength and improve the high temperature performance of steels. Other key uses for vanadium include titanium alloys for the aerospace industry, catalysts and vanadium redox flow batteries.

The acquisition of an interest in the Windimurra Project is consistent with Atlantic's new strategy to build a portfolio of large scale projects.

### Deal Terms

The overall transaction has two elements:

- 1) The MRL and Atlantic consortium has reached agreement with the Receiver and Manager of MVPL, whereby MRL and Atlantic will acquire an effective 90% equity interest in MVPL in return for procuring new project finance to commission the Project, arrange for completion of construction and commissioning of the plant and establish an effective management and operating structure; and
- 2) In addition, MRL and Atlantic have reached agreement whereby Atlantic will hold an effective 62.5% equity interest in MVPL and MRL will hold an effective 27.5% equity interest in MVPL following completion.

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It is proposed that to give effect to the overall transaction, a new entity owned by Atlantic (62.5%), MRL (27.5%) and the existing secured lenders to MVPL (10%) will acquire all the shares of MVPL and approximately \$260 million of the existing MVPL debt for a nominal sum.

The existing secured lenders to MVPL will hold \$90 million of secured debt following financial close. Of this debt, an amount equal to the cash balance of MVPL at completion will be first ranking secured debt and the balance will be second ranking secured debt. This debt will be interest free for 48 months from completion. \$4.7 million of this debt shall be repayable 32 months after completion and the remaining \$85.3 million shall be repayable 48 months after completion.

In addition, \$4.7 million of unsecured debt currently payable to MRL will be elevated to first ranking secured debt at completion and a further \$4.7 million of unsecured debt currently payable to MRL will be elevated to first ranking secured status only after wet commissioning of the Windimurra plant. Of these amounts, \$4.7 million shall be repayable 32 months after completion and the remaining \$4.7 million shall be repayable 48 months after completion.

Atlantic will also procure new project finance for MVPL which is sufficient to provide the necessary funding to complete commissioning and working capital throughout ramp up.

This new debt will be equal first ranking secured debt of MVPL and interest will be payable by MVPL on this new debt facility.

Under the agreements, MRL will continue to operate the crushing and processing plants already on site at Windimurra under the existing 'Build, Own, Operate and Transfer' contract entered into with MVPL and will also enter into a lump sum turn key contract with MVPL to complete construction of the Windimurra Project plant.

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**3.2 Vietnam Project Background**

Atlantic believes that there is a strong business opportunity in the resources sector in Vietnam. Its experience to date in dealing with various interested groups in Vietnam has been particularly positive and the Company looks forward to building closer relationships in the country in the future.

Vietnam has a competitive advantage in the aluminium industry supply chain given the extensive and high quality gibbsite deposits typically found in the Central Highlands region and the country's proximity to major world demand centres.

Vietnam's Central Highlands is host to the world's third largest bauxite deposits, containing an estimated 5.4 billion tonnes. These have developed as a result of prolonged tropical weathering of Quaternary flood basalts that inundated an area of about 21,000 square kilometres (km<sup>2</sup>) during the Pliocene-Pleistocene, and now form an area of extensive dissected plateaux 100 metres to 1,000 metres above sea level (Figure 1).

A key characteristic of the bauxites in the Central Highlands is that they are amenable to upgrading by simple washing and screening to recover an alumina-rich, silica-depleted concentrate suitable for export or for refining on-site. The deposits were discovered in the late 1970s, with little exploration conducted since then as efforts have been concentrated on finding a means to develop them. The combination of lack of transport and other industrial infrastructure in the region, and the high capital associated with its provision in the rugged terrain, have so far precluded commercial-scale development.

The Vietnamese evaluation of the deposits to date includes mapping, pitting, trenching, assaying and washing/concentration tests. The data was used to generate resource and reserve estimates under the Russian classification system, but the work is not of a sufficient quality to enable resource estimates according to Australian standards i.e. the JORC Code. There is however sufficient confidence in the Vietnamese work to state that any properly conducted evaluation is highly likely to confirm the estimated tonnages and grades, and mineralogical and concentration characteristics of the deposits.



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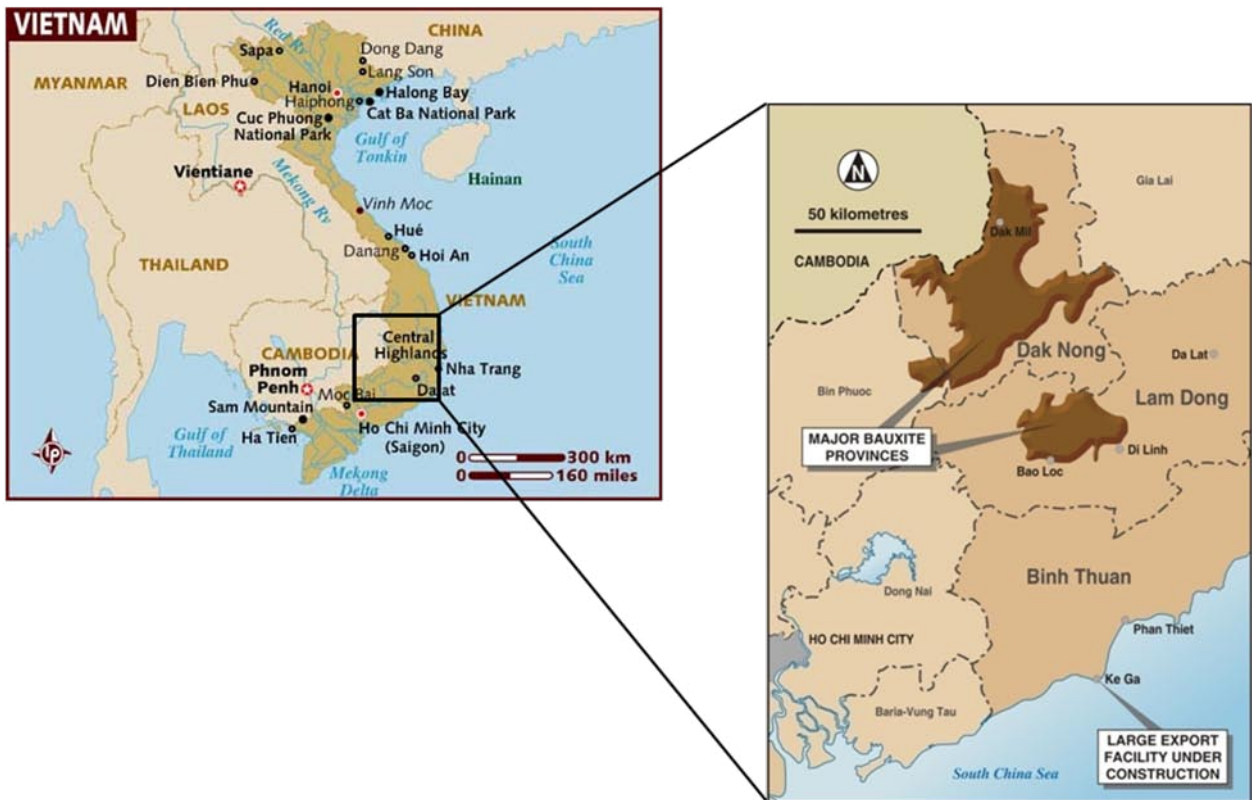


Figure 1 – Location of bauxite deposits in Lam Dong and Dak Nong provinces

### 3.3 Background on Vietnam

The Socialist Republic of Vietnam has a land area of 310,070km<sup>2</sup> and extends over 1,650 kilometres north-south from latitude 23°N to 9°N along the western shore of the South China Sea. It is only 50 kilometres across at its narrowest point and 600 kilometres at the widest. It is bordered by China to the north, Laos to the west and Cambodia to the southwest. The capital is Hanoi, located in the north, and its major commercial centre, Ho Chi Minh City (formerly Saigon) is in the south. There are 58 provinces (tinh) and 5 municipalities (thanh ho). There are large delta regions at either end of the country, the Red River in the north and the Mekong in the south, that are separated by a long narrow coastal strip of rugged hills and small river valleys and estuaries. The extensive Truong Son Mountains dominate the northwest and extend northwest into the Yunnan Plateau in China.

Vietnam's climate is generally hot and humid. In central and southern Vietnam, seasonal temperature variations are slight, whereas the north has distinct seasons. Average daily temperatures in Hanoi range from 13°C to 20°C in January and from 25°C to 33°C in July. Rainfall is plentiful throughout the country. The Mekong and Red River deltas both have summer wet seasons lasting from May to October whereas central Vietnam receives heavy precipitation from September to December. The average annual rainfall is about 1,680mm in the Red River Delta, 1,650mm along the central coast, and 1,980mm in the Mekong Delta. Typhoons periodically strike the central coast.

Around 17% of the land mass is under cultivation, with the remainder either mountainous or forested. The Mekong and Red River deltas are among the world's greatest rice-growing regions and Vietnam is the world's second biggest rice exporter. Peanuts, corn, sweet potatoes, and beans are secondary food crops, and cotton, jute, coffee, tea, sugarcane and rubber are among other cash crops produced. Fishing and aquaculture comprise an increasingly important export industry.

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The unit of currency is the Vietnamese dong (VND), which as at 26 May 2010 had an exchange rate of US\$1.00=VND18,975.

