Atomic Resources
Limited
ABN 65 124 408 751

ATOMIC RESOURCES LIMITED
AND CONTROLLED ENTITIES

ABN 65 124 408 751

ANNUAL FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2009

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CONTENTS

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David Holden
(Executive Director)
Alastair Walker
(Non-Executive Director)

Company Secretary
Alastair Walker (Joint)
Bradley Goodsell (Joint)

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CHAIRMANS' REPORT

FOR THE YEAR ENDED 30 JUNE 2009

Dear Shareholder

I present to you our second annual financial statements.

The Company has had another very successful year building on the coal opportunities and exploration successes secured in 2008. Significant value has been added to the Company during the year with the development of our local entity, Tancoal Energy Limited in Tanzania. It can now boast to be the largest Tanzanian Coal company in the country.

In the short time since Atomic Resources Limited first listed on the Australian stock exchange it has developed a strong investment in the development of thermal coal mines in Tanzania, and is now working hand in hand with the Tanzania Government in the commencement of a 400Mw of coal-fired power generation close to the proposed coal mine.

Since last year the Company has proved up approximately 180Million tonnes of thermal coal to JORC standard in Tanzania and is set to expand this coal inventory over the coming months. It has also embarked upon a bankable feasibility study of the deposits and is anticipating a positive study result and a commencement of development in 2010.

The Company's exploration efforts remains focused on solid energy particularly uranium and coal, and with the advancement of the Tanzania Project and the positive change to mining legislation in Western Australia the continued growth and expansion of the Company is well on track. Atomic management pride themselves upon maintaining their reputation as good corporate citizens and we are working with the people of Tanzania in education and health projects as part of the growing recognition of the corporate social responsibility that Atomic has to Tanzanians particularly in the southern rural communities.

On your behalf I extend my thanks to our highly skilled exploration, management and consultant teams in Africa and Australia for their hard work and dedicated contribution to the Company during the financial year, and I would also like to thank the shareholders for their support and continued commitment to Atomic Resources Limited.

Clive Hartz
CHAIRMAN

DIRECTORS' REPORT

FOR THE YEAR ENDED 30 JUNE 2009

Your directors present their report on Atomic Resources Limited (also referred to as the "company" or "Atomic") and its controlled entities for the financial year ended 30 June 2009.

DIRECTORS

The names of the directors in office and at any time during, or since the end of, the year are:

Mr Clive Hartz	
Mr David Holden	
Mr Alastair Walker	
Prof Thomas Neff	(Resigned 30 September 2008)
Mr Patrick Michaels	(Resigned 30 September 2008)

Directors have been in office since the start of the financial year to the date of this report unless otherwise stated.

COMPANY SECRETARY

The following persons jointly held the position of company secretary at the end of the financial year:

Mr Alastair Walker	
Mr Bradley Goodsell	(Appointed 30 April 2009)

Ms Narissa Taylor resigned as joint company secretary on the 30 April 2009.

PRINCIPAL ACTIVITIES

The principal activity of the economic entity during the financial year was mineral exploration within Australia and Tanzania.
There were no significant changes in the nature of the principle activity during the financial year:

OPERATING RESULTS

The financial report is for the 12 months to 30 June 2009. The consolidated loss of the economic entity for this financial year after providing for income tax amounted to $3,802,316(2008:$4,813,608).

DIVIDENDS PAID OR RECOMMENDED

The directors recommend that no dividend be paid for the year ended 30 June 2009.

REVIEW OF OPERATIONS

Overview

Your Company has now been in successful operation for 24 months, and has achieved significant advances in that time. Whilst we are aware of the uranium exploration opportunities within the Company's existing exploration portfolio, for the past 12 months the Company has focused on developing coal projects in Tanzania. Already approximately 180 million tonnes of sub bituminous coal has been identified within the Mbalawala Block in the Ngaka Basin, and the Company is well along the path of a bankable feasibility study for the commercial development of this coal. The Company currently has 85% of local subsidiary Pacific Corporation East Africa Limited ("PCEA") which in turn has a 70% shareholding in Tanzanian Company Tancoal Energy Limited ("Tancoal"). The remaining 30% of Tancoal is held by the Tanzanian government through its development arm, National Development Corporation ("NDC").

DIRECTORS' REPORT

FOR THE YEAR ENDED 30 JUNE 2009

In addition to the JORC compliant resources at Mbalawala other coal areas within the Ngaka sub-basin have been transferred into Tancoal during the year. These areas are set to be drilled by the Company's Tanzanian subsidiary and are expected to increase the Company's total coal inventory over the coming months. These additional areas will enhance the opportunity for successful commercial extraction of coal from the Ngaka Basin area over the coming years.

Tancoal has expanded it's portfolio to include not only Mbalawala and the Mkapa and Mbuyura blocks (Ngaka), but also Muhukuru and the Liweta and Mbamba Bay coal prospects on the edge of Lake Nyassa.

PCEA still holds an option over the Rukwa Coal field near Sombewenga in west Tanzania. As a result of these prospects Tancoal is the largest Tanzanian Coal company in the country.

The Company has been active with uranium exploration predominantly in Western Australia, having entered into a Joint Venture with Cauldron Energy (formerly Scimitar Resources Limited) at the Uaroo uranium project Western Australia, and exploration in Tanzania with PCEA, it's 85% owned subsidiary.

Atomic has embarked upon its own exploration activities within Western Australia including field work at the Laura Prospect, and initial surface sampling field work within the Tanamai project. The Company is also planning to undertake extensive exploration field work within the Project group Eraheedy before the end of 2009.

Atomic Resources Limited remains focused on the acquisition and development of solid energy projects. Whilst it now has a major near-term coal project in Tanzania within its energy portfolio its long term goal still remains to identify and build uranium resources globally.

Tanzanian Projects

Ngaka Basin - Coal

According to the official Tanzanian Government Website a total of about 1 .5 billion tonnes in reserves have so far been identified within the country with the only reported active coal mine at Kiwira having an average annual output of 35,000 tonnes.

Historically the remoteness of the coalfields, lack of markets and poor infrastructure has mitigated against their exploitation and the country has never been a significant producer. Subsequent increases in coal prices, and the move to develop the Mtwara railway corridor from near Ngaka to the Mtwara seaport has changed the economics of coal mining in the country.

The Karoo Basin of southwestern Tanzania was first systematically investigated in the early 1930s by G.M. Stockley, who established a stratigraphic column for the coal measures in the principal Ruhuhu depression and produced the initial estimates of coal potential. Between 1947 and 1953 both the Tanganyika Geological Survey (TGS) and the Colonial Development Corporation (CDC) conducted exploration programmes in the coalfields, but activity ceased when plans to extend the railway network in southern Tanganyika at the time were abandoned.

Through its African subsidiary company, Pacific Corporation East Africa Limited ("PECA" (85% owned by Atomic) Atomic has established a local registered coal company Tancoal Energy Limited (70% owned by PCEA, 30% by National Development Corporation of Tanzania , a Tanzanian Government Organization).

Tancoal is to develop the existing coal resources at Mbalawala, Mbuyura and Mkapa as well as define additional resources at Muhukuru Liweta and Mbamba Bay. In February 2009 Atomic (on behalf of Tancoal) defined a combined coal resource of approximately 180 million tonnes, of thermal coal at the Ngaka Project, southern Tanzania. This almost doubled the anticipated resource that was based on the historical data from the Colonial Development Corporation's geological investigations into Ngaka in the 1950's.

Table 1 - Coal Resource Estimate

Seam	Category (Tonnes (M)) Measured	Indicated	Inferred	Total
1	16.76	3.42	1.15	21.33
2	8.53	1.60	0.78	10.91
3	48.16	11.12	15.95	75.23
4	29.22	6.58	13.11	48.91
5	15.71	2.77	4.15	22.63
Total	118.38	25.49	35.14	179.01

Statistical analysis of coal qualities for each of the 5 seams indicate that the coal is a high ash, low moisture, low sulphur, sub-bituminous coal. Calorific values are in the range 4,784 to 7,024 Kcal/kg with a resource weighted average of approximately 5,978 Kcal/kg. The coal quality is considered suitable for thermal applications, particularly for power generation and is also considered suitable for industrial use such as cement manufacture, fertilizer manufacture and gas extraction, all growing industries within Tanzania in particular and Africa in general.

Table 2 - Summary of Individual Coal Seam Quality at Ngaka

Seam	Coal Analysis Million tonnes	Inherent Moisture (%)	Ash (%)	Volatiles (%)	Fixed Carbon (%)	Sulphur (%)	Density (%)	MJoules/Kg Calorific Value	Kcal/Kg Calorific Value
1	21.33	2.6	17.1	30.1	50.2	3.59	1.54	27.62	6,597
2	10.91	3	11.4	31.5	54.1	1.43	1.41	29.41	7,024
3	75.23	3.1	19.2	25.4	52.3	1.15	1.6	26.12	6,239
4	48.91	2.8	26.7	28	42.5	1.35	1.63	23.56	5,627
5	22.63	2	38.5	25.1	34.4	0.7	2.21	20.03	4,784
Total	179.01	2.8*	22.8*	27.1*	47.3*	1.5*	1.7*	25.1*	5,978*

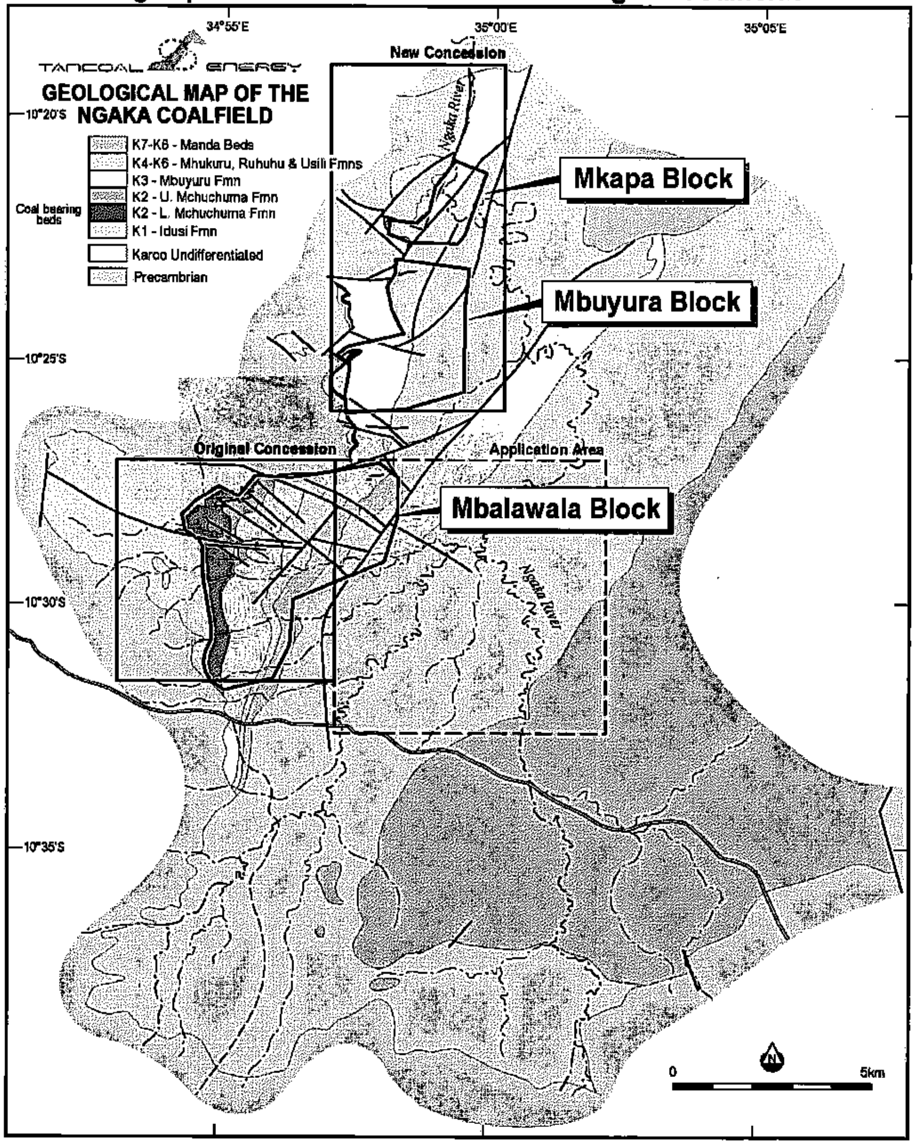
*Totals shown for analyses are seam weighted averages
Analyses on an Air Dried Basis by WitBank Coal Laboratories, South Africa, an SGS credited Laboratory

To progress the BFS, Atomic has assisted the Tanzanian government in plans to develop a 400 Mw coal fired power station and has retained a consultant to facilitate the BFS process for the power station. This will aim to enhance the economics of coal production for Atomic and assist the Tanzanian Government in addressing the deepening power crisis within the country.

DIRECTORS' REPORT

FOR THE YEAR ENDED 30 JUNE 2009

Figure 1: Plan showing expanded concession area for the Ngaka Coalfields



In addition to the power station development Tancoal is assessing its export opportunities. Amongst options under consideration is the export of coal within the African continent as well as overseas though the ports of Dar Es Salaam, Tanzania or Nacala, Mozambique.
For the BFS, Tancoal has already commenced the Environmental & Social Impact Assessment ("ESIA"), risk analysis and detailed surveying for infrastructure sites and has engaged RSV Australia as the Project Managers to guide the Company through the BFS process to successful conclusion forecast for mid 2010.

In anticipation of the BFS being completed in mid 2010, Atomic is already investigating financing options with organizations capable of funding large scale infrastructure projects. Tancoal is continuing its social programs in the Ngaka area and is a pro-active supporter of improving health and education in the area with the support of the local population. Tancoal has found that all levels of the Tanzanian Government have been highly supportive of the project to date.

Mbuyura and Mkapa

The JV partner NDC has also included the Mbuyura and Mkapa blocks into the Ngaka project area. Initial discovery and exploration was completed by the CDC in 1953. Their work comprised drilling 13 diamond drill holes for a total of 4,148 metres, the deepest drill hole being to 603.5 metres. In addition the CDC completed aerial surveys, mapping, environmental studies and a comprehensive geological interpretation across the Ngaka Basin.

Whilst the CDC considered the Mbalawala to be the most significant, intersections of coal seams were made at both the Mbuyura and Mkapa Sectors. Five of the 13 holes drilled intersected what were considered at the time 'payable' coal seams. Many of the intersections were mineable thickness however the CDC considered that the lateral extent may not be as persistent.

The thick seam intersected at Mbuyura and Mkapa are considered equivalent to Seam No.3 at Mbalawala and consequently coal quality is of a similar nature, i.e. low Sulphur, high ash and low moisture conducive for use in thermal power generation.

Tancoal believes that as CDC's drilling was completed on >1km centres, the conclusions the CDC drew regarding lateral inconsistency are incorrect. There remains considerable potential to add to Tancoal's Ngaka coal inventory, and the Company is exploring for potential target size of at least equal to that already defined at Mbalawala.

Tancoal has embarked of an in-depth review of CDC's data, which will be followed up by a drilling programme with a similar directive as to that successfully carried out by the Company in the last quarter of 2008 at Mbalawala.