**Historical Background**

In the mid 1980s, Vietnam made its first tentative steps towards political and economic reform. In 1994, the US lifted its economic embargo, and in 1995, Vietnam became the seventh member of ASEAN and the US and Vietnam established full diplomatic relations. The two countries signed an agreement to normalise trading relations in July 2000.

Vietnam is a member, inter alia, of the UN, ASEAN, ARF, ASEM, APEC, the IMF and the Non-Aligned Movement. It is also a participant in the WTO.

**Political System and Government**

Vietnam is a one-party state, with ultimate political power held by the Communist Party of Vietnam (CPV). The CPV is led by the Secretary General, and its main organ, the fifteen-member Politburo, holds authority over the implementation of social, economic, labour, defence, security and foreign policy. The Politburo is elected by the Party's 150 member Central Committee. A Party Congress is held every five years to ratify major policy changes, and between Congresses, Central Committee Plenary Sessions are convened three or four times per year to decide on important policy issues.

The unicameral National Assembly (or Quoc-Hoi) comprises 498 members elected by popular vote to serve five-year terms. Its constitutional role is to act as the supreme legislative and representative body that is responsible for adopting legislation and supervising its implementation. In recent years, question time has been introduced to scrutinise ministers, State budgets have been published since 1999 and meetings have been held with other parliaments and with constituents to gauge public opinion. At provincial and district levels, there are elected assemblies (Peoples Councils) which elect executives (Peoples Committees with Chairmen, Department Chiefs etc.) from amongst their members. Decision making is consensual and is shared by national and provincial governments, various government agencies and the CPV.

**Legal System**

The Vietnamese legal system is based on communist legal theory and French civil law. The country operates under the 1992 constitution which differs from the previous constitutions of 1959 and 1980 in allowing for a private sector. The highest court is the Supreme People's Court where the Chief Justice is elected for a five year term by the National Assembly on the recommendation of the President. Below this are Provincial and District Peoples Courts as well as economic courts. Vietnam has not accepted compulsory jurisdiction by the International Court of Justice.

**Taxation Regime**

The corporate tax rate for both foreign and domestic entities is presently 28%. There are no withholding taxes on dividends. There is a VAT tax with two rates; either 5% or 10%, with exemptions for many items. There are also import and export duties.

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**Land Access**

Vietnamese property is owned collectively, with land distributed through a system known as Land Use Rights. This allocates land to residents who can live on it in perpetuity after paying a set Land Use Right Fee, or demonstrating historical occupation/ownership. This is in effect freehold ownership. Most businesses can only lease Land Use Rights, normally for a maximum of 50 years. The law recognises Land Use Rights holders' rights to convert, transfer, lease, inherit and donate Land Use Rights as well as use them for collateral or guarantees. Increasingly, the requirements and procedures for the implementation of these Land Use Rights are being reduced. Provinces maintain cadastral land maps and are responsible for Land Use Rights allocations, land leases and fees.

In most Joint Ventures, the Vietnamese partner's contribution to the project's Investment Capital will include the project's Land Use Rights. In practice, the Government has often subsidised state-owned companies by allocating the Land Use Rights at a low price which are then contributed to the Joint Venture at market prices.

**Economy**

The effects of wars, the rigidities of a centrally planned economy, unsuccessful collectivisation programs, the loss of financial support from the old Soviet Bloc and economic sanctions by the US led to an economic crisis in the mid 1980's. In response, the Government embarked upon a program of market-based economic reforms, called doi moi (renovation), aimed at creating a "market economy with socialist orientation". A private sector was permitted, but initially only to a limited extent. There was some decentralisation of economic planning as well as a greater acceptance of market forces as the determinant of prices and production. Foreign investment was encouraged and agriculture deregulated to allow individual family farms. As a result, living standards rose appreciably, particularly in urban areas. The reform process is continuing.

Substantial progress was achieved from 1986 to 1996, albeit from an extremely low starting point. Growth averaged around 9% per annum from 1993 to 1997. The 1997 Asian financial crisis was less disastrous for Vietnam than for some other ASEAN countries but GDP growth of 8.5% in 1997 fell to 6% in 1998 and 5% in 1999. Foreign investment levels also dropped substantially. Growth then rose to 6% in 2000/02 against a background of global recession. The US-Vietnam Bilateral Trade Agreement came into force near the end of 2001 and led to a significant increase in Vietnam's exports to the US. GDP growth in 2003 and 2004 was approximately 7-8%, rising to 8.5% in 2007, before declining to an estimated 6.2% in 2008 in the face of the Global Financial Crisis.

Vietnam is committed to economic integration with the global economy through participation in APEC, the ASEAN Free Trade Area and the WTO. The provisions of the US-Vietnam Bilateral Trade Agreement cover market access, intellectual property, services, investment and transparency. Since joining ASEAN in 1995, Vietnam's exports to ASEAN countries have grown an average 23-25% per annum. The state sector still plays a major role in the economy, although many state owned enterprises are being equitised.

The main exports are crude oil, garments, fisheries products, footwear, rice, coffee, rubber and tea. Imports include petroleum products, machinery and equipment, steel products, foodstuffs, fertilizer, cotton, textiles and sugar. Tourism is an increasingly important industry. Although adversely affected by SARS and the Avian Influenza epidemic, the industry bounced back in 2004 when arrivals rose 20% to more than 2.9 million and the industry earned US\$1.6 billion.

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**Infrastructure**

Vietnam's rapid urbanisation and industrialisation over the last 15 years has placed pressure on infrastructure such as roads, bridges, railroads, airports, power generation, sewage, water, shipping, seaports, telecommunications, schools and hospitals. Infrastructure is the principal development priority attracting aid from bilateral and multilateral donors. The bauxite deposits in the Lam Dong and Dak Nong Provinces are relatively close to power, the coast and a large population and industrial centre at Ho Chi Minh City. A railway to the coast would have to be built in very inhospitable topography. Alternate routes for a railway line to a possible export facility at the port of Ke Ga are shown in Figure 2.



Figure 2 – Proposed Highlands Rail Infrastructure

**3.4 Bao Loc Project**

On 21 May 2009, Atlantic completed the acquisition of AMI. AMI is negotiating with the Vietnamese authorities in relation to the Bao Loc bauxite project covering approximately 100 km<sup>2</sup> near Bao Loc, Lam Dong province, Vietnam.

AMI was incorporated on 1 July 2008 as a special purpose vehicle for the sole purpose of applying for and acquiring a permit to explore the Bao Loc permit. It has no other assets or business activities.

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Under official letter dated 5 January 2009, the Lam Dong People's Committee (**LDPC**) stated that it shall support and create the most favourable conditions for AMI to implement the Bao Loc project. In the official letter, the LDPC requested Vinacomin to work with the LDPC and AMI to proceed with the exploration and evaluation of the bauxite deposit.

This letter from the LDPC to AMI does not specifically nor exclusively grant AMI a right or the right to explore the Bao Loc project, however in practice, such a letter reflects that the LDPC has, in principle, considered AMI's application for the Bao Loc project and seeks consultation and agreement for the project to proceed. To date, no licence to conduct mineral activities in relation to the Bao Loc project has been obtained by AMI.

The Bao Loc project is located in Lam Dong Province, approximately 50 kilometres south of the much larger Dak Nong deposits (Figure 1), and about 15 kilometres north of Bao Loc township. Bao Loc is about 190 kilometres east-northeast of Vietnam's major commercial and industrial centre, Ho Chi Minh City, the former Saigon (Figure 2).

AMI's consulting geologists have visited the site and observed numerous bauxite outcrops of indurated (hard) ferruginous laterites. These showed a high degree of weathering and lateritisation which is compatible with the formation of economic bauxite.

The site has good infrastructure in terms of roads, power and water due to the proximity to local plantations of tea, pine forests and coffee.

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 by Atlantic 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; and
- 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 also received data relating to previous exploration over the western half of the Bao Loc project area. Previous exploration, carried out in 2005 and 2006, included field mapping, trenching, shaft excavation and extensive sampling.

A total of 8 shafts totalling 58 metres were sunk, from which 18 samples were taken. Seven trenches were dug with a total volume of 50.4m<sup>3</sup> from which 46 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 table below.

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	Analytical Results (%)					
	SiO <sub>2</sub>	TiO <sub>2</sub>	Al <sub>2</sub> O <sub>3</sub>	Fe <sub>2</sub> O <sub>3</sub>	Moisture	Total
Minimum	0.8	1.6	36.4	11.6	21.2	97.3
Maximum	10.1	4.0	54.4	35.7	27.8	100.0
Average	3.05	2.80	48.40	19.16	25.30	99.16

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 at an average grade of 48.40% Al<sub>2</sub>O<sub>3</sub>.

The potential quantity and grade is conceptual in nature. There has been insufficient exploration to define a Mineral Resource, as defined by The Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves (JORC Code) and it is uncertain if further exploration will result in the determination of a Mineral Resource.

Atlantic is continuing discussions with the authorities in Vietnam to progress approval for exploration at the Bao Loc bauxite project, however at this stage the Company is not in a position to provide Shareholders with any further information on the expected timing of approval.

### 3.5 Aluminium Industry Supply Chain Project

On 21 December 2009, Atlantic announced that it had signed a memorandum of understanding (**MOU**) with Vietnam state-owned enterprise Vietnam Natural Resources and Environment Corporation (**T-MV**) for the development of an integrated rail, mine and port project in Vietnam (**Project**).

T-MV is a recently-created state-owned corporation that operates directly under the Vietnam Ministry of Natural Resources and Environment.

Under the terms of the MOU, T-MV and Atlantic agreed to work together exclusively for the development of the Project and jointly apply for the rights to mutually agreed and available bauxite concessions in the world class bauxite areas within the Lam Dong and Dak Nong provinces.

Following signing of the MOU, the parties have held regular discussions to progress the Project, however at this stage, no agreement has been reached to develop the aluminium supply chain project or to fund any of the potential project expenditure.

*The information in this report that relates to exploration results, mineral resources or ore reserves at the Bao Loc site is based on information compiled by Mr Robert McLean. Mr McLean is a Consultant of the Company and is a member of the Australasian Institute of Mining and Metallurgy. Mr McLean has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which he is undertaking to qualify as a Competent Person as defined in the 2004 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves'. Mr McLean consents to the inclusion in the report of the matters based on his information in the form and context in which it appears*

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PART 4 – GLOSSARY

**ASIC** means the Australian Securities and Investments Commission.

**ASX** means ASX Limited and, where the context permits, the Australian Securities Exchange operated by ASX Limited.

**ASX Listing Rules** or **Listing Rules** means the Listing Rules of ASX.

**Board** means the current board of directors of the Company.

**Business Day** means a day that is not a Saturday, Sunday or public holiday in Western Australia.

**Company** and **Atlantic** means Atlantic Limited (ACN 009 213 763).

**Constitution** means the Company's constitution.

**Corporations Act** means the *Corporations Act 2001* (Cth).

**Directors** means the current directors of the Company.

**Explanatory Memorandum** means the explanatory memorandum attached to the Notice.

**Meeting** means the extraordinary general meeting convened by the Notice.

**MOU** is defined in Part 1.3 of this Explanatory Memorandum.

**MRL** means Mineral Resources Limited (ACN 118 549 910)

**MVPL** means Midwest Vanadium Pty Ltd (ACN 113 874 712)

**Notice** means this notice of Extraordinary General Meeting and the attached Explanatory Memorandum.

**Resolutions** means the resolutions set out in the Notice, or any one of them, as the context requires.

**Share** means an ordinary share in the capital of the Company.

**Shareholder** means a holder of a Share.

**T-MV** is defined in Part 1.3 of this Explanatory Memorandum.

**Windimurra Project** is defined in Part 1.2 of this Explanatory Memorandum.

### PROXY FORM

THIS DOCUMENT IS IMPORTANT. IF YOU ARE IN DOUBT AS TO HOW TO DEAL WITH IT, PLEASE CONTACT YOUR STOCK BROKER OR LICENSED PROFESSIONAL ADVISOR.

## ATLANTIC LIMITED

REGISTERED OFFICE:  
LEVEL 18, CENTRAL PARK  
152-158 ST GEORGES TERRACE  
PERTH WA 6000

ABN: 60 009 213 763

SHARE REGISTRY:  
Security Transfer Registrars Pty Ltd  
All Correspondence to:  
PO BOX 535,  
APPLECROSS WA 6953 AUSTRALIA  
770 Canning Highway,  
APPLECROSS WA 6153 AUSTRALIA  
T: +61 8 9315 2333 F: +61 8 9315 2233  
E: registrar@securitytransfer.com.au  
W: www.securitytransfer.com.au

Code:

Holder Number:

### SECTION A: Appointment of Proxy

I/We, the above named, being registered holders of the Company and entitled to attend and vote hereby appoint:

OR

--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--

The meeting Chairperson  
(mark with an "X")

The name of the person you are appointing  
(if this person is someone other than the Chairperson of the meeting).

or failing the person named, or if no person is named, the Chairperson of the Meeting, as my/our Proxy to act generally at the meeting on my/our behalf and to vote in accordance with the following directions (or if no directions have been given, as the Proxy sees fit) at the Extraordinary General Meeting of the Company to be held at 10.00 am (Perth time) on Wednesday, 30 June 2010 at the Central Park Conference Centre, Seminar Room, 152-158 St Georges Terrace, Perth, Western Australia and at any adjournment of that meeting.

### SECTION B: Voting Directions to your Proxy

Please mark "X" in the box to indicate your voting directions to your Proxy.

Resolution

For Against Abstain\*

1. Change in Nature and Scale of Activities

2. Consolidation of Capital

3. Election of Director - Mr Ian McMaster

4. Election of Director- Mr Alan Mulgrew

5. Election of Director - Mr Jay Wacher

6. Approval of Non-Executive Directors Fees

**If no directions are given my proxy may vote as the proxy thinks fit or may abstain.**

\* If you mark the Abstain box for a particular item, you are directing your Proxy not to vote on your behalf on a show of hands or on a poll and your votes will not be counted in computing the required majority on a poll.

If you wish to appoint the Chairperson as your proxy and you do not wish to direct the Chairperson how to vote, please mark "X" in the box.

By marking this box, you acknowledge that the Chairperson may exercise your proxy even if he has an interest in the outcome of the resolution and votes cast by him/her other than as a proxy holder will be disregarded because of that interest. If you do not mark this box, and you have not directed your proxy how to vote, the Chair will not cast your votes on the resolution and your votes will not be counted in calculating the required majority if a poll is called on the resolution. The Chairperson of the Meeting intends to vote undirected proxies in favour of the resolution.

### SECTION C: Please Sign Below

This section must be signed in accordance with the instructions overleaf to enable your directions to be implemented.

Individual or Security Holder

Sole Director and Sole Company Secretary

Security Holder 2

Director

Security Holder 3

Director / Company Secretary

3544565428

Reference Number:

1

ATI

1



My/Our contact details in case of enquiries are:

NAME

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TELEPHONE NUMBER

( 

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## NOTES

### 1. Name and Address

This is the name and address on the Share Register of Atlantic Limited. If this information is incorrect, please make corrections on this form. Shareholders sponsored by a broker should advise their broker of any changes. Please note that you cannot change ownership of your shares using this form.

### 2. Appointment of a Proxy

If you wish to appoint the Chairperson of the Meeting as your Proxy please mark "X" in the box in Section A. Please also refer to Section B of this proxy form and ensure you mark the box in that section if you wish to appoint the Chairperson as your Proxy.

If the person you wish to appoint as your Proxy is someone other than the Chairperson of the Meeting please write the name of that person in Section A. If you leave this section blank, or your named Proxy does not attend the meeting, the Chairperson of the Meeting will be your Proxy. A Proxy need not be a Shareholder of Atlantic Limited.

### 3. Directing your Proxy how to vote

To direct the Proxy how to vote place an "X" in the appropriate box against each item in Section B. Where more than one Proxy is to be appointed and the proxies are to vote differently, then two separate forms must be used to indicate voting intentions.

### 4. Appointment of a Second Proxy

You are entitled to appoint up to two (2) persons as proxies to attend the meeting and vote on a poll. If you wish to appoint a second Proxy, an additional Proxy form may be obtained by telephoning the Company's share registry +61 8 9315 2333 or you may photocopy this form.

To appoint a second Proxy you must:

- On each of the Proxy forms, state the percentage of your voting rights or number of securities applicable to that form. If the appointments do not specify the percentage or number of votes that each Proxy may exercise, each Proxy may exercise half of your votes; and
- Return both forms in the same envelope.

### 5. Signing Instructions

Individual: where the holding is in one name, the Shareholder must sign.

Joint Holding: where the holding is in more than one name, all of the Shareholders must sign.

Power of Attorney: to sign under Power of Attorney you must have already lodged this document with the Company's share registry. If you have not previously lodged this document for notation, please attach a certified photocopy of the Power of Attorney to this form when you return it.

Companies: where the Company has a Sole Director who is also the Sole Company Secretary, this form must be signed by that person. If the Company (pursuant to section 204A of the Corporations Act 2001) does not have a Company Secretary, a Sole Director may sign alone. Otherwise this form must be signed by a Director jointly with either another Director or Company Secretary. Please indicate the office held in the appropriate place.

If a representative of the corporation is to attend the meeting the appropriate "Certificate of Appointment of Corporate Representative" should be lodged with the Company before the meeting or at the registration desk on the day of the meeting. A form of the certificate may be obtained from the Company's share registry.

### 6. Lodgement of Proxy

Proxy forms (and any Power of Attorney under which it is signed) must be received by Security Transfer Registrars Pty Ltd no later than 10.00am (Perth Time) on Monday 28 June 2010, being 48 hours before the time for holding the meeting. Any Proxy form received after that time will not be valid for the scheduled meeting.

**Security Transfer Registrars Pty Ltd**  
**PO BOX 535**  
**Applecross, Western Australia 6953**

**Street Address:**  
**Alexandra House, Suite 1**  
**770 Canning Highway**  
**Applecross, Western Australia 6153**

**Telephone +61 8 9315 2333**

**Facsimile +61 8 9315 2233**

**Email registrar@securitytransfer.com.au**

## PRIVACY STATEMENT

Personal information is collected on this form by Security Transfer Registrars Pty Ltd as the registrar for securities issuers for the purpose of maintaining registers of securityholders, facilitating distribution payments and other corporate actions and communications. Your personal details may be disclosed to related bodies corporate, to external service providers such as mail and print providers, or as otherwise required or permitted by law. If you would like details of your personal information held by Security Transfer Registrars Pty Ltd or you would like to correct information that is inaccurate please contact them on the address on this form.