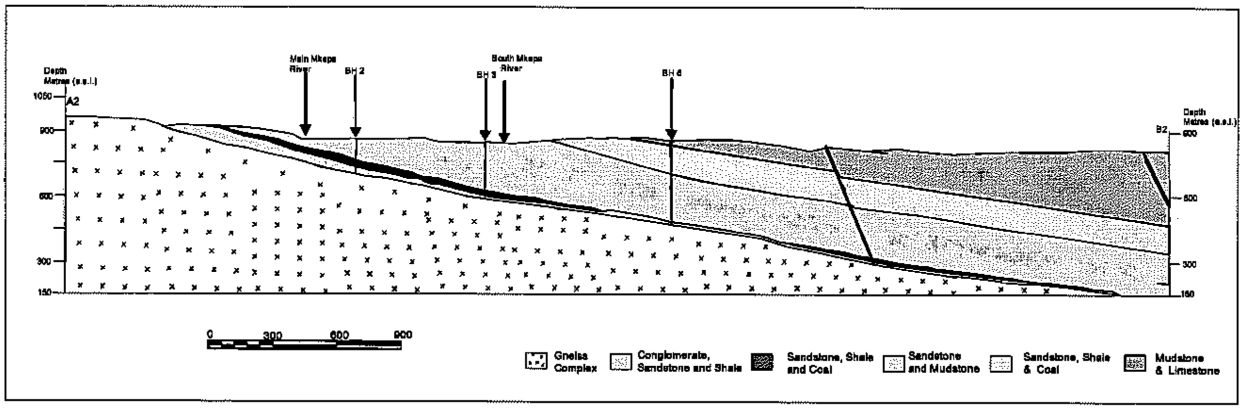


Fig. 2: *Geological section at Mkapa A area (E-W direction)*

Outcrops along Mbuyura River show a sequence of about 70m of shale-coal facies with a total of six coal seams ranging from 40cm to 6m thick. Whilst the CDC did calculate detailed historical resource estimates based upon their drilling and outcrop geology these resources are not considered complaint with JORC.

The CDC determined "coal" as a specific density not more than 1.5, ash content not more than 25% by weight and specific coal horizons as not less than 1 meter thick. The exploration program was aimed at assessing the coal, which can be extracted using underground mining methods available in the 1950s and was to be used primarily for feed stock for steam trains.

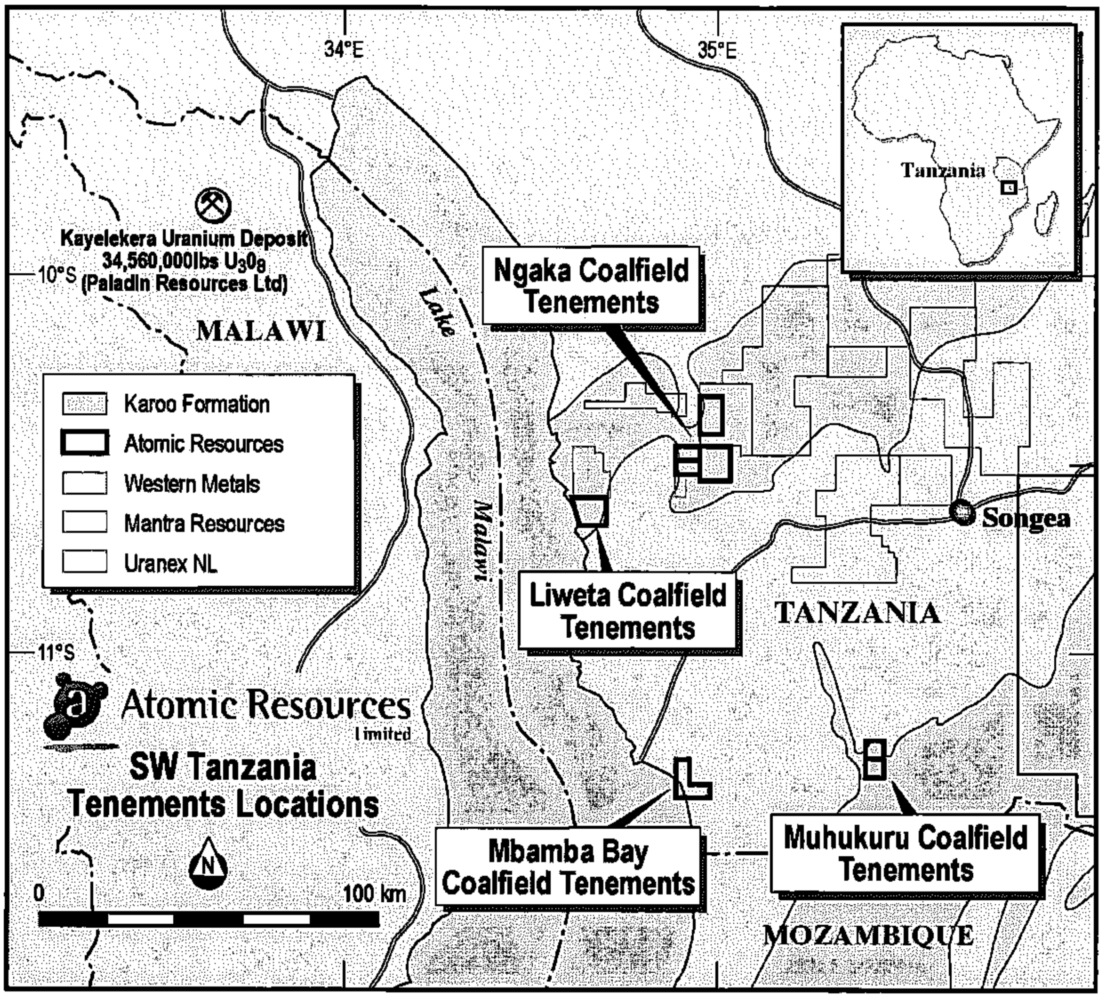
Mbamba Bay.

At Mbamba Bay, previous work in the region by Harkness (1953) and others identified the coal at surface. Initial proximate analysis completed on surface samples collected during the field work in the 1950's show:

MBAMBA BAY BLOCK Ash%	moisture %	Vol matter%	Sulphur%	Calorific Value
13-27%	0.8-13%	21.3-30.1%	0.31-0.39%	6,043- 7,810 Kcal/kg

Based upon the main seam thickness of approximately 2 metres seen in outcrop and dip determined from the outcrop sampled combined with the aerial extent of the basin, the Company anticipates that a target potential tonnage of between 20 -30 million tonnes of moderate ash, low sulphur thermal coal with a calorific value exceeding 6,000Kcal/Kg lies within the offered concessions. These estimates cannot be categorized as resources, in strict accordance with section 18 of the JORC Code, the potential quality is conceptual in nature; there has been insufficient

exploration to define a mineral resource and it is uncertain if further exploration will result in the determination of a mineral resource. Further work is also required to determine if the coal seams contain any specialty coal such as metallurgical or coking quality.
Geologically the coal is within outliers of Karoo sediments within the main Mchuchuma Formation, the coal bearing formation at Ngaka and Mchuchuma coal fields.



Liweta

The Liweta concession is located 10 kilometers south of the Lake port of Mamba. The primary coal bearing formation is estimated from work on the exposed coal field up dip from the optioned concessions to be approximately 50 metres thick with up to 6 contained seams up to a maximum individual seam thickness seen in outcrop of 1.5m. Like Mbamba, further exploration is required including drilling to allow resources to be calculated.

Ash%	Moisture %	Vol matter%	Sulphur%	Calorific Value
28%	unknown	31%	0.7%	8,080 Kcal/kg

Atomic estimates Liweta has a target potential tonnage of between 20 – 30 million tonnes of moderate ash, low sulphur thermal coal with a high calorific value exceeding 8,000 Kcal/kg. These estimates cannot be categorized as resources, in strict accordance with section 18 of the JORC Code, the potential quality is conceptual in nature; there has been insufficient exploration to define a mineral resource and it is uncertain if further exploration will result in the determination of a mineral resource. Geologically the coal is within outliers of Karoo sediments within the main Mchuchuma Formation, the coal bearing formation at Ngaka and Mchuchuma coal fields

Rukwa

Last year, the Company entered into a Memorandum of Understanding for 80% of the Rukwa Coalfield with local Company Upendo Group Limited ("Upendo"). This coalfield comprises two areas of down faulted Lower Karoo coal measures in western Tanzania, the Namwelle-Mkomolo Coalfield and the Muze Coalfield. They are located about 15km apart, some 40-50 km by road north of the regional capital, Sumbawanga, and approximately 130km and 220km respectively from the Mpanda (Central Line) and Tunduma (Tazara Line) rail heads.

Potentially workable coal within the upper part of the Namwelle-Mkomolo coal zone occurs in seams up to 1m thick, commonly aggregating 2.0-2.5m, separated by carbonaceous mudstone partings. Initial exploration, including shaft sinking and the drilling of three boreholes, was conducted in the Coalfield in the 1920s and 1930s, but it was not until the 1940s that systematic evaluation was undertaken (McConnell, 1947). McConnell reports on the results of 985m of pitting plus 1,009m of underground exploration development in the Namwelle block. Four shafts were sunk, from two of which the seam was driven down and a number of headings and crosscuts developed. Mkomolo was assessed from old 1935 shafts and pits and trenches. McConnell estimated total coal resources at Namwelle and Mkomolo at 5Mt and 2.5Mt, respectively (currently unclassified). The coal can be described as high volatile bituminous coal, with high ash, high sulphur and a moderate to low specific energy.

In 2004, Tanzanian company Upendo obtained 26 PMLs (Mining Leases) over the main Namwelle-Mkomolo coal zone and began small scale opencast production at an average annual rate of about 2,500t/yr. The coal is trucked to Mbeya and sold to Mbeya Cement and local industries. No recent exploration work has been undertaken.

Muze Coalfield is less well defined than Namwelle-Mkomolo, occurring as a fault margin inlier on the southwestern floor of the great Rukwa Rift Valley, and although close to Namwelle, Muze lies at an altitude of just 850m, or 900m below Namwelle, at the foot of the Rukwa rift escarpment. The stratigraphic column at Muze is very similar to that at Namwelle, with the Karoo sediments largely dipping to the northwest off an upthrown basement gneiss block in the floor of the rift. In close proximity to the main rift fault the coal measures appear to be highly disturbed structurally, but they may flatten with distance from the rift.

Historical exploration at Muze comprised shaft sinking in the 1930s followed by the drilling of two diamond drill holes in 1945. The latter showed that the main Muze coal zone extends below the Neogene Rukwa Lake Beds cover towards the northeast. Potentially workable coal occurs in at least one seam of thicknesses of up to 3.2m, containing perhaps 2.4m of coal, and is generally of better quality than Namwelle coal, being lower in sulphur and possessing higher specific energy. Apart from a bulk sample of coal having been obtained from a new shaft sunk in 1947 by Williamson Diamonds Ltd, the Muze Coalfield has never been worked.

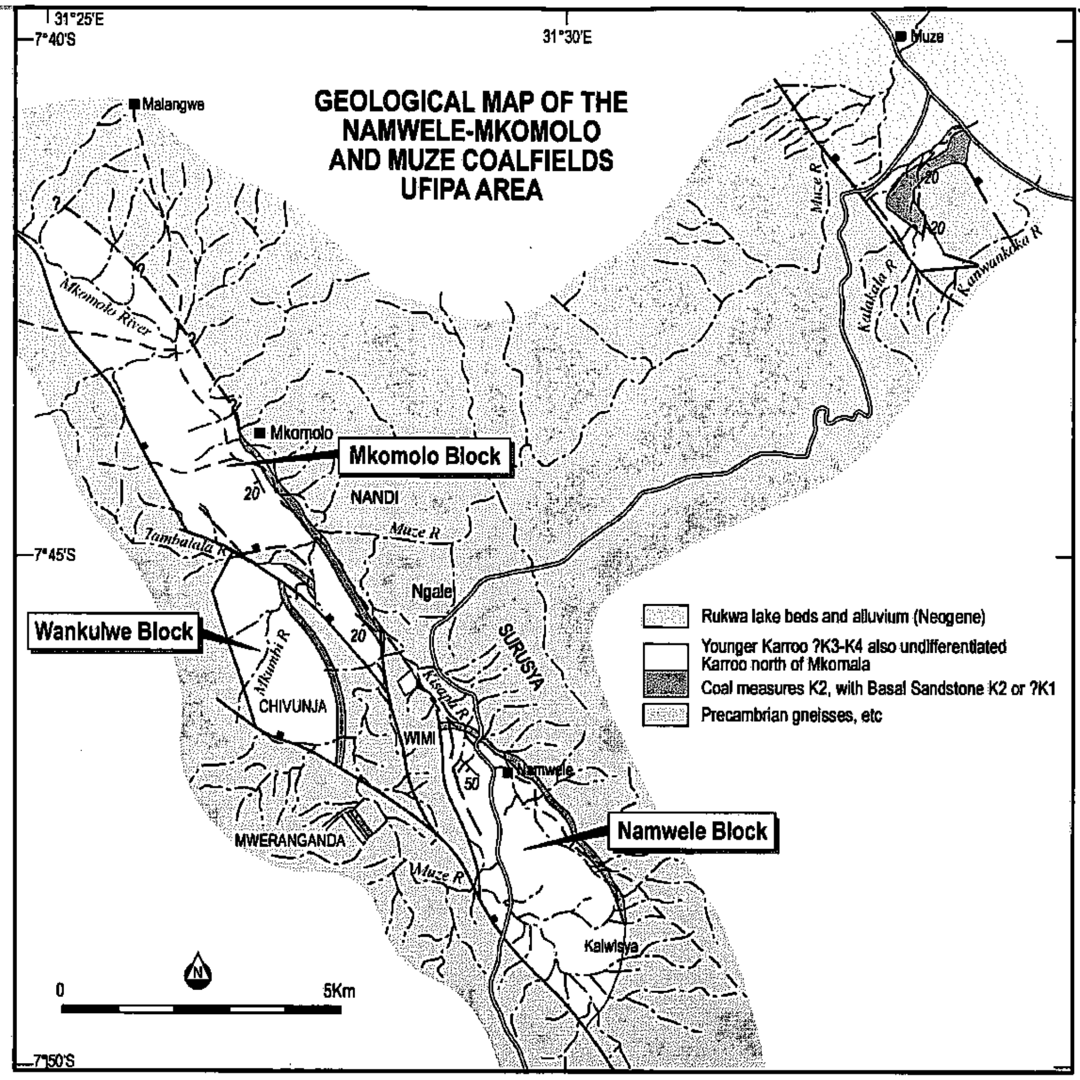
Whilst historical estimates of coal exist for the muse sector, these estimates are currently unclassified. Exploration drilling through the Rukwa Lake Beds will commence as soon as the JV agreement is completed, subject to confirmation of continuity in ownership of the concessions.

Bahi

The remaining Tanzanian concessions at Bahi and Tunduru were the subject of a uranium exploration Joint Venture with International Gold Mines Limited ("IGML") as the operators. PCEA resumed 100% interest in the concession mid 2009 when IGML withdrew from the JV for financial reasons.

There are three concessions comprising the Bahi Project: Bahi, Bahi North and Handa. The project is located within the Bahi region of northern Tanzania 180 kilometres northwest of the capital Dodoma.

The Handa concession in particular is centered on a single radiometric anomaly determined by Uranerz during their country wide survey in the late 1970s. The anomaly is yet to be tested on the ground and provides the Company with a well defined focus for the initial exploration within the region.



Tunduru

The concession and application cover part of the Karoo System and the underlying geology is considered to be prospective for uranium. The region is underexplored in regards to the uranium potential.

The rocks of the region are shown to be largely underlain by formations of the Phanerozoic Karoo Supergroup and Proterozoic Usangaran metamorphic formations to the east. The Karoo formations occur throughout Southern Africa and have drawn much attention from previous explorers. Uranium mineralisation is thought to be associated with the sandstone beds as roll fronts. The region is currently actively explored by close neighbours, Mantra Resources Limited and Paladin NL (both Australian listed companies). Like Bahi, the Company has started field investigations here with a view to follow up work before the end of 2009.

DIRECTORS' REPORT
FOR THE YEAR ENDED 30 JUNE 2009

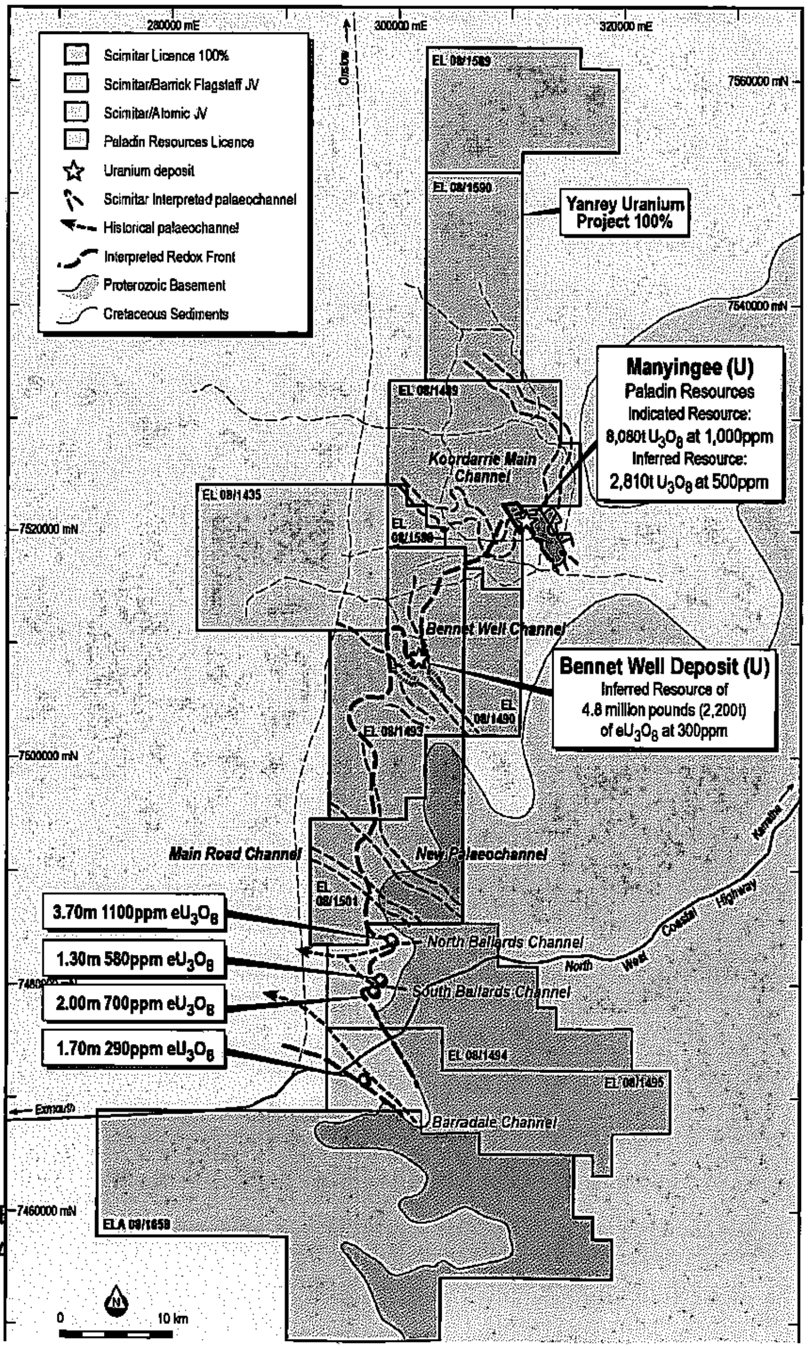
Australian Projects

Uaroo

The Uaroo Project is 110km south of the town of Onslow in Western Australia and covers rocks that are primarily considered highly prospective for sandstone hosted roll front uranium mineralisation. This concession is currently in Joint Venture with Cauldron Energy (formerly Scimitar Resources Limited). The licences are situated approximately 24km south of the Bennett Well Uranium Project managed by Cauldron and 36km south of the Manyingee uranium deposit (owned by Paladin Resources Limited (ASX: PDN)) which has a published indicated and inferred resource of 12,078 tonnes at 0.08% U3O8.

Geologically, the tenements cover the basin margin between paleoproterozoic rocks of the Gascoyne complex and the Cretaceous sediments of the Carnavon Basin. During the late 1970's to early 1980's CRA Exploration Pty Ltd (CRAE) conducted uranium exploration in the area covering from Manyingee down to the Uaroo project area. From their work, a 40km redox front was defined that trends broadly north to south. This subsequently led to the discovery of anomalous uranium at Bennett Well as well as at the North Ballards, South Ballards and Barradale channels. The latter, in particular, is one of the largest channels observed along the redox front identified by CRAE. This channel is postulated to be over 4km wide and approximately 8km long within the tenement.

The area under licence also extends eastward across the identified granite rocks of the Gascoyne complex and this is also considered prospective as the source rocks for the uranium identified in the channels.



Eraheedy

Fyfe Well is considered by the Company to be the only recorded occurrence of calcrete-hosted uranium mineralisation north of Lake Teague. There are several occurrences in the southern part of the sheet associated with valley calcretes in palaeodrainages draining north from Archaean granites exposed to the south. Based on the Cainozoic drainage patterns, the immediate source of the uranium appears to be the sedimentary rocks of the Eraheedy Group rather than the granitic rocks of the Archaean basement.

Fyfe Well is the most advanced prospect in this area where two adjacent zones of shallow carnotite mineralisation were outlined by drilling and trenching over an area of 6 hectares. The drilling area is seen to cover only a small portion of the current tenement. In addition, the most significant drill intersection (T63) comes from an area of subdued radiometric response and the main radiometric response over the area of the trench and eastern drill intersections extends beyond the area drill tested. This, together with the existence of mineralisation of 393ppm Uranium found in sub crop grading approximately 175m south west of the trench indicates the potential for extensions to the known mineralisation to be identified with further drilling.

In 1972, following the announcement of the discovery of Yeelirrie by Western Mining, Esso flew a radiometric survey over known calcrete deposits in Central Western Australia. The survey highlighted an anomaly in an area of playa lakes and calcrete to the north of Lake Teague within the area of the present E69/2215.

Surface sampling of calcrete and soil was undertaken. Results ranging from 56-225ppm Uranium, were encountered. The secondary uranium mineral carnotite was identified forming crystalline films along fractures and other voids in the calcrete during reconnaissance mapping. Esso established grid lines along which scintillometer and soil sampling programs were conducted.

This was followed up with two drilling programs for a total of 185 holes to depths of up to 15m. Drillhole spacing was generally 600m x 600m with local infill to 300m x 300m or less. A portable total-count instrument was used to log all holes. Samples were taken over 5 ft (1.5m) increments. The drilling reported by Esso intersected significant low grade mineralisation in a number of holes, with a best result of 25 ft (7.6m) grading 0.28 kg/t U3O8, including 1.0kg/t U3O8 over 5ft (1.5m), in hole T70.

Esso reported that thirty six holes returned anomalous gamma radioactivity with values of up to 7,000cps. The Company has completed first phase exploration in the area, locating the site of historical drilling and collecting numerous outcrop and soil samples. The results of the work should be available in the second half of 2009. In total approx 60 samples were collected.

Ashburton

The project comprises one granted exploration licence of approximately 96km2 located 300km north-east of Carnarvon in the Ashburton Mineral Field. The tenement lies mainly on the Uaroo pastoral lease but a small western portion lies on the Towera pastoral lease.

The project area is largely underlain by elements of the Palaeoproterozoic Gascoyne Complex. Granitoid rock types predominate, with subordinate sedimentary schists. Younger Proterozoic sediments of the Irregully Formation (part of the Bangemall Supergroup) are preserved in a northwest trending synclinal limb in the central part of the project area. The unconformity is marked by conglomerates and sandstones of the Yilgatherra Formation, a persistent horizon that forms lowest unit of the Bangemall Supergroup. Cainozoic calcrete remnants are locally preserved in palaeodrainages.

Uranium mineralisation is known from a number of localities within the immediate area of the project and comprises 2 main types: vein and hydrothermal uranium/copper/lead mineralisation; and calcrete hosted uranium mineralisation. The area is also considered prospective along the Gascoyne Complex/Bangemall Supergroup unconformity, although examples of this mineralisation style have yet to be recognised in the area.

The Laura locality was included in the "Telfer West (Lucie Area) prospect" evaluated by Afmeco Pty Ltd (subsidiary of the French COGEMA uranium group) in the mid 1970's (Geological Survey Western Australia (GSWA) open file report A8090). Afmeco identified two sources of radiometric anomalism in the area: iron/manganese impregnations within fractures close to pegmatite intrusions; and uranium-copper mineralisation associated with quartz veins. The former type was identified at 7 locations whereas the latter type was restricted to a single anomaly known as Laura, within a 40-60m wide tectonised pegmatite dyke.

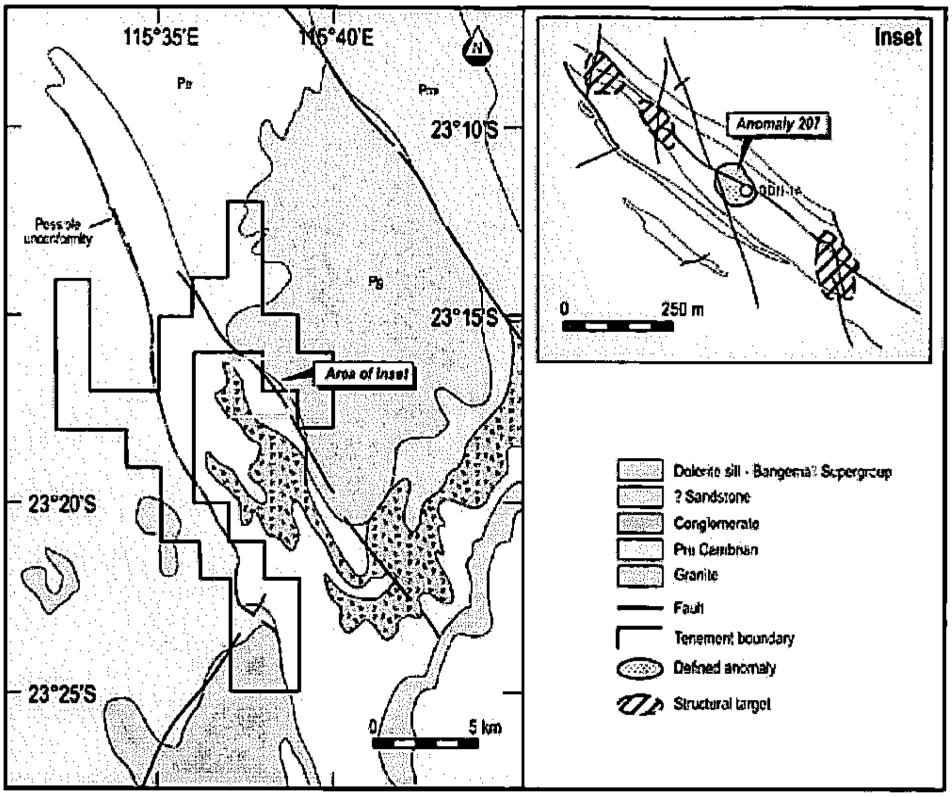


Figure 4 - Ashburton tenement and Laura Prospect - generalised geology

The Laura uranium mineralisation comprisess torbernite and autunite and is associated with copper. Mineralisation occurs as disseminations within quartz veins, at quartz vein margins and within greisen zones. Due to access difficulties Afmeco did not drill test the more favourable zones but a single declined hole was drilled to 130m depth approximately 25m along strike from Laura. Copper and traces of a bismuth telluride were noted in veins however no significant mineralisation was intersected. 60% core loss was incurred in a 4m wide zone of anomalous radioactivity.

Approximately 10km of the Gascoyne Complex/Bangemall Supergroup unconformity lies within the tenement and is considered prospective for unconformity-related uranium mineralisation. Previous workers have noted sporadic outcrops of the Yilgatherra Formation along this unconformity and more detailed mapping could result in further exposures.

Laboratory analyses of rock chips collected by Atomic Resources from the Laura Prospect confirm that uranium mineralisation is present at the prospect. The results required additional work to be completed at the project, and the Company will seek to complete more extensive exploration over the coming 12 months including if possible drilling.

Results of the sampling included values up to 0.254kg/t with 6 samples all exceeding 0.15kg/t as determined by an Exploranium 135 field spectrometer.

Tanami

Sturt Hills E80/3792; Larranganni E80/3795 (100% Resource Search Pty Ltd, a wholly owned subsidiary of Atomic)

A regional geological field survey was completed on the the Sturt Hills and Laraganni Projects, Tanami Region north Western Australia. Whilst the surface rock chip samples that were collected are to be analyzed in the laboratory for a broad suite of elements including gold and base metals, 20 of the 34 samples collected at Larranganni were analyzed in the field using a hand held spectrometer with four indicating potentially anomalous uranium.

The Larranganni Project covers the unconformable contact between sediments of the lower Proterozoic Killi Killi Beds sporadically exposed in the western half of the licence and the Middle Proterozoic Gardiner Range Sandstone. The Killi Killi Beds comprise a variable sequence of steeply dipping greywacke, sandstone, siltstone and mudstone, whereas the overlying Gardiner Range Sandstone comprises flat lying sequence of sandstones and grits with a basal conglomerate.

Historic drill-testing of uranium targets immediately south of the licence by Alcoa in 1977 resulted in intersections of ultramafic metapyroxenite in several holes. There are a number of examples of outcropping unconformity-related uranium mineralisation in the district.

In 1977, Alcoa identified a uranium prospect on the Larranganni Grid immediately south of present E80/3792 from an airborne radiometric survey. Shallow vacuum drilling returned values of up to 30ppm U3O8, with follow up percussion drilling returning maximum values of 19ppm U3O8 from weathered ultramafic bedrock in hole 36.

The Sturt Creek project comprises two contiguous exploration licences located approximately 200km south of Halls Creek in the Kimberley Mineral Field.

The project area is largely covered by Cainozoic surficial deposits (sandy soil and calcrete) with only occasional mapped outcrops of Knobby Sandstone of Upper Devonian age (Blake). This unit is described by Geological Survey of Western Australia as being bedded quartzose sandstone of fluvial origin. The underlying basement is represented by bedded arenites of the Baines Beds of Carpentarian age that outcrop in the Baines Hills in the south east corner of E80/3794.

The target formation is the Knobby Sandstone which contains facies of fluviatile and deltaic sediments considered prospective for roll-front style of uranium deposits.

FINANCIAL POSITION

The net assets of the economic entity as at 30 June 2009 are $5,534,713(2008 $8,992,880) being predominantly made up of $1,930,706 in cash and $3,690,267 interests in exploration assets.

The directors believe the Group is in a strong and stable financial position to expand and grow its current operations.

SIGNIFICANT CHANGES IN STATE OF AFFAIRS

On the 21st May 2009 3,291,000 shares came out of escrow and were listed on the ASX increasing the listed share capital to 57,800,000 shares at the 30 June 2009.

AFTER BALANCE DATE EVENTS

On the 4th July 2009, an additional 16,000,000 shares were released from escrow and were listed on the ASX increasing the listed share capital to 57,800,000 shares.

On the 11 August 2009 the Company completed a placement of 8,670,000 shares at a price of 10.5 cents to sophisticated investors increasing the share capital to 66,470,000 shares. The money raised will fund on-going expenditure in relation to the Bankable Feasibility Study (BFS) at Ngaka in Western Tanzania, which commenced in May 2009.

On the 21st August 2009 the Company announced a fully underwritten pro-rata non-renounceable rights issue of one share for every two shares held which is expected to raise approximately $3,489,675 and to increase the share capital by 33,235,000 shares, taking the total issued share capital to 99,705,000 shares. The money raised will also fund on-going expenditure in relation to the Bankable Feasibility Study (BFS) at Ngaka in Western Tanzania, which commenced in May 2009.

DIRECTORS' REPORT

FOR THE YEAR ENDED 30 JUNE 2009

FUTURE DEVELOPMENTS, PROSPECTS AND BUSINESS STRATEGIES

To further explore and develop the Group's mineral projects in Western Australia and Tanzania, Africa.

LIKELY DEVELOPMENTS

Other than information disclosed elsewhere in this annual financial statements, information on likely developments in the operations of the Group and the expected results of those operations in future financial years has not been included in this directors' report because the directors believe, on reasonable grounds, that to include such information would be likely to result in unreasonable prejudice to the Group.