ACN 009 213 763

**NOTICE OF EXTRAORDINARY GENERAL MEETING**

**AND**

**EXPLANATORY MEMORANDUM TO SHAREHOLDERS**

FOR AN EXTRAORDINARY GENERAL MEETING OF SHAREHOLDERS TO BE HELD ON  
WEDNESDAY 30 JUNE 2010 AT THE CENTRAL PARK CONFERENCE CENTRE, SEMINAR  
ROOM,  
GROUND LEVEL (OPPOSITE BUILDING FOYER), 152-158 ST GEORGES TERRACE, PERTH,  
WESTERN AUSTRALIA AT 11.00AM PERTH TIME

**IMPORTANT INFORMATION**

***This is an important document that should be read in its entirety.  
If you do not understand it you should consult your professional advisers  
without delay.***

***Should you wish to discuss the matters in this Notice of Extraordinary General  
Meeting, please do not hesitate to contact the Company Secretary on (+618)  
6311 4614.***

You are encouraged to attend the meeting, but if you cannot, you are requested to complete and return the enclosed Proxy Form without delay to Security Transfer Registrars Pty Ltd, PO Box 535, Applecross WA 6953, by facsimile on +618 9315 2233, or email at registrar@securitytransfer.com.au

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NOTICE OF EXTRAORDINARY GENERAL MEETING  
TO SHAREHOLDERS

**NOTICE IS HEREBY GIVEN** that an Extraordinary General Meeting of the members of Atlantic Ltd ("**Atlantic**" or "**the Company**") will be held on the date and at the location and time specified below:

**DATE:** Wednesday, 30 June 2010  
**LOCATION:** Central Park Conference Centre, Seminar Room, Ground Level  
(opposite building foyer), 152-158 St Georges Terrace,  
Perth, Western Australia  
**TIME:** 11.00am Perth time

**BUSINESS**

The business to be transacted at this Extraordinary General Meeting is Resolution 1 as set out below.

**RESOLUTION 1 ~ APPROVAL OF ISSUE OF SHARES AND GRANT OF LOAN TO MR ANTHONY VEITCH**

To consider and, if thought fit, to pass, with or without amendment, the following resolution as an **ordinary resolution**:

*"That for the purposes of Chapter 2E of the Corporations Act and ASX Listing Rule 10.14 and for all other purposes, approval is given to the issue to Mr Anthony Veitch of 25,000,000 Shares under the Company's Executive Incentive Share Plan, and the grant of a loan by the Company to Mr Veitch to enable him to subscribe for the Shares as more fully described in the Explanatory Memorandum accompanying this Notice."*

**Voting Exclusion Statement**

In accordance with section 224 of the Corporations Act, the Company will disregard any votes cast by or on behalf of Mr Anthony Veitch and any of his associates in relation to Resolution 1.

In accordance with ASX Listing Rule 10.15.5 the Company will also disregard any votes cast by or on behalf of a director of the Company or an associate of a director of the Company (except a director who is ineligible to participate in the Executive Incentive Share Plan or any associate of such director).

However, the Company need not disregard a vote if it is cast by a person as a proxy for a person who is entitled to vote in accordance with the directions on the proxy form or it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the proxy form to vote as the proxy decides.

ATLANTIC LTD  
ACN 009 213 763

**NOTICE OF EXTRAORDINARY GENERAL MEETING  
TO SHAREHOLDERS**

**Snapshot Date**

The Company has determined under Corporations Regulation 7.11.37 that for the purposes of this meeting, shares will be taken to be held by those persons who are registered as holders of shares at 5pm Perth time on Monday 28 June 2010. Share transfers registered after that time will be disregarded in determining an entitlement to attend and vote at the meeting.

**DATED** 31 May 2010



**STACEY APOSTOLOU**  
COMPANY SECRETARY

**NOTES**

A member entitled to vote at this Extraordinary General Meeting is entitled to appoint a proxy to attend and vote for the member at the meeting. A proxy need not be a member. If the member is entitled to cast 2 or more votes at the meeting, the member may appoint 2 proxies. If a member appoints 2 proxies and the appointment does not specify the proportion or number of the member's votes each proxy may exercise, each proxy may exercise half of the votes. A proxy form is enclosed.

For personal use only

**EXPLANATORY MEMORANDUM  
TO SHAREHOLDERS**

This Explanatory Memorandum forms part of a notice convening an Extraordinary General Meeting of Shareholders of Atlantic Ltd (**Atlantic** or **the Company**) to be held at 11am Perth time on Wednesday 30 June 2010. This Explanatory Memorandum is intended to assist Shareholders in understanding the background to and the legal and other implications of the notice and the reasons for the Resolution proposed.

**Resolution 1 – Issue of Shares and Grant of Loan to Mr Anthony Veitch**

Resolution 1 seeks Shareholder approval under Listing Rule 10.14 for the issue of 25,000,000 Shares to Mr Anthony Veitch, an Executive Director of the Company, under the Executive Incentive Share Plan.

Resolution 1 also seeks Shareholder approval under Chapter 2E of the Corporations Act for the grant of an interest-free, limited recourse loan by the Company to Mr Veitch to enable him to subscribe for the Shares.

**Key terms of the issue of Shares**

The Company proposes to issue 25,000,000 Shares under the Plan to Mr Veitch (**Executive Incentive Shares**). The issue price of the Shares will be 7 cents per share.

The Company will be seeking approval at a separate meeting of Shareholders to consolidate its issued capital. In the event that the consolidation is approved, the number of Shares being issued pursuant to this resolution will be reduced by the consolidation ratio and the issue price will be increased by the consolidation ratio.

None of the Executive Incentive Shares will be tradeable until the Company's shares have traded above 7.5 cents each for more than 10 consecutive trading days. Otherwise, the Executive Incentive Shares will be quoted on the ASX and will rank equally with all other Shares of the Company from the date of issue in all respects, including in respect of all reconstructions, rights issues, bonus share issues and dividends.

In accordance with the Executive Incentive Share Plan rules, the Company intends to provide Mr Veitch with an interest free, limited recourse loan to acquire all of the Executive Incentive Shares (**Loan**). Until the Loan is repaid in full, the Company will appoint a trustee to hold the Executive Incentive Shares. Once the Loan is repaid, the Executive Incentive Shares may be transferred, subject to the transfer restrictions set out above. The proposed issue of the Executive Incentive Shares to Mr Veitch does not require a disclosure document, and so is excluded for the purposes of calculating the 5% limit on share issues under the Executive Incentive Share Plan.

Notwithstanding that the proposed issue of Executive Incentive Shares to Mr Veitch pursuant to the terms of the Executive Incentive Share Plan are excluded for the purposes of calculating the 5% limit, the Board does not intend to issue more than 5% of the total number of Shares on issue pursuant to the exemptions contained in clause 3.2 of the Executive Incentive Share Plan.

A summary of the terms of issue of the Executive Incentive Shares to Mr Veitch is set out in Appendix 1.

**Reasons for the issue of Plan Shares and grant of loan to Mr Veitch**

The proposed issue of Executive Incentive Shares to Mr Veitch is designed to provide an efficient reward and incentive and align the interests of Mr Veitch with other Shareholders in the Company.

EXPLANATORY MEMORANDUM  
TO SHAREHOLDERS

In particular, it is noted that:

- the issue price for the Executive Incentive Shares is at a premium to the 10 day volume weighted price of the Company's Shares prior to the date of this Notice; and
- for Mr Veitch to benefit from the issue of these Executive Incentive Shares, the transfer restrictions identified above must be satisfied and the Share price generally must be higher than at the date of this Notice.

The Board considers the number and value of Shares to be issued to Mr Veitch, together with the Loan, is an appropriate incentive for him to achieve the long term objectives of the Company in his role as Executive Director.

**Requirement for Shareholder approval**

Chapter 2E of the Corporations Act generally requires Shareholder approval to be obtained where a public company seeks to give a "financial benefit" to a "related party". Directors are considered to be related parties within the meaning of the Corporations Act. The grant of the Loan will constitute a financial benefit requiring Shareholder approval under Chapter 2E of the Corporations Act. Accordingly, Resolution 1 seeks Shareholder approval under Chapter 2E of the Corporations Act for the grant of a loan from the Company to Mr Veitch to enable him to subscribe for the shares.

ASX Listing Rule 10.14 generally provides that a company listed on the ASX cannot issue or grant securities to a related party, including directors of a company, under an employee incentive scheme without Shareholder approval. Accordingly, Resolution 1 also seeks Shareholder approval under Listing Rule 10.14.