ENVIRONMENTAL REGULATION

The Group is subject to environmental regulations and is compliant with all aspects of environmental regulation on its exploration activities including provision for environmental rehabilitation costs. The directors are not aware of any environmental law that is not being complied with.

INFORMATION ON DIRECTORS

Mr Clive Hartz	Chairman. Age 65.
Experience	Clive is Chairman and Chief Executive Officer of a private diverse investment group that he established in 1976. The group's interests span property, exploration, mining and construction and have included the development of retirement villages, offices, showrooms, industrial and residential buildings, subdivisions and shopping centres. Clive has held a number of public positions. Clive was a key participant in the resurrection of Skywest Airlines in Western Australia. He is currently the President and Chairman of IGC Resources Inc., a Canadian listed resources company.
Interest in Shares and Options	Mr. Hartz has a relevant interest in 18,314,000 fully paid shares, 3,250,000 unlisted options and 10,021,682 listed options.
Directorships held in other listed entities	IGC Resources Inc (TSX Listed)
Mr David Holden BSc.Geol, MBA, M. AusIMM, MCIM.	Executive Director. Age 49.
Experience	David holds a degree in Geology and a post graduate degree in Business. His experience spans over 20 years of exploration and mining form coal mines in New Zealand to underground gold mines in South Africa. More recently David was the co-founder of Ravensgate, a resource estimation, valuation and consulting Geologist group. He has also held senior exploration management roles as well as technical director roles with Australian resource companies. He was involved in the discoveries at Nimary, Brocks Creek and Mt. Todd.
Interest in Shares and Options	Mr. Holden as a relevant interest in 952,500 fully paid shares, 3,250,000 unlisted options and 685,000 listed options.
Directorships held in other listed entities	None.

INFORMATION ON DIRECTORS (continued)

Mr Alastair Walker BBus, FCPA, FTFA	Non-Executive Director and joint Company Secretary. Age 51.
Experience	Alastair has a Bachelor of Business and is a Fellow of both CPA Australia and the Tax Institute of Australia. He has over twenty years experience in the accounting profession and commerce in areas such as finance, mining and property development. He was Company Secretary and CFO of a WA based diverse private investment group involved in resources and property development. Alastair has served as Secretary of ASX listed companies.
Interest in Shares and Options	Mr. Alastair Walker has a relevant interest on 300,000 fully paid shares, 500,000 unlisted options and 450,000 listed options.
Directorships held in other listed entities	None

INFORMATION ON COMPANY SECRETARY

Mr Bradley Goodsell BComm (Hons), CA,	Chartered Accountant. Appointed 30 April 2009. Age 43
Experience	Bradley is a South African Chartered Accountant who migrated to Australia in 1989 and became an Australian Chartered Accountant in 1991. He holds an Honours Bachelor of Accounting Science (Accounting and Auditing) and has worked both in the accounting profession and commerce in a variety of roles including audit, finance and management. He currently operates his own accounting practice providing accounting, taxation and management services to a diverse range of clients.
Interest in Shares and Options	Mr. Bradley Goodsell has a relevant interest in 150,000 unlisted options.
Directorships held in other listed entities	None

REMUNERATION REPORT (Audited)

This report details the nature and amount of remuneration for each director of Atomic Resources Limited.

(a) Remuneration Policy
The remuneration policy of Atomic Resources Limited has been designed to align director and executive objectives with shareholder and business objectives by providing a fixed remuneration component and offering specific long-term incentives based on key performance areas affecting the economic entity's financial results. The Board of Atomic Resources Limited believes the remuneration policy to be appropriate and effective in its ability to attract and retain the best executives and directors to run and manage the economic entity, as well as create goal congruence between directors, executives and shareholders.

The Board's policy for determining the nature and amount of remuneration for board members and senior executives of the Company is noted in the following paragraghs

DIRECTORS' REPORT
FOR THE YEAR ENDED 30 JUNE 2009

The remuneration policy, setting the terms and conditions for the executive directors and other senior executives, was developed and approved by the Board. Non-executive directors receive fees for their services as approved by shareholders.

REMUNERATION REPORT (Audited) (continued)

Executive directors can be employed by the Company on a consultancy basis, on Board approval, with remuneration and terms stipulated in individual consultancy agreements.

The Board reviews executive packages annually by reference to the Company's performance, executive performance and comparable information from industry sectors and other listed companies in similar industries. In addition external consultants may be used to provide analysis and advice to ensure the directors and senior executives' remuneration is competitive in the market place.

The Board exercises it's discretion in determining remuneration performance of executives. Given the size and nature of the entity the Board does not deem it to be realistic to measure performance against defined criteria. As such remuneration and performance are not linked.

All remuneration paid to directors and executives is valued at the cost to the Company and expensed. Shares given to directors and executives are valued as the difference between the market price of those shares and the amount paid by the director or executive. Options are valued using the Black-Scholes methodology.

The Board's policy is to remunerate non-executive directors at market rates for comparable companies for time, commitment and responsibilities. The Board determines payments to the non-executive directors and reviews their remuneration annually, based on market practice, duties and accountability. Independent external advice is sought when required. Fees for non-executive directors are not linked to the performance of the economic entity. The directors are not required to hold any shares in the Company under the Constitution of the Company. However, to align directors' interests with shareholder interests, the directors are encouraged to hold shares in the Company.

The Board believes that it has implemented suitable practices and procedures that are appropriate for an organisation of this size and maturity.

(i) *Remuneration Committee*
During the year ended 30 June 2009, the economic entity did not have a separately established nomination or remuneration committee. Considering the size of the economic entity, the number of directors and the economic entity's early stages of its development, the Board is of the view that these functions could be efficiently performed with full Board participation.

(ii) *Company Performance, Shareholder Wealth and Directors' and Executives' Remuneration*
No relationship exists between shareholder wealth, director and executive remuneration and Company performance except for options issued.

(b) Key Management Personnel

Name	**Position Held**
Mr Clive Hartz	Chairman
Mr David Holden	Executive Director
Mr Alastair Walker	Non-Executive Director, Joint Company Secretary

DIRECTORS' REPORT
FOR THE YEAR ENDED 30 JUNE 2009

REMUNERATION REPORT (Audited) (continued)
(c) Details of Remuneration

The remuneration for each director (key management personnel) of the economic entity during the year ended 30 June 2009 was as follows:

2009	Short-term				Post employment		Long-term		Share-based payment	Total	% of remuneration granted as options
	Salary and fees $	Cash bonus $	Non monetary benefits $	Other $	Super-annuation $	Retirement benefits $	Incentive plans $	Long service leave $	Options $	$	%
Non-Executive directors											
Mr A Walker	11,250	-	6,367	-	-	-	-		-	17,617	-
Sub-total Non-Executive directors	**11,250**	**-**	**6,367**	**-**	**-**	**-**	**-**	**-**	**-**	**17,617**	**-**
Executive directors											
Mr C Hartz	15,000	-	6,367	-	-	-	-	-	-	21,367	-
Mr D Holden	105,750	-	6,367	-	-	-	-	-	-	112,117	-
Sub-total Executive directors	**120,750**	**-**	**12,734**	**-**	**-**	**-**	**-**	**-**	**-**	**133,484**	**-**
Other key management personnel											
Mr P Tsegas	166,789	-	8,284	-	-	-	-	-	-	175,073	-
Sub-total executive & KMP	**287,539**	**-**	**21,018**	**-**	**-**	**-**	**-**	**-**	**-**	**308,557**	**-**
Totals	**298,789**	**-**	**27,385**	**-**	**-**	**-**	**-**	**-**	**-**	**326,174**	**-**

Note: Fees of $63,495 was paid to Ms Narissa Taylor and fees of $22,995 to Mr Bradley Goodsell for accounting and secretarial services provided during the financial year.

DIRECTORS' REPORT

REMUNERATION REPORT (Audited) (continued)
(c) Details of Remuneration

The remuneration for each director (key management personnel) of the economic entity for the period ended 30 June 2008 was as follows:

2008	Short-term				Post employment		Long-term		Share-based payment	Total	% of remuneration granted as options
	Salary and fees $	Cash bonus $	Non monetary benefits $	Other $	Super-annuation $	Retirement benefits $	Incentive plans $	Long service leave $	Options $	$	%
Non-Executive directors											
Mr A Walker	-	-	6,687	-	-	-	-	-	39,400	46,087	85,49
Mr T Neff	7,500	-	3,344	-	-	-	-		-	10,844	-
Mr P Michaels	7,500	-	3,344	-	-	-	-		-	10,844	-
Sub-total Non-Executive directors	**15,000**	**-**	**13,375**	**-**	**-**	**-**	**-**	**-**	**39,400**	**67,775**	**58.13**
Executive directors											
Mr C Hartz	-	-	6,687	-	-	-	-	-	256,100	262,787	97.46
Mr D Holden	84,000	-	6,687	-	-	-	-	-	256,100	346,787	73.85
Sub-total Executive directors	**84,000**	**-**	**13,374**	**-**	**-**	**-**	**-**	**-**	**512,200**	**609,574**	**84.03**
Other key management personnel											
Mr P Tsegas	18,587	-	-	-	-	-	-	-	-	18,587	-
Sub-total executive & KMP	**102,587**	**-**	**13,374**	**-**	**-**	**-**	**-**	**-**	**512,200**	**628,161**	**81.54**
Totals	**117,587**	**-**	**26,749**	**-**	**-**	**-**	**-**	**-**	**551,600**	**695,936**	**79.26**

REMUNERATION REPORT (Audited) (continued)

(d) Cash Bonuses

There were no cash bonuses paid during the year.

(e) Share-based Payment Bonuses

There were no share-based bonuses paid during the year.

(f) Options issued as part of remuneration for the year ended 30 June 2009

There were no options issued during the year to Key Management Personnel.
No options lapsed or were exercised by Key Management Personnel during the year ended 30 June 2009

2008
Options issued to Key Management Personnel in 2008 were as follows:

	Issuing entity	Grant Date	Expiry Date	Exercise price $	Reporting date fair value per option $	No. granted	No. vested
Director							
Mr Clive Hartz	Atomic Resources Limited	26 April 2007	30 June 2012	$0.25	0.079	3,250,000	3,250,000
Mr David Holden	Atomic Resources Limited	26 April 2007	30 June 2012	$0.25	0.079	3,250,000	3,250,000
Mr Alastair Walker	Atomic Resources Limited	26 April 2007	30 June 2012	$0.25	0.079	500,000	500,000

No options lapsed or were exercised by Key management Personal during the period 30 June 2009.

(g) Employment Contracts of Directors and Senior Executives

There were no formal consultancy agreements or employment contracts in place at 30 June 2009 with directors or senior executives. From the 1st October 2008 the Chairman was entitled to director's fees of $20,000 p.a. and the other directors were entitled to fees of $15,000 p.a. Mr David Holden in addition to director's fees, invoices the company for consulting services through Shackelton Capital Pty Ltd.

MEETINGS OF DIRECTORS

During the financial year, 12 meetings of directors were held. Attendances by each director during the year were as follows:

	Board Meetings	
Director	**Attended**	**Held**
Mr Clive Hartz	12	12
Mr David Holden	12	12
Mr Alastair Walker	12	12
Prof. Thomas Neff	3	3
Mr Patrick Michaels	3	3

DIRECTORS' REPORT

FOR THE YEAR ENDED 30 JUNE 2009

INDEMNIFYING OFFICERS OR AUDITOR

During the financial year the Company paid a premium in respect of a contract insuring the directors of the Company, the company secretaries and all executive officers of the Company and of any related body corporate against a liability incurred as a director, secretary or executive officer to the extent permitted by the Corporations Act 2001. The Company has not otherwise, during or since the financial year, except to the extent permitted by law, indemnified or agreed to indemnify an officer or auditor of the Company or of any related body corporate against a liability incurred as such an officer or auditor. The contract of insurance prohibits the disclosure of the nature of the liabilities and the amount of the premium.

OPTIONS

During the year 3,000,000 unlisted options were cancelled. At the date of this report, the unissued ordinary shares of Atomic Resources Limited under option are as follows:

Date Granted	Date of Expiry	Exercise Price	Number Under-Option
17 April 2008	31 August 2011	$0.25	28,900,000
26 April 2007	30 June 2012	$0.25	7,000,000
20 May 2009	24 June 2011	$0.25	200,000
20 May 2009	24 June 2011	$0.35	200,000
30 June 2009	30 June 2011	$0.25	300,000
Total			**36,600,000**

During the year ended 30 June 2009, no ordinary shares of Atomic Resources Limited were issued on the exercise of options. No further shares have been issued since that date on the exercise of options.

The holders of these options do not have any rights under the options to participate in any share issues of the company.

No ordinary shares of Atomic Resources Ltd were issued during or since the end of the financial year as a result of exercise of options granted under the Employee Option Plan.

CORPORATE GOVERNANCE

In recognising the need for the highest standards of corporate behaviour and accountability, the directors of Atomic Resources Limited support and have adhered to the principles of Corporate Governance. The Company's corporate governance statement is contained in the Corporate Governance section of the Financial Report.

LOANS TO DIRECTORS AND EXECUTIVES

No loans were made to any directors or executives during the financial year.

NON-AUDIT SERVICES

The Board of directors are satisfied that the provision of non-audit services during the year is compatible with the general standard of independence for auditors imposed by the *Corporations Act 2001*. The directors are satisfied that the services disclosed below did not compromise the external auditor's independence for the following reasons:

- all non-audit services are reviewed and approved by the audit committee prior to commencement to ensure they do not adversely affect the integrity and objectivity of the auditor; and
- the nature of the services provided do not compromise the general principles relating to auditor independence as set out in the Institute of Chartered Accountants in Australia and APES110 Code of Ethics for Professional Accountants.

DIRECTORS' REPORT

FOR THE YEAR ENDED 30 JUNE 2009

NON-AUDIT SERVICES (Cont'd)

The following fees for non-audit services were paid to a related entity of the external auditors during the year ended 30 June 2009:

Taxation Services	Nil
Other Services – Stanton International Services Pty Ltd	Nil

AUDITOR'S INDEPENDENCE DECLARATION

The auditor's independence declaration, as required under Section 307C of the Corporations Act 2001, for the year ended 30 June 2009 has been received and can be found on page 23 of the directors' report.

Signed in accordance with a resolution of the Board of Directors.

Mr Alastair Walker
Director

Dated this 30th day of September 2009

Stantons International
ABN 41 103 088 697
LEVEL 1, 1 HAVELOCK STREET
WEST PERTH WA 6005, AUSTRALIA
PH: 61 8 9481 3188 • FAX: 61 8 9321 1204
www.stantons.com.au

30 September 2009

Board of Directors
Atomic Resources Ltd
Level 1, 18 Kings Park Road,
West Perth, WA Australia 6005

Dear Sirs

RE: ATOMIC RESOURCES LIMITED

In accordance with section 307C of the Corporations Act 2001, I am pleased to provide the following declaration of independence to the directors of Atomic Resources Limited.

As Audit Director for the audit of the financial statements of Atomic Resources Limited for the year ended 30 June 2009, I declare that to the best of my knowledge and belief, there have been no contraventions of:

(i) the auditor independence requirements of the Corporations Act 2001 in relation to the audit; and

(ii) any applicable code of professional conduct in relation to the audit.

Yours sincerely
STANTONS INTERNATIONAL
(Authorised Audit Company)

John Van Dieren
Director

INCOME STATEMENT
FOR THE YEAR ENDED 30 JUNE 2009

	Note	Economic Entity 2009 $	Economic Entity 2008 $	Parent Entity 2009 $	Parent Entity 2008 $
Revenue from continuing operations					
Finance income	2	**183,743**	**386,838**	**352,737**	**386,838**
Finance costs	3(a)	(270)	(1,690)	(270)	(533)
Depreciation expense	3(a)	(8,813)	(7,564)	(8,813)	(7,016)
Directors remuneration		(30,000)	(15,000)	(30,000)	(15,000)
Provision for doubtful debts		-	(84,520)	(3,106,188)	(993,918)
Consultants		(102,903)	(72,817)	(102,903)	(50,000)
Marketing & public relations		(36,108)	(264,247)	(36,108)	(221,825)
Share-based payments	3(b), 18	(20,200)	(712,600)	(20,200)	(712,600)
Exploration expenditure		(3,403,559)	(751,932)	(83,288)	(250,308)
Impairment loss on investment		(26,000)	-	(26,000)	(300,000)
Write off of capitalised exploration expenditure		-	(300,000)	-	-
Revaluation of Uaroo tenement		-	(2,600,000)	-	(2,600,000)
Travel expenditure		(17,117)	(25,006)	(17,117)	(20,867)
Other expenses	3(a)	(341,089)	(365,070)	(316,150)	(225,529)
Loss before income tax		(3,802,316)	(4,813,608)	(3,394,300)	(5,010,758)
Income tax expense	4	-	-	-	-
Loss for the year		**(3,802,316)**	**(4,813,608)**	**(3,394,300)**	**(5,010,758)**
Attributed to:					
Equity holders of the company		(2,717,975)	(4,813,608)	(3,394,300)	(5,010,758)
Minority interest		(1,084,341)	-	-	-
		(3,802,316)	**(4,813,608)**	**(3,394,300)**	**(5,010,758)**
Earnings per share for loss attributable to the ordinary equity holders of the company:					
Basic loss per share (cents per share)	7	(4.70)	(9.88)		
Diluted loss per share (cents per share)	7	(4.70)	(9.88)		

The accompanying notes form part of these financial statements.

BALANCE SHEET

AS AT 30 JUNE 2009

	Note	Economic Entity 2009	Economic Entity 2008	Parent Entity 2009	Parent Entity 2008
		$	$	$	$
ASSETS					
Current Assets					
Cash and cash equivalents	8	1,930,706	5,411,121	1,919,019	5,398,922
Trade and other receivables	9	37,218	22,902	26,618	19,628
Other assets	10	80,518	81,629	27,350	20,724
Total Current Assets		**2,048,442**	**5,515,652**	**1,972,987**	**5,439,274**
Non-Current Assets					
Exploration expenditure	15	3,690,267	3,608,421	1,699,985	1,600,000
Property, plant and equipment	13	98,463	65,759	31,118	38,704
Trade and other receivables	9	-	-	-	-
Investment in subsidiaries	11	-	-	1,805,927	1,831,927
Total Non-Current Assets		**3,788,730**	**3,674,180**	**3,537,030**	**3,470,631**
TOTAL ASSETS		**5,837,172**	**9,189,832**	**5,510,017**	**8,909,905**
Current Liabilities					
Trade and other payables	16(a)	248,611	193,738	74,451	150,873
Provisions	16(b)	53,848	3,214	53,848	3,214
TOTAL LIABILITIES		**302,459**	**196,952**	**128,299**	**154,087**
NET ASSETS		**5,534,713**	**8,992,880**	**5,381,718**	**8,755,818**
EQUITY					
Issued capital	17	12,784,514	12,784,514	12,784,514	12,784,514
Reserves	18	1,247,192	1,021,974	1,002,262	982,062
Accumulated losses		(7,531,583)	(4,813,608)	(8,405,058)	(5,010,758)
Total equity attributed to equity holders of the Company		**6,500,123**	**8,992,880**	**5,381,718**	**8,755,818**
Minority Interest	19	**(965,410)**	-	-	-
TOTAL EQUITY		**5,534,713**	**8,992,880**	**5,381,718**	**8,755,818**

The accompanying notes form part of these financial statements.

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

FOR THE YEAR ENDED 30 JUNE 2009

	Issued Capital $	Accumulated Losses $	Reserves $	Foreign Currency Translation Reserve $	Total $	Minority Interest $	Total Equity $
2008 Consolidated							
At 21 March 2007	-	-	-	-	-	-	-
Loss for the period	-	(4,813,608)	-	-	(4,813,608)	-	(4,813,608)
Exchange differences arising on translation of foreign operations	-	-	-	39,912	39,912	-	39,912
Issue of shares and options	13,280,000	-	1,001,600	-	14,281,600	-	14,281,600
Equity transaction costs	(495,486)	-	(19,538)	-	(515,024)	-	(515,024)
As at 30 June 2008	**12,784,514**	**(4,813,608)**	**982,062**	**39,912**	**8,992,880**	**-**	**8,992,880**
2009 Consolidated							
At 1 July 2008	12,784,514	(4,813,608)	982,062	39,912	8,992,880	-	8,992,880
Loss for the year	-	(2,717,975)	-	-	(2,717,975)	(1,084,341)	(3,802,316)
Exchange differences arising on translation of foreign operations	-	-	-	205,018	205,018	118,931	323,949
Issue of shares and options	-	-	20,200	-	20,200	-	20,200
Equity transaction costs	-	-	-	-	-	-	-
As at 30 June 2009	**12,784,514**	**(7,531,583)**	**1,002,262**	**244,930**	**6,500,123**	**(965,410)**	**5,534,713**

	Issued Capital $	Accumulated Losses $	Reserves $	Foreign Currency Translation Reserve $	Total $
2008 Parent					
At 21 March 2007	-	-	-	-	-
Loss for the period	-	(5,010,758)	-	-	(5,010,758)
Issue of shares and options	13,280,000	-	1,001,600	-	14,281,600
Equity transaction costs	(495,486)	-	(19,538)	-	(515,024)
As at 30 June 2008	**12,784,514**	**(5,010,758)**	**982,062**	**-**	**8,755,818**
2009 Parent					
At 1 July 2008	12,784,514	(5,010,758)	982,062	-	8,755,818
Loss for the year	-	(3,394,300)	-	-	(3,394,300)
Issue of shares and options	-	-	20,200	-	20,200
Equity transaction costs	-	-	-	-	-
As at 30 June 2009	**12,784,514**	**(8,405,058)**	**1,002,262**	**-**	**5,381,718**

The statement of changes in equity should be read in conjunction with the accompanying notes to the financial statements.

CASH FLOW STATEMENT

FOR THE YEAR ENDED 30 JUNE 2009

	Note	Economic Entity 2009	Economic Entity 2008	Parent Entity 2009	Parent Entity 2008
		$	$	$	$
CASH FLOWS FROM OPERATING ACTIVITIES					
Payments to suppliers and employees		(3,992,119)	(1,342,475)	(625,240)	(670,326)
Interest received		183,743	386,838	183,743	386,838
Net cash (outflow) from operating activities	**23**	**(3,808,376)**	**(955,637)**	**(441,497)**	**(283,488)**
CASH FLOWS FROM INVESTING ACTIVITIES					
Payment for property, plant & equipment		(53,044)	(73,289)	(1,227)	(45,720)
Payment for investment in subsidiary (net of cash acquired)		-	(599,622)	-	(600,000)
Payment for acquisition of mining interests (net of refunds received)		(108,472)	(228,188)	(99,985)	(200,000)
Loans to controlled entities		-	(84,520)	(2,937,194)	(825,846)
Net cash (outflow) from investing activities		**(161,516)**	**(985,619)**	**(3,038,406)**	**(1,671,566)**
CASH FLOWS FROM FINANCING ACTIVITIES					
Proceeds from issue of shares and options		-	7,869,000	-	7,869,000
Payment of share and option issue costs		-	(515,024)	-	(515,024)
Net cash inflow from financing activities		**-**	**7,353,976**	**-**	**7,353,976**
Net (decrease)/ increase in cash and cash equivalents		(3,969,892)	5,412,720	(3,479,903)	5,398,922
Effect of exchange rate changes on cash		489,477	(1,599)	-	-
Cash and cash equivalents at beginning of financial year		5,411,121	-	5,398,922	-
Cash and cash equivalents at end of financial year	**8**	**1,930,706**	**5,411,121**	**1,919,019**	**5,398,922**

The accompanying notes form part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2009

Note 1: Statement of Significant Accounting Policies

The financial report is a general purpose financial report that has been prepared in accordance with Australian Accounting Standards, Australian Accounting Interpretations, other authoritative pronouncements of the Australian Accounting Standards Board and the *Corporations Act 2001*.

The financial report covers the economic entity of Atomic Resources Limited and controlled entities, and Atomic Resources Limited as an individual parent entity and was authorised for issue in accordance with a resolution of directors on 30 September 2009. Atomic Resources Limited is a listed public company, incorporated and domiciled in Australia.

The financial report of Atomic Resources Limited and controlled entities, and Atomic Resources Limited as an individual parent entity comply with all Australian equivalents to International Financial Reporting Standards (AIFRS).

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

Basis of Preparation

Reporting Basis and Conventions

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

Accounting Policies

(a) Principles of consolidation

A controlled entity is any entity Atomic Resources Limited has the power to control the financial and operating policies so as to obtain benefits from its activities.

A list of controlled entities is contained in Note 12 to the financial statements. All controlled entities have a June financial year-end.

All inter-company balances and transactions between entities in the economic entity, including any unrealised profits or losses, have been eliminated on consolidation. Accounting policies of subsidiaries have been changed where necessary to ensure consistencies with those policies applied by the parent entity.

Where controlled entities have entered or left the economic entity during the year, their operating results have been included/excluded from the date control was obtained or until the date control ceased.

Minority equity interests in the equity and results of the entities that are controlled are shown as a separate item in the consolidated financial report.

(b) Income tax

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

Note 1: Statement of Significant Accounting Policies (cont'd)

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

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

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

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

(c) Property, plant and equipment

Each class of plant and equipment is carried at cost or fair value less, where applicable, any accumulated depreciation and impairment losses.

Plant and equipment are measured on the cost basis less depreciation and impairment losses.

The carrying amount of plant and equipment is reviewed annually by directors to ensure it is not in excess of the recoverable amount from these assets. The recoverable amount is assessed on the basis of the expected net cash flows which will be received from the assets' employment and subsequent disposal. The expected net cash flows have been discounted to their present values in determining recoverable amounts.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the group and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the income statement during the financial year in which they are incurred.

Depreciation

The depreciable amount of all fixed assets including capitalised lease assets is depreciated on a straight-line basis over their useful lives to the economic entity commencing from the time the asset is held ready for use. Leasehold improvements are depreciated over the shorter of either the unexpired period of the lease or the estimated useful lives of the improvements.

The depreciation rates used for each class of depreciable asset are:

Class of Fixed Asset	Depreciation Rate
Furniture and equipment	5% to 33.33%
Motor vehicles	12.5%

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each balance sheet date.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Note 1: Statement of Significant Accounting Policies (cont'd)

Gains and losses on disposals are determined by comparing proceeds with the carrying amount. These gains or losses are included in the income statement. When revalued assets are sold, amounts included in the revaluation reserve relating to that asset are transferred to retained earnings.

(d) Exploration, evaluation and acquisition expenditure

Exploration and evaluation costs are expensed as incurred. Acquisition costs are accumulated in respect of each separate area of interest. Acquisition costs are carried forward where right of tenure of the area of interest is current and they are expected to be recouped through sale or successful development and exploitation of the area of interest or, where exploration and evaluation activities in the area of interest have not yet reached a stage that permits reasonable assessment of the existence of economically recoverable reserves. Where an area of interest is abandoned or the Directors decide that it is not commercial, any accumulated acquisition costs in respect of that area are written off in the financial period the decision is made. Each area of interest is also reviewed at the end of each accounting period and accumulated acquisition costs written off to the extent that they will not be recoverable in the future. Amortisation is not charged on acquisition costs carried forward in respect of areas of interest in the development phase until production commences.

(e) Financial instruments

Recognition

Financial instruments are initially measured at cost on trade date, which includes transaction costs, when the related contractual rights or obligations exist. Subsequent to initial recognition these instruments are measured as set out below.

Financial assets at fair value through profit and loss

A financial asset is classified in this category if acquired principally for the purpose of selling in the short term or if so designated by management and within the requirements of AASB 139: Recognition and Measurement of Financial Instruments. Derivatives are also categorised as held for trading unless they are designated as hedges. Realised and unrealised gains and losses arising from changes in the fair value of these assets are included in the income statement in the year which they arise.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and are stated at amortised cost using the effective interest rate method.

Available-for-sale financial assets

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

Fair value

Fair value is determined based on current bid prices for all quoted investments. Valuation techniques are applied to determine the fair value for all unlisted securities, including recent arm's length transactions, reference to similar instruments and option pricing models.

Impairment of assets

At each reporting date, the Group assesses whether there is objective evidence that a financial instrument has been impaired. In the case of available-for-sale financial instruments, a prolonged decline in the value of the instrument is considered to determine whether impairment has arisen. Impairment losses are recognised in the income statement.
At each reporting date, the Group reviews the carrying values of its tangible and intangible assets to determine whether there is any indication that those assets have been impaired. If such an indication exists, the recoverable amount of the

Note 1: Statement of Significant Accounting Policies (cont'd)

asset, being the higher of the asset's fair value less costs to sell and value in use, is compared to the assets carrying value. Any excess of the assets carrying value over its recoverable amount is expensed to the income statement.

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

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

(f) Foreign currency transactions and balances

Functional and presentation currency

The functional currency of each of the Group's entities is measured using the currency of the primary economic environment in which that entity operates. The consolidated financial statements are presented in Australian dollars which is the parent entity's functional and presentation currency.

Transaction and balances

Foreign currency transactions are translated into functional currency using the exchange rates prevailing at the date of the transaction. Foreign currency monetary items are translated at the year-end exchange rate. Non-monetary items measured at historical cost continue to be carried at the exchange rate at the date of the transaction. Non-monetary items measured at fair value are reported at the exchange rate at the date when fair values were determined.

Exchange differences arising on the translation of monetary items are recognised in the income statement, except where deferred in equity as a qualifying cash flow or net investment hedge.

Exchange differences arising on the translation of non-monetary items are recognised directly in equity to the extent that the gain or loss is directly recognised in equity; otherwise the exchange difference is recognised in the income statement.

Group companies

The financial results and position of foreign operations whose functional currency is different from the Group's presentation currency are translated as follows:

- assets and liabilities are translated at year-end exchange rates prevailing at that reporting date; and
- income and expenses are translated at average exchange rates for the year.

Exchange differences arising on translation of foreign operations are transferred directly to the group's foreign currency translation reserve in the balance sheet. These differences are recognised in the income statement in the year in which the operation is disposed.

(g) Employee benefits

Provision is made for the Company's liability for employee benefits arising from services rendered by employees to balance date. Employee benefits that are expected to be settled within one year have been measured at the amounts expected to be paid when the liability is settled, plus related on-costs. Employee benefits payable later than one year have been measured at the present value of the estimated future cash outflows to be made for those benefits.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2009

Note 1: Statement of Significant Accounting Policies (cont'd)

Equity settled compensation

The Group granted options to consultants during the year. The bonus element over the exercise price of the employee services rendered in exchange for the grant of options is recognised as an expense in the income statement. The total amount to be expensed over the vesting year is determined by reference to the fair value of the options granted.

(h) Provisions

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

(i) Cash and cash equivalents

Cash and cash equivalents includes cash on hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within short-term borrowings in current liabilities on the balance sheet.

(j) Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable.

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

Dividend revenue is recognised when the right to receive a dividend has been established. Dividends received from associates are accounted for in accordance with the equity method of accounting.

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

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

(k) Goods and Services Tax (GST)

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

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

(l) Comparative figures

The comparative figures shown in the Financial Statements are for the period commencing from date of incorporation of 21 March 2007 to 30 June 2008.

(m) Critical accounting estimates and judgements

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

Note 1: Statement of Significant Accounting Policies (cont'd)

(n) Business combinations

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

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

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

(o) Fair value estimation

The fair value of financial assets and financial liabilities must be estimated for recognition and measurement or for disclosure purposes.

The fair value of financial instruments traded in active markets (such as publicly traded derivatives, and trading and available-for-sale securities) is based on quoted market prices at the balance sheet date. The quoted market price used for financial assets held by the Group is the current bid price.