**Chapter 2E of the Corporations Act**

In accordance with the requirements of Chapter 2E, and in particular, section 219 of the Corporations Act, the following information is provided to Shareholders to allow them to assess the grant of the Loan to Mr Veitch:

- as a director of the Company, Mr Veitch is a related party to the Company to whom Resolution 1 of the Notice of Meeting would permit a financial benefit to be given.
- the nature of the financial benefit given to Mr Veitch is the provision of an interest-free, limited recourse Loan to acquire the Executive Incentive Shares on the terms and conditions outlined in Appendix 1. Given that recourse under the Loan is limited to the 25,000,000 Executive Incentive Shares, Mr Veitch is entitled to repay the Loan by way of returning the Executive Incentive Shares to the trustee holding the Executive Incentive Shares for the benefit of the Company. If the Executive Incentive Shares are returned to the trustee and the value of the Executive Incentive Shares is lower than the value of the Loan the Company is not entitled pursue Mr Veitch or his assets for the unpaid balance. The duration of the Loan is not limited to a specific repayment date. Until the Loan is repaid in full, the Executive Incentive Shares will be held in trust on behalf of Mr Veitch.
- the amount of the Loan proposed to be issued to Mr Veitch will be \$1,750,000 calculated as follows:

Number of Shares	Issue Price	Amount of Loan
25,000,000	\$0.07	\$1,750,000

**EXPLANATORY MEMORANDUM  
TO SHAREHOLDERS**

- it is proposed that the Executive Incentive Shares be issued and the Loan be granted as soon as possible after Resolution 1 is passed and in any event no later than 12 months after the date of the meeting.
- the Plan (approved by Shareholders on 27 November 2009) is attached at Appendix 2 to this Explanatory Memorandum.
- initially no funds will be raised by the issue of the Executive Incentive Shares due to the provision of the Loan to Mr Veitch. However, when the Loan has been repaid, the funds raised by the issue of the Executive Incentive Shares will be used for working capital purposes as the Board sees fit.
- the last price which Shares in the Company traded on ASX on 28 May 2010 (being the last practicable date prior to the date of finalising this Explanatory Memorandum) was \$0.043. The highest and lowest price which the Company's Shares traded on ASX over the past 12 months ending on 28 May 2010 was \$0.07 and \$0.009 respectively.
- Mr Veitch's remuneration for the year ending 30 June 2010 is expected to comprise of the following:
  - Directors fees for the period 1 July 2009 to 31 March 2010 of \$22,500;
  - Remuneration to be received as an executive of the Company from 1 April 2010 to 30 June 2010 of \$62,500 (inclusive of superannuation); and
  - Fees of \$124,500 (excluding GST) received by a company in which Mr Veitch has a financial interest for consulting services provided to the Company between 1 July 2009 and 31 March 2010.
- the key terms of Mr Veitch's employment contract as Executive Director, which became effective on 1 April 2010, are as follows:
  - (a) Term of agreement – ongoing subject to annual review;
  - (b) Salary of \$250,000 per annum inclusive of statutory 9% superannuation; and
  - (c) Termination may be effected by either party by giving 6 months written notice. Standard termination terms apply.
- the primary purpose of the proposed issue of the Executive Incentive Shares to Mr Veitch is not to raise capital but to provide a performance incentive. Any funds raised from a repayment of the loan provided to Mr Veitch to acquire the Executive Incentive Shares will be used for general working capital purposes.
- if Resolution 1 is approved, the direct and indirect interests of Mr Veitch in the Company will be as follows:

<b>Security</b>	<b>Interest</b>	<b>Securities issued in accordance with Resolution 1</b>	<b>Interest after issue of Resolution 1 Shares</b>
Ordinary shares	8,000,000	25,000,000	33,000,000
Options exercisable at 0.8 cents each on or before 31 December 2011	2,000,000	-	2,000,000
Options exercisable at 1 cent each on or before 31 December 2010	2,000,000	-	2,000,000

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EXPLANATORY MEMORANDUM  
TO SHAREHOLDERS

- if the Loan is approved by Shareholders and the Executive Incentive Shares are issued, the Company's Share capital will be diluted by 25,000,000 Shares representing a dilution of 1.91% (based on the number of Shares on issue as at 26 May 2010 and assuming that no options issued by the Company are exercised).
- the grant of the Loan pursuant to Resolution 1 of the Notice will result in the recognition of a receivable in the Company's Balance Sheet for the year ending 30 June 2010, in accordance with Australian equivalents to International Financial Reporting Standards, which will be converted to cash over time as the Loan is repaid.
- the Directors do not consider the grant of the Loan (or the issue of the Executive Incentive Shares) pursuant to Resolution 1 will result in the Company suffering any costs, suffering any opportunity costs, incurring any taxation liability or forgoing any benefit.
- the grant of the Loan (and the issue of the Executive Incentive Shares) will not have any impact on the cashflow of the Company as the grant is a non-cash transaction. Any repayments of the Loan in cash will increase the Company's cash position.
- the grant of the Loan (and the issue of the Executive Incentive Shares) will not have any impact on the creditors of the Company.
- the benefits of granting the Loan as a limited recourse loan as opposed to a full recourse loan are set out below:
  - (a) the primary purpose of the Plan, as explained to and approved by Shareholders at the Annual General Meeting held on 27 November 2009, is to attract, motivate and retain key management of the highest calibre.
  - (b) the Board believes that offering Shares to key management under the Plan in substitution for cash remuneration allows the Company to preserve cash and better align the interest of shareholders and key management.
  - (c) the Board also believes that key management would be unwilling to join the Company if the Plan only offered full recourse loans, thereby significantly reducing the ability of the Company to attract, motivate and retain the high quality management the Company is hoping to recruit.

#### Directors Recommendation

The Directors (other than Mr Veitch) confirm they do not have an interest in the outcome of Resolution 1 other than an interest arising solely in their capacity as Shareholders, and each recommend Shareholders vote in favour of Resolution 1 for the reasons set out above under the Heading entitled "**Reasons for the issue of Plan Shares to Mr Veitch**". As Mr Veitch has a material personal interest in the subject matter of Resolution 1, Mr Veitch declines to make a recommendation in relation to Resolution 1.

#### Information required by ASX Listing Rules 10.14 and 10.15

For the purposes of the approval sought under ASX Listing Rules 10.14 and 10.15, the following information is provided to Shareholders in respect of the proposed issue of Executive Incentive Shares to Mr Veitch under the Executive Incentive Share Plan.

- *Participation by Mr Veitch in the Plan:* Mr Veitch is currently an Executive Director of the Company and was re-elected a Director at the 2008 annual general meeting. In accordance with clause 13.4 of the Company's Constitution, Mr Veitch will hold office until the Company's 2010 annual general meeting, at which time he may be re-elected as a Director of the Company.



EXPLANATORY MEMORANDUM  
TO SHAREHOLDERS

- *Maximum number of Plan Shares to be issued:* The maximum number of Shares that may be issued to Mr Veitch under Resolution 1 is 25,000,000 Shares, on the terms and conditions set out in Appendix 1.
- *Price of Plan Shares to be issued:* the Shares will be issued at 7 cents per Share.
- *Details of prior issues:* The following persons have received the securities under the Executive Incentive Share Plan:

Person	Number of Securities Received	Acquisition Price for Securities Received
Mr Michael Minosora	99,000,000 Shares	<ul style="list-style-type: none"><li>• 33 million Shares at 3.3 cents per Share</li><li>• 33 million Shares at 4.0 cents per Share</li><li>• 33 million Shares at 5.0 cents per Share</li></ul>
Mr Jonathan Fisher	10,000,000 Shares	<ul style="list-style-type: none"><li>• 5 million Shares at 2.8 cents per Share</li><li>• 5 million Shares at 2.8 cents per Share</li></ul>

- *Directors eligible to participate in the Plan:* Employees of the Company and its subsidiaries (including directors who hold salaried employment or office in the Company or any of its subsidiaries) may participate in the Plan, including the following eligible persons who are referred to in ASX Listing Rule 10.14:
  - (a) Mr Ian McMaster;
  - (b) Mr Michael Minosora;
  - (c) Mr Alan Mulgrew;
  - (d) Mr Jay Wacher; and
  - (e) Mr Anthony Veitch.

Any Director who becomes entitled to participate in the Executive Incentive Share Plan after Resolution 1 is approved will not be able to participate in the Executive Incentive Share Plan until either:

- (a) Shareholder approval to that Director participating is obtained under ASX Listing Rule 10.14; or
  - (b) ASX grants a waiver of ASX Listing Rule 10.14.
- *Loan details:* The subscription price for the Shares proposed to be issued to Mr Veitch under the Executive Incentive Share Plan will be fully funded by way of an interest-free, limited recourse loan from the Company to Mr Veitch, the terms of which are set out at Appendix 1.
  - *Date of issue of Plan Shares:* The Shares will be granted to Mr Veitch as soon as possible after the approval of Resolution 1 by Shareholders (and in any event no later than 12 months after the date of this Meeting) or as modified by an ASX waiver.

**Other information**

The Directors are not aware of any information other than that set out in this Explanatory Memorandum that is reasonably required by Shareholders in order to decide whether or not it is in the Company's interest to pass Resolution 1.

EXPLANATORY MEMORANDUM  
TO SHAREHOLDERS

GLOSSARY

**ASIC** means the Australian Securities and Investments Commission.

**ASX** means ASX Limited and, where the context permits, the Australian Securities Exchange operated by ASX Limited.

**ASX Listing Rules** or **Listing Rules** means the Listing Rules of ASX.

**Board** means the current board of directors of the Company.

**Business Day** means a day that is not a Saturday, Sunday or public holiday in Western Australia.

**Company** and **Atlantic** means Atlantic Limited (ACN 009 213 763).

**Constitution** means the Company's constitution.

**Corporations Act** means the *Corporations Act 2001* (Cth).

**Directors** means the current directors of the Company.

**Explanatory Memorandum** means the explanatory memorandum attached to the Notice.

**Meeting** means the extraordinary general meeting convened by the Notice.

**Notice** means this notice of Extraordinary General Meeting and the attached Explanatory Memorandum.

**Plan** means the Company's Executive Incentive Share Plan, a copy of which is attached to this Explanatory Statement as Appendix 2.

**Share** means an ordinary share in the capital of the Company.

**Shareholder** means a holder of a Share.

EXPLANATORY MEMORANDUM  
TO SHAREHOLDERS

APPENDIX 1 – TERMS AND CONDITIONS OF EXECUTIVE INCENTIVE SHARES  
AND LOAN

1. Executive Incentive Shares will be quoted on the ASX and will (except as described in paragraph 3 below) rank equally with all other fully paid ordinary Shares of the Company from the date of issue in all respects, including in respect of all reconstructions, rights issues, bonus Share issues and dividends. The Executive Incentive Shares will be uncertificated and statements of holding will be issued to each participant.
2. The Company will grant a total of 25,000,000 Executive Incentive Shares at 7.0 cents per Share.

None of the Executive Incentive Shares will be tradeable until the Company's Shares have traded above 7.5 cents each for more than 10 consecutive trading days. Otherwise, the Executive Incentive Shares will be quoted on ASX and will rank equally with all other fully paid ordinary Shares of the Company from the date of issue in all respects, including in respect of all reconstructions, rights issues, bonus Share issues and dividends.

3. The subscription price for the Executive Incentive Shares will be fully funded by way of an interest free limited recourse loan made by the Company to the participant. The Company will not be entitled to have recourse to any assets of the participant other than the Executive Incentive Shares held by that participant. The loan will be repaid by the Company retaining any dividends payable on the Executive Incentive Shares acquired by the participant and applying them in reduction of the loan. A participant may make additional loan repayments.
4. Until the loan is repaid in full, the Executive Incentive Shares will be held in trust on the participant's behalf. Once the loan is repaid, the Executive Incentive Shares may be transferred to the participant, subject to the transfer restrictions set out above.
5. If prior to the repayment of the loan, the participant ceases to be employed by the Company for any reason, dies, is totally or permanently disabled, or becomes bankrupt, the participant may elect to either repay the loan and have the vested Executive Incentive Shares transferred to their name or have the Company sell the vested Executive Incentive Shares and apply the net proceeds of sale in repayment of the loan, with any surplus from such proceeds being refunded to the participant. If no election is made within seven days, the participant will be deemed to have elected to have their vested Executive Incentive Shares sold by the Company. Any non-vested Executive Incentive Shares will be forfeited by the participant upon cessation of their employment in full and final satisfaction of the loan applicable to those non-vested Executive Incentive Shares.
6. The participant will not be liable for any balance of the loan remaining outstanding after a sale of Executive Incentive Shares by the Company.
7. The participant may elect to repay a loan in full and have the relevant Executive Incentive Shares fully vested in their name at any time while a loan balance exists and prior to termination of employment.

EXPLANATORY MEMORANDUM  
TO SHAREHOLDERS

APPENDIX 2 – TERMS AND CONDITIONS OF ATLANTIC LTD EXECUTIVE INCENTIVE  
SHARE PLAN

1. Definitions and Interpretation

1.1 In these Rules, unless the contrary intention appears:

- (1) **Acceptance Date** means the last date for receipt of acceptances as specified in the relevant offer of Shares;
- (2) **ASX** means ASX Limited;
- (3) **Board** means some or all of the Directors of the Company acting as a board or, where appropriate, a committee of the board;
- (4) **Business Day** has the meaning given to that term in the Listing Rules;
- (5) **Cash Dividend** means a dividend declared or paid with respect to Shares which is payable wholly in cash or, in the case of a dividend declared or paid with respect to Shares which is payable only partly in cash, that part of the dividend which is payable in cash;
- (6) **Cessation of Employment** means cessation of employment for any reason, including death;
- (7) **Company** means Atlantic Limited ACN 009 213 763;
- (8) **Constitution** means the Company's constitution;
- (9) **Corporations Act** means *Corporations Act 2001*;
- (10) **Director** means a person holding the office of executive or non-executive director;
- (11) **Eligible Person** means an Employee selected by the Board to participate in the Plan;
- (12) **Employee** means a person in respect of whom the Company or a subsidiary of the Company is the employer;
- (13) **Issue Price** means the price per Plan Share to be paid by an Eligible Person as specified in the offer and as determined in accordance with rule 4.3;
- (14) **Loan** means a loan made by the Company under this Plan for the purchase of Plan Shares;
- (15) **Listing Rules** means the ASX Listing Rules;
- (16) **Market Price** of a Share on a particular date means the closing price of the Share as traded on ASX on the last Business Day before that particular date;
- (17) **Minimum Parcel** has the meaning given to the term "Marketable Parcel" in the Listing Rules;

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- (18) **Participant** means an Eligible Person who agrees to be bound by these Rules and holds Plan Shares;
- (19) **Plan** means the Atlantic Limited Executive Incentive Share Plan as constituted by these Rules;
- (20) **Plan Share** means a Share acquired under this Plan;
- (21) **Product Disclosure Statement** has the meaning given to it in the Corporations Act;
- (22) **Rules** means this document and includes any schedule or annexure to it;
- (23) **Share** means a fully paid ordinary share in the capital of the Company; and
- (24) **Tax Act** means *the Income Tax Assessment Act 1936* and the *Income Tax Assessment Act 1997*.

1.2 Interpretation

- (1) Reference to:
- (a) one gender includes the others;
  - (b) the singular includes the plural and the plural includes the singular;
  - (c) a person includes a body corporate;
  - (d) a party includes the party's executors, administrators, successors and permitted assigns;
  - (e) a statute, regulation, rule or provision of a statute, regulation or rule (**Statutory Provision**) includes:
    - (i) that Statutory Provision as amended or re-enacted from time to time; and
    - (ii) a statute, regulation or provision enacted in replacement of that Statutory Provision; and
    - (iii) another regulation or statutory instrument made or issued under that Statutory Provision;
- (2) Including and similar expressions are not words of limitation.
- (3) Where a word or expression is given a particular meaning, other parts of speech and grammatical forms of that word or expression have a corresponding meaning.
- (4) Headings and any table of contents or index are for convenience only and do not form part of these Rules or affect their interpretation.
- (5) If an act must be done on a specified day which is not a Business Day, it must be done instead on the next Business Day.

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**2. Offers**

**2.1 Making of offers**

- (1) The Board may, subject to rule 3, from time to time offer Shares to Eligible Persons.
- (2) The Board may make the offer of Shares subject to any special conditions which it considers appropriate.

**2.2 Minimum Parcel**

The minimum number of Shares offered under this Plan to any Eligible Person must be an amount equal to a Minimum Parcel.

**2.3 Form of offers**

Offers of Shares made under rule 2.1 must be made by the Board in writing and must include or be accompanied by the following information:

- (1) the date of the offer;
- (2) the number of Shares being offered to the Eligible Person;
- (3) the Issue Price or method of determining the Issue Price;
- (4) the special conditions (if any) applicable to the offer;
- (5) the Acceptance Date; and
- (6) any other information required to be specified in the offer by the Corporations Act, the Listing Rules or considered by the Board to be relevant.

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**3. Plan limits**

**3.1** The Company must not offer Shares under this Plan if, at the time of the offer, the total of the number of Shares:

- (1) the subject of the offer;
- (2) in the same class which would be issued if all outstanding offers, invitations or options made or acquired under this Plan and any other employee share plan of the Company were accepted or exercised; and
- (3) in the same class issued under this Plan or issued under any other employee share plan of the Company during the period of five years prior to the date of the offer,

exceeds 5% of the total number of issued Shares in that class.

**3.2** For the purpose of calculating the limit in rule 3.1, any offer made, or option acquired or share issued by way of or as a result of the following are to be excluded from the calculation:

- (1) Shares subject to options which have elapsed or are otherwise not capable of exercise;

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- (2) an offer to a person situated at the time of receipt of the offer outside this jurisdiction;
- (3) an offer that did not need disclosure to investors because of section 708 of the Corporations Act;
- (4) an offer that did not require the giving of a Product Disclosure Statement because of section 1012D of the Corporations Act; and
- (5) an offer made under a disclosure document or Product Disclosure Statement.

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**4. Acceptance of Plan Shares**

**4.1** Acceptance of offer

An Eligible Person may accept an offer of Shares in whole or in part (provided that any partial acceptance is for at least that number of Shares equal to a Minimum Parcel).

**4.2** Form of acceptance

An Eligible Person receiving an offer of Shares and wishing to accept it must deliver to the Company written notice of acceptance of the offer in such form as the Board may prescribe from time to time, together with payment of the Issue Price in full in respect of the Shares that the Eligible Person wishes to accept no later than the Acceptance Date. If a Loan is approved in relation to the purchase of the Plan Shares in accordance with rule 7, the amount of the payment to be made under this rule is the total Issue Price in respect of the Shares that the Eligible Person wishes to accept pursuant to the offer of Shares less the amount of the Loan.

**4.3** Issue Price

The Issue Price will be the amount determined by the Board on the date it resolves to issue the offer of Shares and the Board may determine that no amount is to be paid by an Eligible Person for Plan Shares.

**4.4** Acceptance binding

An Eligible Person who accepts an offer of Shares under this Plan agrees to be bound by the terms and conditions of the Plan.