The fair value of financial instruments that are not traded in an active market (for example over-the-counter derivatives) is determined using valuation techniques. The Group uses a variety of methods and makes assumptions that are based on market conditions existing at each balance date. Quoted market prices or dealer quotes for similar instruments are used for long-term debt instruments held. Other techniques, such as estimated discounted cash flows, are used to determine fair value for the remaining financial instruments. The fair value of interest rate swaps is calculated as the present value of the estimated future cash flows. The fair value of forward exchange contracts is determined using forward exchange market rates at the balance sheet date.

The carrying value less impairment provision of trade receivables and payables are assumed to approximate their fair values due to their short-term nature. The fair value of financial liabilities for disclosure purposes is estimated by discounting the future contractual cash follows at the current market interest rate that is available to the Group for similar financial instruments.

(p) Trade and other payables

These amounts represent liabilities for goods and services provided to the Group prior to the end of financial year which are unpaid. The amounts are unsecured and are usually paid within 30 days of recognition.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2009

Note 1: Statement of Significant Accounting Policies (cont'd)

(q) Earnings per share

(i) *Basic earnings per share*
Basic earnings per share is calculated by dividing the profit attributable to equity holders of the Company, excluding any costs of servicing equity other than ordinary shares, by the weighted average number of ordinary shares outstanding during the financial year, adjusted for bonus elements in ordinary shares issued during the year.

(ii) *Diluted earnings per share*
Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account the after income tax effect of interest and other financing costs associated with dilutive potential ordinary shares.

(r) Shared-Based Payments

The Group provides benefits to employees (including directors) of the Group in the form of share-based payment transactions, whereby employees render services in exchange for shares or rights over shares ("equity-settled transactions"). The cost of these equity settled transactions with employees is measured by reference to the fair value at the date at which they are granted. The fair value is determined by an internal valuation and an external valuation using the Black-Scholes model.

The cost of equity-settled transactions is recognised, together with a corresponding increase in equity, over the year in which the performance conditions are fulfilled, ending on the date on which the relevant employees become fully entitled to the award ("vesting date"). The cumulative expense recognised for equity-settled transactions at each reporting date until vesting date reflects (i) the extent to which the vesting period has expired and (ii) the number of awards that, in the opinion of the directors of the Group, will ultimately vest. This opinion is formed based on the best available information at balance date. No adjustment is made for the likelihood of market performance conditions being met as the effect of these conditions is included in the determination of fair value at grant date. No expense is recognised for awards that do not ultimately vest, except for awards where vesting is conditional upon market condition. Where an equity-settled award is cancelled, it is treated as if it had vested on the date of cancellation, and any expense not yet recognised for the award is recognised immediately. However, if a new award is substituted for the cancelled award, and designated as a replacement award on the date that it is granted, the cancelled and new award are treated as if they were a modification of the original award.

(s) Joint Venture Accounting Policy

The Group's interests in unincorporated joint venture assets are accounted for by recognising its proportionate share in assets and liabilities from joint ventures, except where as operator, Atomic takes on the role as independent contractor. In these instances, receivables and payables relating to joint venture operations are brought to account on a gross basis.

Joint venture expenses and the Group's entitlement to production are recognised on a pro-rata basis according to the Group's joint venture interest.

Investment in joint venture entities, where the Group has significant influence, but not control, are accounted for using the equity method of accounting. Under the equity method, the cost of the is adjusted by the Group's proportionate share of the results of the joint venture.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2009

Note 2: Revenue

	Economic Entity 2009 $	Economic Entity 2008 $	Parent Entity 2009 $	Parent Entity 2008 $
From continuing operations				
– interest received	183,743	386,838	183,743	386,838
– interest receivable Group companies	-	-	168,994	-
	183,743	**386,838**	**352,737**	**386,838**

Note 3: Expenses

Loss before income tax includes the following specific expenses:

(a) Expenses

	Economic Entity 2009 $	Economic Entity 2008 $	Parent Entity 2009 $	Parent Entity 2008 $
Depreciation				
- Plant and equipment	(8,813)	(7, 564)	(8,813)	(7,016)
Total depreciation	(8,813)	(7, 564)	(8,813)	(7,016)
Finance Costs				
- external	(270)	(1,690)	(270)	(533)
Total finance costs	(270)	(1,690)	(270)	(533)
Other Expenses				
- Accounting	(25,517)	(15,039)	(25,517)	(7,240)
- Audit Fee	(52,154)	(33,528)	(52,154)	(33,528)
- Insurance	(35,090)	(32,872)	(35,090)	(32,872)
- Legal Fees	(27,971)	(19,999)	(27,971)	(14,558)
- Listing Fees	(20,366)	(31,006)	(20,366)	(31,006)
- Rent	(35,254)	(48,857)	(35,254)	(26,317)
- Wages and Superannuation	(53,850)	(65,871)	(53,850)	(46,610)
- Other Expenses	(90,887)	(117,898)	(65,948)	(33,398)
Total other expenses	**(341,089)**	**(365,070)**	**(316,150)**	**(225,529)**

Significant revenue and expenses

(b) The following significant revenue and expense items are relevant in explaining the financial performance:

	Economic Entity 2009 $	Economic Entity 2008 $	Parent Entity 2009 $	Parent Entity 2008 $
Director options granted	-	(551,600)	-	(551,600)
Corporate Advisors options granted	(20,200)	(161,000)	(20,200)	(161,000)
	(20,200)	**(712,600)**	**(20,200)**	**(712,600)**

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2009

Note 4: Income Tax Expense

	Economic Entity 2009 $	Economic Entity 2008 $	Parent Entity 2009 $	Parent Entity 2008 $
(a) Numerical reconciliation of income tax expense to prima facie tax payable				
Loss from ordinary activities before income tax expense	(3,802,316)	(4,813,608)	(3,394,300)	(5,010,758)
Prima facie tax benefit on loss from ordinary activities at 30% (2008 - 30%)	(1,140,695)	(1,444,082)	(1,018,290)	(1,503,227)
Tax effect of amounts which are not deductible (taxable) in calculating taxable income				
Entertainment	-	198,867	-	198,867
	(1,140,695)	(1,245,215)	(1,018,290)	(1,304,360)
Movement in unrecognised temporary differences	(34,121)	(386,353)	897,735	(120,980)
Tax effect of current year tax losses for which no deferred tax asset has been recognised	1,174,816	1,631,568	120,555	1,425,340
Income Tax Expense	-	-	-	-
(b) Unrecognised temporary differences				
Deferred Tax Assets (at 30%)				
Loans (provisions)	97,800	23,780	1,230,032	-
Investments	-	90,000	97,800	-
Accrued expenses	11,525	6,000	11,525	6,000
Provision for Expenses	16,154	964	16,154	964
Capital raising costs	87,487	118,389	87,487	118,389
Carry forward revenue tax losses	1,675,915	1,494,878	1,542,220	1,425,340
Carry forward foreign tax losses	1,177,132	171,056	-	
	3,066,013	1,905,067	2,985,218	1,550,693
Deferred Tax Liabilities (at 30%)				
Capitalised tenement acquisition costs	542,115	512,119	509,996	480,000
	542,115	512,119	509,996	480,000

No income tax is payable by the consolidated group. The group has $5,586,384 (2008 $4,982,927) in income tax losses and $3,923,772 (2008 $570,185) in foreign losses.

The deferred tax asset and deferred tax liability have not been bought to account as it is unlikely they will arise unless the company generates sufficient revenue to utilise them.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2009

Note 5: Key Management Personnel Compensation

(a) Directors

The following persons were directors of Atomic Resources Limited during the financial year:

(i) *Executive Directors*
Mr David Holden – Executive Director
Mr Clive Hartz – Chairman

(ii) *Non-executive Directors*
Mr Alastair Walker
Prof. Thomas Neff — Resigned 30 September 2008
Mr Patrick Michaels — Resigned 30 September 2008

(b) Other key management personnel

There were no other key management personnel during the financial year.

(c) Key management personnel compensation

	Economic Entity 2009 $	Economic Entity 2008 $	Parent Entity 2009 $	Parent Entity 2008 $
Short–term employee benefits	298,789	117,587	132,000	99,000
Other benefits	27,385	26,749	19,101	26,749
Share-based payments	-	551,600	-	551,600
Total Compensation	**326,174**	**695,936**	**151,101**	**677,349**

The company has transferred the detailed remuneration disclosures to the directors' report in accordance with the Corporations Amendment Regulations 2006 (No. 4)

(d) Equity instrument disclosures relating to key management personnel

(i) *Options provided as remuneration and shares issued on exercise of such options*
Details of options provided as remuneration and shares issued on the exercise of such options, together with terms and conditions of the options, can be found in the remuneration report forming part of the directors' report on page 18.

(ii) *Option holdings*
The numbers of options over ordinary shares in the company held during the financial year or at time of resignation by each director of Atomic Resources Limited, including their personally related parties, are set out below:

Note 5: Key Management Personnel Compensation (continued)

2009

Directors of Atomic Resources Ltd	Balance at beginning of the year	Granted during the year as compensation	Exercised during the year	Other changes during the year	Balance at the end of the year	Vested and exercisable*
Mr Clive Hartz	13,271,682	-	-	-	13,271,682	13,271,682
Mr David Holden	3,935,000	-	-	-	3,935,000	3,935,000
Mr Alastair Walker	950,000	-	-	-	950,000	950,000
Prof. Thomas Neff	300,000	-	-	-	300,000^	300,000
Mr Patrick Michaels	400,000	-	-	-	400,000^	400,000
Mr Peter Tsegas	1,000,000	-	-	-	1,000,000	1,000,000
Total	**19,856,682**	-	-	-	**19,856,682**	**19,856,682**

* All options have vested and are exercisable.
^ At date of resignation

2008

Directors of Atomic Resources Ltd	Balance at beginning of the year	Granted during the year as compensation	Exercised during the year	Other changes during the year	Balance at the end of the year	Vested and exercisable*
Mr Clive Hartz	-	3,250,000	-	10,021,682	13,271,682	13,271,682
Mr David Holden	-	3,250,000	-	685,000	3,935,000	3,935,000
Mr Alastair Walker	-	500,000	-	450,000	950,000	950,000
Prof. Thomas Neff	-	-	-	300,000	300,000	300,000
Mr Patrick Michaels	-	-	-	400,000	400,000	400,000
Mr Peter Tsegas	-	-	-	1,000,000	1,000,000	1,000,000
Total	-	**7,000,000**	-	**12,856,682**	**19,856,682**	**19,856,682**

* All options have vested and are exercisable.

(iii) Fully paid share holdings

The numbers of shares in the Company held during the financial year or at time of resignation by each director of Atomic Resources Limited, including their personally related parties, are set out below:

2009	Balance at beginning of the year	Granted during the year as compensation	Received during the year on the exercise of options	Other changes during the year	Balance at the end of the year
Mr Clive Hartz	18,314,000	-	-	-	18,314,000
Mr David Holden	770,000	-	-	65,000	835,000
Mr Alastair Walker	300,000	-	-	-	300,000
Prof. Thomas Neff	-	-	-	-	-^
Mr Patrick Michaels	200,000	-	-	-	200,000^
Mr Peter Tsegas	2,000,000	-	-	-	2,000,000
Total	**21,584,000**	-	-	65,000	**21,649,000**

^ At date of resignation.

Note 5: Key Management Personnel Compensation (continued)

2008	Balance at beginning of the year	Granted during the year as compensation	Received during the year on the exercise of options	Other changes during the year	Balance at the end of the year
Mr Clive Hartz	-	-	-	18,314,000	18,314,000
Mr David Holden	-	-	-	770,000	770,000
Mr Alastair Walker	-	-	-	300,000	300,000
Prof. Thomas Neff	-	-	-	-	-
Mr Patrick Michaels	-	-	-	200,000	200,000
Mr Peter Tsegas				2,000,000	2,000,000
Total	-	-	-	**21,584,000**	**21,584,000**

(e) Loans to key management personnel

No loans were made to directors of Atomic Resources Limited and other key management personnel of the Group, including their personally related parties during the financial year.

Note 6: Auditors' Remuneration

	Economic Entity 2009 $	Economic Entity 2008 $	Parent Entity 2009 $	Parent Entity 2008 $
Remuneration of the auditor (and its related entity) of the parent entity for:				
– auditing or reviewing the financial report	52,154	33,528	52,154	33,528
– investigating accountants services were provided by Stantons Partners Corporate Pty Ltd, a related entity of the auditor.	-	9,378	-	9,378
Total	**52,154**	**42,906**	**52,154**	**42,906**

Note 7: Earnings per Share

	Economic Entity 2009 $	Economic Entity 2008 $
(a) Basic earnings per share		
Loss from continuing operations attributable to the ordinary equity holders of the company	2,717,976	4,813,608
Weighted average number of ordinary shares outstanding during the year used in calculating basic EPS	57,800,000	48,707,197

Diluted EPS not disclosed as the loss per share will not increase

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2009

Note 8: Cash and Cash Equivalents

	Economic Entity 2009 $	Economic Entity 2008 $	Parent Entity 2009 $	Parent Entity 2008 $
Cash at bank and in hand	1,930,706	5,411,121	1,919,019	5,398,922
	1,930,706	**5,411,121**	**1,919,019**	**5,398,922**
Reconciliation of cash at the end of the year Cash at the end of the financial year as shown in the statement of cash flows is reconciled to items in the balance sheet as follows:	1,930,706	5,411,121	1,919,019	5,398,922

Note 9: Trade and Other Receivables

Current				
Other receivables	37,218	22,902	26,618	19,628

As at 30 June 2009 trade and other receivables do not contain impaired assets and are not past due. It is expected that these amounts will be received when due.

Non-Current				
Amounts receivable from:				
- Loans to and interest receivable from Controlled Entities	-	-	4,100,106	993,918
- Provision for impairment	-	-	(4,100,106)	(993,918)
- Tancoal Energy Limited – jointly controlled entity	-	79,267	-	-
- Provision for impairment	-	(79,267)	-	-
	-	-	-	-

Note 10: Other Assets

Current				
Prepayments	80,518	81,629	27,350	20,724

Note 11: Investment in Subsidiaries

Investment in Controlled Entities				
- Resource Search Limited	-	-	1,031,927	1,031,927
Write down of Investment	-	-	(26,000)	-
	-	-	1,005,927	1,031,927
- Pacific Corporation East Africa Ltd	-	-	800,000	800,000
	-	-	**1,805,927**	**1,831,927**

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2009

Note 12: Subsidiaries and Jointly Controlled Entities

(a) **The consolidated financial statements incorporate the assets, liabilities and results of the following subsidiaries in accordance with accounting policy described in Note 1(a)**

Name of entity	Country of incorporation	Class of share	Equity (%)* 2009	Equity (%)* 2008
Subsidiaries of Atomic Resources Limited:				
Resource Search Pty Ltd	Australia	Ordinary	100	100
Pacific Corporation East Africa Ltd	Tanzania	Ordinary	85	85

* *Percentage of voting power is in proportion to ownership*

(b) **Jointly Controlled Entities**

Name of entity	Country of incorporation	Class of share	Equity (%)* 2009	Equity (%)* 2008
Tancoal Energy Limited	Tanzania	Ordinary	70	50

* *Percentage of voting power is in proportion to ownership*

Pursuant to Pacific Corporation's joint venture agreement with the National Development Corporation ("NDC") of Tanzania, a special purpose vehicle company was incorporated and is known as Tancoal Energy Limited ("Tancoal"). Pacific Corporation holds 70% [2008: 50%] with the NDC holding the remaining 30% [2008: 50%] interest in Tancoal at present.