**4.5** Lapse of Offer

To the extent that an offer of Shares under this Plan is not accepted in accordance with rule 4.2 the offer will lapse on the date following the Acceptance Date unless the Board determines otherwise.

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**5. Provision of information**

A Participant may, during any period when an offer of Shares under this Plan is capable of being accepted, request the Company to provide information regarding the current Market Price of a Share on a particular date (which date must be a date prior to the date of the request). Such a request must be made to the Company in writing and the Company will respond within a reasonable time, stating the Market Price of a Share on that particular date.

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**6. Issue of Plan Shares**

**6.1** On receipt of a written notice of acceptance of an offer of Shares in accordance with rule 4, the Eligible Person is entitled **to** be issued that number of Plan Shares (which will not exceed the maximum number of Shares specified in the offer) set out in the notice of acceptance.

**6.2** The Company must:

- (1) issue Plan Shares upon the acceptance of the offer; and
- (2) despatch a share certificate or enter the Plan Shares into the Participant's uncertificated holding, as the case may be,

within 15 Business Days of the acceptance of the offer or such other period prescribed from time to time under the Listing Rules or the Corporations Act.

**6.3 Ranking of Plan Shares**

Plan Shares issued following the acceptance of an offer will be credited as fully paid and rank equally in all respects with all existing fully paid Shares from the date the Plan Shares are issued to the Participant.

**6.4 Entitlements**

The Participant will be entitled to those dividends which have a record date for determining entitlements on or after the date the Plan Shares are issued to the Participant.

**6.5 Plan Shares to be quoted on ASX**

If Shares of the same class as Plan Shares are quoted on the ASX, the Company will apply to the ASX for the Plan Shares to be quoted, such application to be made within 10 Business Days of the day the Plan Shares are issued, or the period specified in the Listing Rules, whichever is the longer.

**7. Loan**

**7.1** The Board may in its absolute discretion, and subject to rule 8, grant a Loan to an Eligible Person for the purposes of purchasing the Plan Shares.

**7.2** The amount of the Loan must not exceed the total Issue Price in respect of the Shares that the Eligible Person wishes to accept pursuant to the offer of Shares.

**7.3** An application for a Loan must be in the form prescribed by the Board from time to time.

**7.4** The entire amount of the Loan must be applied towards paying the Issue Price (in full or in part) in respect of the Shares that the Eligible Person wishes to accept pursuant to the offer of Shares.

**7.5** If an Eligible Person applies for a Loan and the Board approves the application, the Company will concurrently with the issue of Plan Shares to the Eligible Person, lend to the Eligible Person that portion of the Issue Price per Share not paid by the Eligible Person under rule 4.2.



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- 7.6 A Loan granted under rule 7 will be non-recourse (other than against the Plan Shares held by the Participant to which the Loan relates) and interest free unless otherwise determined by the Board at the time of granting the Loan.
- 7.7 A Loan will become immediately repayable upon the first to occur of:
- (1) the Cessation of Employment of the Participant;
  - (2) the Participant selling, transferring, mortgaging, charging or otherwise disposing of, dealing with, granting any interest in or encumbering all his or her Plan Shares or, where the Participant sells, transfers, mortgages, charges or otherwise disposes of, deals with, grants any interest in or encumbers part of his or her Plan Shares;
  - (3) the Participant creating or attempting to create any third party interest in his or her Plan Shares; or
  - (4) the Participant becoming a bankrupt as defined in section 5 of the *Bankruptcy Act 1966*.
- 7.8 A Participant may:
- (1) repay his or her Loan at any time during the term of that Loan; or
  - (2) make partial payments in amounts not less than those specified by the Board from time to time.
- 7.9 Each Cash Dividend which is payable in respect of a Plan Share acquired in whole or in part with a Loan is to be applied by the Company on behalf of the Participant who owns that Plan Share in repayment of the principal amount outstanding under the Loan, and the Participant directs the Company to so apply each Cash Dividend.

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8. Trust

- 8.1 The Board may in its absolute discretion, at the time of granting the Loan under rule 7, determine that Plan Shares purchased by the Eligible Person using the Loan must be held by a trustee on trust for the benefit the Participant on the following terms and conditions:
- (1) the trustee must hold the Plan Shares on trust for the benefit of the Participant in accordance with these Rules and any other special conditions that the Board considers appropriate and specifies in the offer of Shares in accordance with rules 2.1(2) and 2.3 (**Special Conditions**);
  - (2) subject to any Special Conditions, the trustee may only transfer the Plan Shares to the Participant (or a third party at the direction of the Participant) after the Loan has been repaid in full. The Participant will be responsible for the costs associated with transferring the Plan Shares from the trustee (including sale and brokerage fees, transfer fees, GST and bank charges);
  - (3) subject to any Special Conditions, if the Participant fails to repay the Loan when it becomes immediately repayable under rule 7.7, the trustee may sell the relevant Plan Shares on the Participant's behalf and apply the proceeds received (after deducting the costs associated with the sale of the Plan Shares including sale and brokerage fees, transfer fees, GST and bank charges) against the outstanding amount of the Loan. Any excess proceeds will be remitted to the Participant;

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- (4) subject to rule 7, the Participant will be entitled to dividends and to vote at a general meeting of the Company in relation to Plan Shares while the Plan Shares are held for the Participant's benefit by the trustee. The dividends will be received by the trustee on the Participant's behalf and voting rights will be exercised on the Participant's behalf by proxy through the trustee;
- (5) subject to any Special Conditions, the Participant is not permitted to sell, transfer, mortgage, charge or otherwise dispose of, deal with, grant any interest in or encumber any Plan Shares that are held on trust by the trustee;
- (6) the Board may determine any other terms and conditions of the trust, which must not be inconsistent with this rule.

8.2 The Board will appoint, remove and replace the trustee.

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**9. Capital Reorganisation**

If there is any reorganisation including any subdivision, consolidation, reduction, return or cancellation of the issued capital of the Company, the number of Plan Shares will be adjusted by the Board accordingly.

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**10. Takeovers, scheme of arrangement and winding up**

**10.1 Takeovers**

- (1) If a takeover bid under chapter 6 of the Corporations Act is made to acquire any Shares, at any time any offers under that takeover bid remain open for acceptance, the Board may give written notice of the bid to the Participant, stating that all (or part) of the conditions restricting the Participant from selling, transferring, mortgaging, charging or otherwise disposing of, dealing with, granting any interest in or encumbering any Plan Shares are waived.

**10.2 Reconstruction, amalgamation or winding up**

If the Board determines that an application is to be made to the court under section 411 of the Corporations Act for a meeting to be held in relation to a proposed compromise or arrangement for the purposes of or in connection with a scheme for the reconstruction of the Company or its amalgamation with any other company or companies, the Board may give written notice of the application to the Participant, stating that all (or part) of the conditions restricting the Participant from selling, transferring, mortgaging, charging or otherwise disposing of, dealing with, granting any interest in or encumbering any Plan Shares are waived.

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**11. Administration of the Plan**

**11.1 Administration and Rules**

The Plan must be administered by the Board in accordance with these Rules. The Board may make further rules for the operation of the Plan which are consistent with these Rules.

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**11.2 Power and Discretions**

Any power or discretion which is conferred on the Board by these Rules must be exercised by the Board in the interests or for the benefit of the Company and the Board is not, in exercising any such power or discretion, under any fiduciary or other obligation to a Participant or to any other person.

**11.3 Delegation**

Any power or discretion which is conferred on the Board by these Rules may be delegated by the Board to a committee consisting of such Directors or other officers of the Company as the Board thinks fit.

**11.4 Interpretation**

The decision of the Board as to the interpretation, effect or application of these Rules is final and conclusive.

**11.5 Suspension**

The Board may from time to time suspend the operation of the Plan and may at any time cancel the Plan. The suspension or cancellation of the Plan must not prejudice the existing rights of Participants.

**11.6 Adjustments to Plan in case of foreign residents**

If a Plan Share is issued to an Eligible Person who is not a resident of Australia, the Rules apply to the Plan Share subject to whatever alterations or additions the Board may determine, before date of issue, having regard to any securities, exchange control or taxation laws or regulations or similar factors which may apply to that Eligible Person, the Company or the Plan.

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**12. Terms of Employment or Appointment not Affected**

**12.1 Terms of office or employment or appointment not affected**

- (1) These Rules do not form part of any contract of employment or appointment, or any arrangement in respect of any such employment or appointment, between an Eligible Person and the Company, nor do they constitute a related condition or collateral arrangement to any such contract or arrangement.
- (2) Participation in the Plan will not in any way affect the rights and obligations of an Eligible Person under the terms under which he or she is employed or appointed.
- (3) The terms of an Eligible Person's employment or appointment with Company will not in any way affect the rights and obligations of a Participant under this Plan.

**12.2 No claim as a consequence of termination of employment or appointment**

A Participant has no right to compensation or damages from Company in respect of any loss of future rights under the Plan, as a consequence of termination of the Participant's employment or appointment for any reason.

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**12.3 Rights of Participants**

Except as expressly provided in these Rules, nothing in these Rules confers on any person the right to receive any Plan Shares or a Loan or confers on any person any expectation of becoming a Participant.

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**13. Amendment of these Rules**

**13.1 Amendment**

Subject to rules 13.2 and 13.3, the Company may at any time by written instrument or by resolution of the Board, amend all or any of the provisions of these Rules (including this rule 13).