Note 13: Property, Plant and Equipment

	Economic Entity 2009 $	Economic Entity 2008 $	Parent Entity 2009 $	Parent Entity 2008 $
Office Equipment (at Cost)	47,799	22,042	20,165	18,939
Less Accumulated Depreciation	(10,509)	(2,966)	(6,792)	(2,707)
	37,290	**19,076**	**13,373**	**16,232**
Office Equipment – Mining	9,911	9,911	9,911	9,911
Less Accumulated Depreciation	(3,799)	(1,817)	(3,799)	(1,817)
	6,112	**8,094**	**6,112**	**8,094**
Mining Equipment	16,870	16,870	16,870	16,870
Less Accumulated Depreciation	(5,237)	(2,492)	(5,237)	(2,492)
	11,633	**14,378**	**11,633**	**14,378**
Motor Vehicles	48,510	24,466	-	-
Less Accumulated Depreciation	(5,082)	(255)	-	-
	43,428	**24,211**	-	-
Total	**98,463**	**65,759**	**31,118**	**38,704**

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2009

Note 13: Property, Plant and Equipment (continued)

Plant and equipment	**Economic Entity 2009 $**	**Economic Entity 2008 $**	**Parent Entity 2009 $**	**Parent Entity 2008 $**
At beginning of financial year, net of accumulated depreciation and impairment	65,759	-	38,704	-
Additions	53,044	73,289	1,227	45,720
Depreciation charge for the year	(18,156)*	(7,564)	(8,813)	(7,016)
Effect of exchange rates	(2,184)	34	-	-
At end of financial year, net of accumulated depreciation and impairment	**98,463**	**65,759**	**31,118**	**38,704**

*Deprecation expense is also included in exploration expenditure, as well as per note 3(a)

Note 14: Business combinations

2009
There were no acquisitions in the 2009 financial year.

2008
(a) Acquisition of Pacific Corporation East Africa Ltd (PCEA)

On the 25th June 2007, Atomic acquired 85% of the shares in PCEA, a private mining exploration company based in Tanzania. The total cost of the combination was $800,000 comprising $300,000 cash and 2,000,000 ordinary shares in Atomic valued at $500,000. At the time of acquisition PCEA had no liabilities and its only assets were mining tenements that were recorded at nil value in the Balance Sheet. Therefore, goodwill arising on acquisition (attributable to interests in mineral properties) was $800,000 equal to the cost of the combination.

	$
Cost of the combination	
The cash outflow on acquisition to date is as follows:	
Net cash acquired with the subsidiary	-
Cash paid	(300,000)
Net cash flow	(300,000)

From the date of acquisition PCEA has contributed a $689,365 loss to the group.

(b) Acquisition of Resource Search Pty Ltd (Resource)

On the 25th June 2007, Atomic acquired 100% of the shares in Resource, a private mining exploration company based in Australia. The total cost of the combination was $1,500,000 comprising $300,000 cash and 4,800,000 ordinary shares in Atomic valued at $1,200,000. The fair value of the identifiable assets and liabilities of Resource as at the date of acquisition were as follows.

	Consolidated	
	Recognised on Acquisition $	**Carrying Value $**
Cash and cash equivalents	378	378
Mining tenements	137,138	137,138
	137,516	137,516

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2009

Note 14: Business combinations (continued)

	Consolidated	
	Recognised on Acquisition	**Carrying Value**
	$	**$**
Trade and other payables	(168,093)	(168,093)
	(168,093)	(168,093)
Fair value of identifiable net assets	(30,577)	(30,577)

	$
Acquisition of the sellers loan account for monies owed to the seller from the company	168,073
Goodwill arising on acquisition (attributable to mineral properties)	1,362,504
	1,500,000
Cost of the combination	
Cash payment	300,000
Shares issued	1,200,000
Total cost of combination	**1,500,000**

	Consolidated Recognised on Acquisition
	$
Cost of the combination	
The cash outflow on acquisition to date is as follows	
Net cash acquired with the subsidiary	378
Cash paid	(300,000)
Net cash flow	**(299,622)**

From the date of acquisition Resource has contributed a $107,404 loss to the Group

Note 15: Exploration Expenditure

	Economic Entity 2009 $	Economic Entity 2008 $	Parent Entity 2009 $	Parent Entity 2008 $
Expenditure to acquire Uaroo tenements	4,200,000	4,200,000	4,200,000	4,200,000
Add: Stamp duty on tenements capitalised	99,985	-	99,985	-
Less: Revaluation of Uaroo tenement to fair value	(2,600,000)	(2,600,000)	(2,600,000)	(2,600,000)
	1,699,985	1,600,000	1,699,985	1,600,000
Goodwill on acquisition of Resource Search Ltd (attributable to interest in mineral properties)	1,362,504	1,362,504	-	-
Less: impairment of interest due to withdrawal of tenements	(326,000)	(300,000)	-	-
	1,036,504	1,062,504	-	-
Goodwill on acquisition attributable to interest in the mineral properties of PCEA	800,000	800,000	-	-
Exploration Expenditure – PCEA	49,392	38,854	-	-

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2009

Note 15: Exploration Expenditure (continued)

	Economic Entity 2009 $	Economic Entity 2008 $	Parent Entity 2009 $	Parent Entity 2008 $
Exploration Expenditure - Resource Search	104,386	107,063	-	-
	953,778	945,917	-	-
Total Exploration Expenditure	**3,690,267**	**3,608,421**	**1,699,985**	**1,600,000**

The recoverability of the carrying amount of exploration assets is dependent on the successful development and commercial exploitation or sale of the respective mining permits. Amortisation of the costs carried forward for the development phase is not being charged pending the commencement of production.

Note 16: Current Liabilities

16(a) Trade Payables	Economic Entity 2009 $	Economic Entity 2008 $	Parent Entity 2009 $	Parent Entity 2008 $
Trade payables	248,611	193,738	74,451	150,873
	248,611	**193,738**	**74,451**	**150,873**
16(b) Provisions				
Annual Leave Provision	3,848	3,214	3,848	3,214
Rehabilitation Provision	50,000	-	50,000	-
	53,848	**3,214**	**53,848**	**3,214**

Note 17: Issued Capital

57,800,000 (**2008**:57,800,00) fully paid ordinary shares	13,280,000	13,280,000	13,280,000	13,280,000
Share issue costs	(495,486)	(495,486)	(495,486)	(495,486)
	12,784,514	**12,784,514**	**12,784,514**	**12,784,514**

Fully paid ordinary shares

	Economic Entity 2009 $	Parent Entity 2008 $
Balance at beginning of year:	12,784,514	-
3,000 shares issued for cash on incorporation	-	30
5,997,000 seed and promoters shares	-	329,970
22,800,000 shares issued for acquisition of uranium tenements, uranium rights and acquisition of subsidiaries	-	5,700,000
29,000,000 shares issued for cash pursuant to a prospectus	-	7,250,000
Share issue costs	-	(495,486)
Balance at end of year: 57,800,000 shares (2008:57,800,000)	**12,784,514**	**12,784,514**

Note 18: Reserves

2009

(a) Options over ordinary shares	Economic Entity 2009		Parent Entity 2009	
	Number	**$**	**Number**	**$**
Balance at beginning of year	38,900,000	982,062	38,900,000	982,062
Issued during year				
Expire 24 June 2011	400,000	10,600	400,000	10,600
Expire 30 June 2011	300,000	9,600	300,000	9,600
Cancelled during year				
Expire 30 June 2010	(3,000,000)	-	(3,000,000)	-
Balance at end of year	**36,600,000**	**1,002,262**	**36,600,000**	**1,002,062**

A total of 3,000,000 options were cancelled during the year, 1,000,000 exercisable at $0.25, 1,000,000 exercisable at $0.75 and 1,000,000 exercisable at $1.00. The options were due to expire on 30 June 2010.

A total of 700,000 options were granted to the Company's key consultants during the current year. 400,000 options were issued on 24 June 2009 of which 200,000 are exercisable at $0.25 each and 200,000 are exercisable at $0.35 each on or before 24 June 2011. 300,000 options were issued on 30 June 2009 exercisable at $0.25 on or before 30 June 2011. The options have been valued using the Black-Scholes option methodology assuming a share price of $0.25 and $0.35, a risk free interest rate of 3% and a volatility factor of 70%. As a result an option reserve has been created of $20,200.

2008

(a) Options over ordinary shares	Economic Entity 2008		Parent Entity 2008	
	Number	**$**	**Number**	**$**
Balance at beginning of year	-	-	-	-
Issued during year				
Expire 30 June 2012	7,000,000	551,600	7,000,000	551,600
Expire 30 June 2010	3,000,000	161,000	3,000,000	161,000
Expire 31 August 2011	28,900,000	289,000	28,900,000	289,000
Less: Capital raising costs	-	(19,538)	-	(19,538)
Balance at end of year	**38,900,000**	**982,062**	**38,900,000**	**982,062**

7,000,000 options exercisable at $0.25 each on or before 30 June 2012 were granted to the Directors of the Company on 26 April 2007. The Directors' options have been valued using the Black-Scholes option methodology assuming a share price at date of grant of 25 cents (the IPO price), a risk free interest rate of 6.15%, a volatility factor of 70% and a discount of 50% to reflect the risk that the IPO would not be successful and the non listed status of the Directors share options. As a result an option reserve has been created of $551,600.

3,000,000 options were granted to the Company's corporate adviser and investor relations management consultant on 30 June 2008. 1,000,000 options are exercisable at $0.25 each, 1,000,000 options are exercisable $0.75 each and 1,000,000 options are exercisable at $1.00 each. These options are all exercisable on or before 30 June 2010. The options have been valued using the Black-Scholes option methodology assuming a share price of $0.30, a risk free interest rate of 7.25% and a volatility factor of 70%. As a result an option reserve has been created of $161,000.

28,900,000 options were issued in 2008 at $0.01 each, raising $289,000.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2009

Note 18: Reserves (continued)

(b) Foreign Currency Translation Reserve	**Economic Entity 2009 $**	**Economic Entity 2008 $**	**Parent Entity 2009 $**	**Parent Entity 2008 $**
Exchange differences arising on translation of foreign operations	244,930	39,912	-	-
Total	**1,247,192**	**1,021,974**	**1,002,262**	**982,062**

Note 19: Minority Interest

Deficiency attributable to Minority Interest	**965,410**	-	-	-

The Company holds an 85% interest in Pacific Corporation East Africa Limited. The remaining 15% is owned by Mr Peter Tsegas and 2 other unrelated shareholders (together the "Vendors"). Pursuant to the Share Sale Agreement dated 16 May 2007 between the Company and the Vendors, the Company has the first right of refusal to purchase the remaining 15% interest and this right will survive the completion of the Share Sale Agreement for 10 years.

The Company's subsidiary Pacific Corporation East Africa Limited owns 70% of Tancoal Energy Limited ("Tancoal") and the remaining 30% is owned by Tancoal's joint venture partner, the National Development Corporation of Tanzania, a Tanzanian government parastatal.

Note 20: Commitments

(a) Capital commitments

Capital expenditure contracted for at the reporting date but not recognised as liabilities is as follows:

	$ 2009	$ 2008
Capital Expenditure Commitments Payable		
Not later than 1 year		
Australian tenements	431,000	463,000
Tanzanian tenements	3,600,000	1,041,992
Later than 1 year	-	-
	4,031,000	1,504,992
Rental and Lease Payments		
Not later than 1 year	38,340	20,993
Later than 1 year	-	24,436
	38,340	45,429
Tenement Leases Expenditure Payable		
Not later than 1 year	15,000	15,000
Later than 1 year	-	-
	15,000	15,000
Total commitments	**4,084,340**	**1,565,421**

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2009

Note 20: Commitments (continued)

(b) Remuneration commitments

At the reporting date, the Company had no remuneration commitments by way of the payment of salaries and other remuneration under long-term employment contracts with key management personnel or other employees of the Company that are not already recognised as liabilities and are not included in the key management personnel compensation.

The Company entered into a contractor service agreement dated 1 February 2009 with Roger Todd Eggers, to implement a strategic plan and provide operational management services with respect to the development of an independent power station. The term of the Service Agreement is 24-months and the remuneration payable to Mr Eggers includes up to US$10,000 per month for each year of the term, plus the issue of 200,000 Options exercisable at $0.25 per Option on or before 24 June 2011 and an additional 200,000 Options exercisable at $0.35 on or before 24 June 2011. The Company may at its sole discretion terminate the agreement prior to 24 months by giving two months written notice as well as a four month termination fee.

There were no other contractor agreements in place at 30 June 2009.

Note 21: Contingent Liabilities and Contingent Assets

The Directors are not aware of any further contingent liabilities or contingent assets as at 30 June 2009.

Note 22: Segment Reporting

The consolidated entity operates in two geographical segments being Australia and Africa and one industry segment, that of mineral exploration.

Primary Reporting – Geographical Segments

2009	**Australia**	**Tanzania**	**Consolidated**
	$	**$**	**$**
Segment Revenue			
Operating revenue	183,743	-	183,743
Total Revenue	**183,743**	**-**	**183,743**
Segment Result			
Profit/(loss) before income tax	(684,897)	(3,117,419)	(3,802,316)
Income tax	-	-	-
Profit/(loss)after income tax	**(684,897)**	**(3,117,419)**	**(3,802,316)**
Segment Assets			
Segment assets	5,651,386	185,786	5,837,172
Total Assets	**5,651,386**	**185,786**	**5,837,172**
Segment Liabilities			
Segment liabilities	(128,300)	(174,159)	(302,459)
Total Liabilities	**(128,300)**	**(174,159)**	**(302,459)**
Other segment information			
Acquisitions of property, plant and equipment, intangibles and other non-current segment assets	1,227	51,817	53,044
Total Acquisitions	**1,227**	**51,817**	**53,044**

NOTES TO THE FINANCIAL STATEMENTS

Note 22: Segment Reporting (con't)

2009	**Australia**	**Tanzania**	**Consolidated**
	$	**$**	**$**
Depreciation and amortisation	(8,813)	(9,343)	(18,156)
Impairment	(26,000)	-	(26,000)
Total depreciation and amortisation	**(34,813)**	**(9,343)**	**(44,156)**

2008	**Australia**	**Tanzania**	**Consolidated**
	$	**$**	**$**
Segment Revenue			
Operating revenue	386,838	-	386,838
Total Revenue	**386,838**	**-**	**386,838**
Segment Result			
Profit/(loss) before income tax	(4,124,243)	(689,365)	(4,813,608)
Income tax	-	-	-
Profit/(loss)after income tax	**(4,124,243)**	**(689,365)**	**(4,813,608)**
Segment Assets			
Segment assets	9,053,397	136,435	9,189,832
Total Assets	**9,053,397**	**136,435**	**9,189,832**
Segment Liabilities			
Segment liabilities	(161,217)	(35,735)	(196,952)
Total Liabilities	**(161,217)**	**(35,735)**	**(196,952)**
Other segment information			
Acquisitions of property, plant and equipment, intangibles and other non-current segment assets	5,715,287	866,423	6,581,710
Total Acquisitions	**5,715,287**	**866,423**	**6,581,710**
Depreciation and amortisation of segment assets	(7,016)	(548)	(7,564)
Impairment	(2,900,000)	-	(2,900,000)
Total depreciation and amortisation	**(2,907,016)**	**(548)**	**(2,907,564)**

Notes to and forming part of the segment information

Accounting Policies

Segment information is prepared in conformity with the accounting policies of the entity as disclosed in Note 1 and Accounting Standard AASB114 Segment Reporting.

Segment revenues and expenses are those directly attributable to the segments and include any joint revenue and expenses where a reasonable basis of allocation exists. Segment assets include all assets used by a segment and consist principally of cash, receivables, plant and equipment, exploration expenditure capitalised net of accumulated depreciation and amortisation. While most such assets can be directly attributed to individual segments, the carrying amount of certain assets used jointly by two or more segments is allocated to the segments on a reasonable basis. Segment liabilities consist principally of payables, employee benefits, accrued expenses, provisions and borrowings. Segment assets and liabilities do not include deferred income taxes.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2009

Note 22: Segment Reporting (continued)

Business Segments

The economic entity has one business segment:

- Exploration – conducting feasibility in relations to mining projects in Australia and Tanzania.

Geographical Segments

The economic entity's head office is located in Australia with exploration work carried out in Australia and Tanzania.