**13.2 Accrued Rights**

No amendment of the provisions of these Rules may reduce the accrued rights of any Participant in respect of Plan Shares issued under the Plan prior to the date of the amendment, other than an amendment introduced primarily:

- (1) for the purpose of complying with or conforming to present or future State, Territory or Commonwealth legal requirements governing or regulating the maintenance or operation of the Plan or like plans;
- (2) to correct any manifest error or mistake;
- (3) to enable contributions or other amounts paid by the Company in respect of the Plan to qualify as income tax deductions;
- (4) to enable the Participant or the Company to reduce the amount of fringe benefits tax under the Fringe Benefits Tax Assessment Act 1986, the amount of tax under the Tax Act or the amount of any other tax or impost that may otherwise be payable by the Participant or the Company in relation to the Plan;
- (5) for the purpose of enabling Participants generally (but not necessarily each Participant) to receive a more favourable taxation treatment in respect of their participation in the Plan; or
- (6) to enable the Company to comply with the Corporations Act, the Listing Rules or any other legal requirement.

**13.3 Listing Rules**

No amendment may be made except in accordance with and in the manner stipulated (if any) by the Listing Rules.

**13.4 Retrospectivity**

Subject to the above provisions of this rule 13, any amendment made under rule 13.1 may be given such retrospective effect as is specified in the resolution by which the amendment is made and, if so stated, amendments to these Rules, including the terms applicable to Plan Shares issued under this Plan, have the effect of automatically amending the terms of Plan Shares issued and still subject to these Rules.

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**14. Taxation**

The Company is not, nor are any advisers to the Company or the Board, liable for any taxes, imposts or duties assessed against or imposed upon a person participating in the Plan and none of them represent or warrant that any person will gain any taxation advantage by participating in the Plan.

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**15. General**

**15.1 Notices**

Notices may be given by the Company to the Participant in the manner prescribed by the Constitution for the giving of notices to members of the Company and the relevant provisions of the Constitution apply with all necessary modification to notices to be given to Participants.

**15.2 Rights to Accounts**

Participants must be sent all reports and accounts required to be laid before members of the Company in general meeting and all notices of general meetings of members.

**15.3 Constitution and Listing Rules**

These Rules are subject to the Constitution, the Corporations Act and the Listing Rules.

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**16. Governing Law**

**16.1** These Rules are governed by the laws in force in Western Australia and the Commonwealth of Australia.

PROXY FORM

THIS DOCUMENT IS IMPORTANT. IF YOU ARE IN DOUBT AS TO HOW TO DEAL WITH IT, PLEASE CONTACT YOUR STOCK BROKER OR LICENSED PROFESSIONAL ADVISOR.

ATLANTIC LIMITED

ABN: 60 009 213 763

REGISTERED OFFICE:
LEVEL 18, CENTRAL PARK
152-158 ST GEORGES TERRACE
PERTH WA 6000

SHARE REGISTRY:
Security Transfer Registrars Pty Ltd
All Correspondence to:
PO BOX 535,
APPLECROSS WA 6953 AUSTRALIA
770 Canning Highway,
APPLECROSS WA 6153 AUSTRALIA
T: +61 8 9315 2333 F: +61 8 9315 2233
E: registrar@securitytransfer.com.au
W: www.securitytransfer.com.au

Code: ATI

Holder Number:

SECTION A: Appointment of Proxy

I/We, the above named, being registered holders of the Company and entitled to attend and vote hereby appoint:

Input box for Chairperson appointment

OR

Grid for name of person appointed

The meeting Chairperson
(mark with an "X")

The name of the person you are appointing
(if this person is someone other than the Chairperson of the meeting).

or failing the person named, or if no person is named, the Chairperson of the Meeting, as my/our Proxy to act generally at the meeting on my/our behalf and to vote in accordance with the following directions (or if no directions have been given, as the Proxy sees fit) at the Extraordinary General Meeting of the Company to be held at 11:00am (Perth time) on Wednesday 30 June 2010 at the Central Park Conference Centre, Seminar Room, 152-158 St Georges Terrace, Perth, Western Australia and at any adjournment of that meeting.

SECTION B: Voting Directions to your Proxy

Please mark "X" in the box to indicate your voting directions to your Proxy.

Resolution

For Against Abstain\*

1. Issue of Shares and grant of loan to Mr Anthony Veitch

Three boxes for voting directions: For, Against, Abstain\*

If no directions are given my proxy may vote as the proxy thinks fit or may abstain.

\* If you mark the Abstain box for a particular item, you are directing your Proxy not to vote on your behalf on a show of hands or on a poll and your votes will not be counted in computing the required majority on a poll.

If you wish to appoint the Chairperson as your proxy and you do not wish to direct the Chairperson how to vote, please mark "X" in the box.

By marking this box, you acknowledge that the Chairperson may exercise your proxy even if he has an interest in the outcome of the resolution and votes cast by him/her other than as a proxy holder will be disregarded because of that interest. If you do not mark this box, and you have not directed your proxy how to vote, the Chair will not cast your votes on the resolution and your votes will not be counted in calculating the required majority if a poll is called on the resolution. The Chairperson of the Meeting intends to vote undirected proxies in favour of the resolution.

SECTION C: Please Sign Below

This section must be signed in accordance with the instructions overleaf to enable your directions to be implemented.

Individual or Security Holder

Security Holder 2

Security Holder 3

Signature box for Individual or Security Holder

Signature box for Security Holder 2

Signature box for Security Holder 3

Sole Director and Sole Company Secretary

Director

Director / Company Secretary

9268432329

Reference Number:

Reference Number input box

2

ATI

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My/Our contact details in case of enquiries are:

NAME

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TELEPHONE NUMBER

(			)																	
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## NOTES

### 1. Name and Address

This is the name and address on the Share Register of Atlantic Limited. If this information is incorrect, please make corrections on this form. Shareholders sponsored by a broker should advise their broker of any changes. Please note that you cannot change ownership of your shares using this form.

### 2. Appointment of a Proxy

If you wish to appoint the Chairperson of the Meeting as your Proxy please mark "X" in the box in Section A. Please also refer to Section B of this proxy form and ensure you mark the box in that section if you wish to appoint the Chairperson as your Proxy.

If the person you wish to appoint as your Proxy is someone other than the Chairperson of the Meeting please write the name of that person in Section A. If you leave this section blank, or your named Proxy does not attend the meeting, the Chairperson of the Meeting will be your Proxy. A Proxy need not be a Shareholder of Atlantic Limited.

### 3. Directing your Proxy how to vote

To direct the Proxy how to vote place an "X" in the appropriate box against each item in Section B. Where more than one Proxy is to be appointed and the proxies are to vote differently, then two separate forms must be used to indicate voting intentions.

### 4. Appointment of a Second Proxy

You are entitled to appoint up to two (2) persons as proxies to attend the meeting and vote on a poll. If you wish to appoint a second Proxy, an additional Proxy form may be obtained by telephoning the Company's share registry +61 8 9315 2333 or you may photocopy this form.

To appoint a second Proxy you must:

- (a) On each of the Proxy forms, state the percentage of your voting rights or number of securities applicable to that form. If the appointments do not specify the percentage or number of votes that each Proxy may exercise, each Proxy may exercise half of your votes; and
- (b) Return both forms in the same envelope.

### 5. Signing Instructions

Individual: where the holding is in one name, the Shareholder must sign.

Joint Holding: where the holding is in more than one name, all of the Shareholders must sign.

Power of Attorney: to sign under Power of Attorney you must have already lodged this document with the Company's share registry. If you have not previously lodged this document for notation, please attach a certified photocopy of the Power of Attorney to this form when you return it.

Companies: where the Company has a Sole Director who is also the Sole Company Secretary, this form must be signed by that person. If the Company (pursuant to section 204A of the Corporations Act 2001) does not have a Company Secretary, a Sole Director may sign alone. Otherwise this form must be signed by a Director jointly with either another Director or Company Secretary. Please indicate the office held in the appropriate place.

If a representative of the corporation is to attend the meeting the appropriate "Certificate of Appointment of Corporate Representative" should be lodged with the Company before the meeting or at the registration desk on the day of the meeting. A form of the certificate may be obtained from the Company's share registry.

### 6. Lodgement of Proxy

Proxy forms (and any Power of Attorney under which it is signed) must be received by Security Transfer Registrars Pty Ltd no later than 11.00am (Perth Time) on Monday 28 June 2010, being 48 hours before the time for holding the meeting. Any Proxy form received after that time will not be valid for the scheduled meeting.

**Security Transfer Registrars Pty Ltd  
PO BOX 535  
Applecross, Western Australia 6953**

**Street Address:  
Alexandrea House, Suite 1  
770 Canning Highway  
Applecross, Western Australia 6153**

**Telephone +61 8 9315 2333**

**Facsimile +61 8 9315 2233**

**Email registrar@securitytransfer.com.au**

## PRIVACY STATEMENT

Personal information is collected on this form by Security Transfer Registrars Pty Ltd as the registrar for securities issuers for the purpose of maintaining registers of securityholders, facilitating distribution payments and other corporate actions and communications. Your personal details may be disclosed to related bodies corporate, to external service providers such as mail and print providers, or as otherwise required or permitted by law. If you would like details of your personal information held by Security Transfer Registrars Pty Ltd or you would like to correct information that is inaccurate please contact them on the address on this form.