Note 23: Cash Flow Information

	Note	Economic Entity 2009 $	Economic Entity 2008 $	Parent Entity 2009 $	Parent Entity 2008 $
Reconciliation of Cash Flow from Operations with Loss after Income Tax					
Loss after income tax		(3,802,316)	(4,813,608)	(3,394,300)	(5,010,758)
Non-cash flows in profit					
Depreciation		18,156	7,564	8,813	7,016
Annual leave provisions		634	3,214	634	3,214
Share based payments		20,200	712,600	20,200	712,600
Impairment and other provisions		78,679	2,984,520	3,182,189	3,893,918
Exploration expenditure written-off			13,555	-	-
Exchange rate loss			47,311	-	-
Decrease/(increase) in receivables		(174,423)	(104,531)	(182,611)	(40,351)
Increase/(decrease) in trade payables and accruals		50,694	193,738	(76,422)	150,873
		6,060	3,857,971	2,952,803	4,727,270
Net cash outflow from operations		**(3,808,376)**	**(955,637)**	**(441,497)**	**(283,488)**

Note 24: Share-based Payments

A total 700,000 options were granted to the Company's key consultants during the current year. 400,000 were issued on 24 June 2009 of which 200,000 are exercisable at $0.25 each and 200,000 are exercisable at $0.35 each on or before 24 June 2011. 300,000 options were issued on 30 June 2009 exercisable at $0.25 on or before 30 June 2011. The options have been valued using the Black-Scholes option methodology assuming a share price of $0.25 and $0.35, a risk free interest rate of 3% and a volatility factor of 70%. As a result an option reserve has been created of $20,200.

2008

On 26 April 2007, 7,000,000 options exercisable at $0.25 each on or before 30 June 2012. No options have been exercised or forfeited. The options are not quoted, hold no voting or dividend rights and are not transferable. These options were valued using the Black-Scholes option methodology assuming a share price at date of grant of 25 cents, a risk free interest rate of 6.15%, a volatility factor of 70% and a discount of 50% to reflect the risk that the IPO would not be successful and the non listed status of these options.

Note 24: Share-based Payments (Cont'd)

On 30 June 2008, 3,000,000 options, comprising 1,000,000 options exercisable at $0.25 each, 1,000,000 options exercisable at $0.75 each and 1,000,000 options exercisable at $1.00 each. All these options are exercisable on or before 20 June 2010. The options hold no voting or dividend rights and are not transferable. The options have been valued using the Black-Scholes option methodology assuming a share price of $0.30, a risk free interest rate of 7.25% and a volatility factor of 70%. These options were cancelled in the prior financial year.

Note 25: Events After the Balance Sheet Date

On the 11 August 2009 the company completed a placement of 8,670,000 shares at a price of 10.5 cents to sophisticated investors increasing the share capital to 66,470,000 shares. This raised $910,350 which will fund on-going expenditure in relation to the Bankable Feasibility Study (BFS) at Ngaka in Western Tanzania, which commenced in May 2009.

On the 21st August 2009 the company announced a fully underwritten pro-rata non-renounceable rights issue of one share for every two shares held at 10.5 cents. The rights issue was successfully completed on the 28 September 2009 and has raised $3,489,675 and incurred underwriting fees of $209,380 and other estimated expenses of the offer of $38,050. The share capital has increased by 33,235,000 shares taking the total issued share capital to 99,705,000 shares. The money raised will fund on-going expenditure in relation to the Bankable Feasibility Study (BFS) at Ngaka in Western Tanzania, which commenced in May 2009.

Note 26: Related Party Transactions

Details relating to key management personnel are disclosed in note 5.

During the year:

2009

- Consultancy fees of $102,000 were paid to Shackleton Capital Pty Ltd during the year with $11,000 remaining unpaid at year end. This entity is personally related to David Holden.
- Consultancy fees of $18,000 were paid to IGC Resources Incorporated ("IGC") for geological consultancy services. At year end, $6,415 was payable by IGC being re-imbursement of travel expenses incurred on their behalf. Clive Hartz is chairman of IGC Resources Limited.
- $120,000 was paid to Delta Pacific Corporation Limited ("Delta Pacific"). These were consultancy fees paid to Delta Pacific to facilitate PCEA's operations in Tanzania. Delta Pacific is an entity personally related to Peter Tsegas, a director of PCEA.

2008

- Consultancy fees of $70,000 were paid to Shackleton Capital Pty Ltd with a further $16,171 invoiced but unpaid as at 30 June 2008. This entity is personally related to David Holden.
- $211,662 was paid to Delta Pacific Corporation Limited ("Delta Pacific") to facilitate PCEA's operations in Tanzania. Delta Pacific is an entity personally related to Peter Tsegas, a director of PCEA.
- Pursuant to a Share Sale Agreement between the company and Peter Tsegas and other vendors to acquire 85% of the issued shares in Pacific Corporation East Africa Limited, Peter Tsegas was issued with 2,000,000 ordinary shares with a deemed issue price of $0.25 per share on settlement of the Share Sale Agreement.
- $112,480 was paid to Asty Capital AG which is an entity personally related to Patrick Michaels for European corporate advisory services provided during the period.

Note 26: Related Party Transactions (Cont'd)

- $50,000 was payable to Commercial Properties Group Pty Ltd which is an entity personally related to Clive Hartz for company secretarial services provided during the 2007/08 financial year.

On 25 June 2007, Atomic Resources Limited exercised an option agreement with IGC Resources Inc (IGC) giving Atomic the right to explore, mine and treat any uranium on certain tenements in Western Australia, have exclusive rights of all uranium mined and stockpiled and a right to certain mining information. IGC was paid $200,000 and was issued 16,000,000 Atomic ordinary shares at a deemed issue price of $0.25 each on the exercise of the option. Messrs Hartz, Holden and Walker are directors of Atomic and IGC.

	Economic Entity 2009 $	Economic Entity 2008 $	Parent Entity 2009 $	Parent Entity 2008 $
Loans to/from related parties				
Amounts receivable from controlled entities are set out in Note 9				
Loans to subsidiaries				
Beginning of the year	-	-	-	-
Loans advanced	-	79,267	3,931,112	993,918
Provision for doubtful debts	-	(79,267)	(3,931,112)	(993.918)
End of the year	-	-	-	-

Interest charged on loans to controlled entities during the year was $168,994 (2008: Nil). This has been fully provided for.

Loan Agreement with Pacific Corporation East Africa Limited
The Company is an 85% shareholder in Pacific Corporation East Africa Limited (**PCEA**). Pursuant to the terms of a Loan Agreement the Company has agreed to make available to PCEA a secured loan of up to AU$5,000,000 (**Loan**) to develop and mine coal resources. Interest is calculated monthly at 2% above the 90-day bank bill rate of Australia and is charged on the outstanding amount. The loan plus accrued interest is repayable when the cash flows from PCEA's 70% owned subsidiary Tancoal Energy Limited commence. The loan agreement has not been signed as at the date of this report.

Loan Agreement with Resource Search Pty Ltd
The Company owns 100% of Resource Search Pty Ltd (**Resource Search**). Pursuant to the terms of a Loan Agreement dated 30 June 2009, the Company has agreed to make available a secured, interest free loan facility of up to AU$3,000,000 to Resource Search (**Loan**) for the exploration of Western Australian mining tenements. The Loan is repayable on demand.

There were no loans to other related parties during the financial year.

Note 27: Financial Risk Management

Financial risk management

Exposure to credit and interest rate risks arises in the normal course of the consolidated entity's businesses.

The Company and Group have exposure to the following risks from their use of financial instruments:

- Credit risk
- Liquidity risk
- Market risk
- Interest rate risk
- Foreign currency risk

Note 27: Financial Risk Management (Cont'd)

This note presents information about the Company's and Group's exposure to each of the above risks, their objectives, policies and processes for measuring and managing risk, and the management of capital. Further quantitative disclosures are included throughout this financial report.

The Board of Directors has overall responsibility for the establishment and oversight of the risk management framework.

Risk management policies are established to identify and analyse the risks faced by the Company and Group, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed to reflect changes in market conditions and the Company's and Group's activities. The Company and Group, through their training and management standards and procedures, aim to develop a disciplined and constructive control environment in which all employees understand their roles and obligations.

Credit risk

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Group's receivables from customers and investment securities. For the Company it arises from receivables due from subsidiaries.

Exposure to credit risk

The carrying amount of the Group's financial assets represents the maximum credit exposure. The Groups maximum exposure to credit risk at the reporting date was:

	Economic Entity 2009 $	Economic Entity 2008 $	Parent Entity 2009 $	Parent Entity 2008 $
Receivables	37,218	22,902	26,618	19,628
Cash and cash equivalents	1,930,706	5,411,121	1,919,019	5,398,922
Total	**1,967,924**	**5,434,023**	**1,945,637**	**5,418,550**

Trade and other receivables

The Group's receivables relates to GST due from the Australian Taxation Office and other minor receivables.

Liquidity risk

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due. The Group's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation.

Sensitivity Analysis

Typically the Group ensures that it has sufficient cash on demand to meet expected operational expenses for a period of 60 days, including the servicing of financial obligations; this excludes the potential impact of extreme circumstances that cannot reasonably be predicted, such as natural disasters.

The following are the contractual maturities of financial liabilities, including estimated interest payments and excluding the impact of netting agreements:

Note 27: Financial Risk Management (Cont'd)

Economic Entity 30 June 2009

	Carrying amount	Contractual cash flows	6 months or less	6-12 months	1-2 years	2-5 years	More than 5 years
Non-derivative financial liabilities							
Trade and other payables	248,611	-	248,611	-	-	-	-
	248,611	-	**248,611**	-	-	-	-

Economic Entity 30 June 2008

	Carrying amount	Contractual cash flows	6 months or less	6-12 months	1-2 years	2-5 years	More than 5 years
Non-derivative financial liabilities							
Trade and other payables	193,738	-	193,738	-	-	-	-
	193,738	-	**193,738**	-	-	-	-

Parent Entity 30 June 2009

	Carrying amount	Contractual cash flows	6 months or less	6-12 months	1-2 years	2-5 years	More than 5 years
Non-derivative financial liabilities							
Trade and other payables	74,451	-	74,451	-	-	-	-
	74,451	-	**74,451**	-	-	-	-

Parent Entity 30 June 2008

	Carrying amount	Contractual cash flows	6 months or less	6-12 months	1-2 years	2-5 years	More than 5 years
Non-derivative financial liabilities							
Trade and other payables	150,873	-	150,873	-	-	-	-
	150,873	-	**150,873**	-	-	-	-

Market risk

Market risk is the risk that changes in market prices, such as interest rates and equity prices will affect the Group's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2009

Note 27: Financial Risk Management (Cont'd)

Cash and Receivables

The following are the contractual maturities of financial assets including receivables.

Economic Entity
30 June 2009

	Carrying amount	Contractual cash flows	6 months or less	6-12 months	1-2 years	2-5 years	More than 5 years
Financial assets							
Cash	1,930,706	-	1,930,706	-	-	-	-
Trade and other receivables	37,218	-	37,218	-	-	-	-
	1,967,924	-	**1,967,924**	-	-	-	-

Economic Entity
30 June 2008

	Carrying amount	Contractual cash flows	6 months or less	6-12 months	1-2 years	2-5 years	More than 5 years
Financial assets							
Cash	5,411,121	-	5,411,121	-	-	-	-
Trade and other receivables	22,902	-	22,902	-	-	-	-
	5,434,023	-	**5,434,023**	-	-	-	-

Parent Entity
30 June 2009

	Carrying amount	Contractual cash flows	6 months or less	6-12 months	1-2 years	2-5 years	More than 5 years
Financial assets							
Cash	1,919,019	-	1,919,019	-	-	-	-
Trade and other receivables	26,618	-	26,618	-	-	-	-
	1,945,637		**1,945,637**	-	-	-	-

Parent Entity
30 June 2008

	Carrying amount	Contractual cash flows	6 months or less	6-12 months	1-2 years	2-5 years	More than 5 years
Financial assets							
Cash	5,398,922	-	5,398,922	-	-	-	-
Trade and other receivables	19,628	-	19,628	-	-	-	-
	5,418,550	-	**5,418,550**	-	-	-	-

Note 27: Financial Risk Management (Cont'd)

Interest rate risk

Profile

At the reporting date the interest rate profile of the Company's and the Group's interest-bearing financial instruments was:

Note 27: Financial Risk Management (Cont'd)

	Economic Entity 2009 $	Economic Entity 2008 $	Parent Entity 2009 $	Parent Entity 2008 $
Floating rate instruments				
Financial assets	1,930,706	5,411,121	1,919,019	5,398,922
Financial liabilities	-	-	-	-
Total	**1,930,706**	**5,411,121**	**1,919,019**	**5,398,922**

The Group's cash at bank and on hand and short term deposits had a weighted average floating interest rate at year end of 4.4%. The Group currently does not engage in any hedging or derivative transactions to manage interest rate risk.

Interest rate sensitivity

A sensitivity of 10 per cent has been selected as this is considered reasonable given the current level of both short term and long term interest rates. A 10% movement in interest rates at the reporting date would have increased (decreased) equity and profit and loss by the amount shown below, this analysis assumes that all other variables, in particular foreign currency rates, remain constant.

Interest rate risk

	Profit or loss		Equity	
	10% increase $	10% decrease $	10% increase $	10% decrease $
2009				
Group				
Cash and cash equivalents	16,058	(16,058)	16,058	(16,058)
Parent				
Cash and cash equivalents	16,058	(16,058)	16,058	(16,058)

	Profit or loss		Equity	
	10% increase $	10% decrease $	10% increase $	10% decrease $
2008				
Group				
Cash and cash equivalents	43,052	(43,052)	43,052	(43,052)
Parent				
Cash and cash equivalents	43,052	(43,052)	43,052	(43,052)

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2009

Note 27: Financial Risk Management (Cont'd)

Fair values

Fair values versus carrying amounts

The fair value of financial assets and liabilities, together with the carrying amounts shown in the balance sheet, are as follows:

Consolidated	**30 June 2009**		**30 June 2008**	
	Carrying amount $	**Fair value $**	**Carrying Amount $**	**Fair value $**
Available-for-sale financial assets:				
Loans and receivables	37,218	37,218	22,902	22,902
Cash and cash equivalents	1,930,706	1,930,706	5,411,121	5,411,121
Trade and other payables	(248,611)	(248,611)	(193,738)	(193,738)
Total	**1,719,313**	**1,719,313**	**5,240,285**	**5,240,285**

Parent	**30 June 2009**		**30 June 2008**	
	Carrying amount $	**Fair value $**	**Carrying value $**	**Fair value $**
Investments in subsidiaries	-	-	-	-
Loans and receivables	26,618	26,618	19,628	19,628
Cash and cash equivalents	1,919,019	1,919,019	5,398,922	5,398,922
Trade and other payables	(74,451)	(74,451)	(150,873)	(150,873)
Total	**1,871,186**	**1,871,186**	**5,267,677**	**5,267,677**

The basis for determining fair value is disclosed in note 1.

Note 27: Financial Risk Management (Cont'd)

Foreign currency risk

As a result of activities overseas, the Company's and Group's balance sheet can be affected by movements in exchange rates.

The Group also has transactional currency exposures. Such exposure arises from transactions dominated in currencies other than the functional currency of the entity.

The Group currently does not engage in any hedging or derivative transactions to manage foreign currency risk.

The Group's exposure to foreign currency risk throughout the current year primarily arose from the Group's controlling interest in Pacific Corporation East Africa Limited ("PCEA") and Tancoal Energy Limited whose functional currencies are Tanzanian Schillings. Foreign currency risk arises on translation of the net assets of PCEA to Australian dollars. The foreign currency gains or losses arising from this risk are recorded through the foreign currency translation reserve. There is no hedging of this risk.

The company has a foreign currency exposure in relation to the intercompany loans to PCEA which are denominated in Tanzanian Schillings. The carrying value of these loans and interest receivable at balance date is AUD $3,648,150 in the parent entity.

Sensitivity Analysis for foreign currency risk

A sensitivity of 10% has been selected as this is considered reasonable given historic and potential future changes in foreign currency rates. This has been applied to the net assets of the parent entity. This sensitivity analysis is prepared at balance date.

A 10% strengthening/weakening of the Australian dollar against the US Dollar at 30 June 2009 would have decreased/increased the net liabilities of Pacific Corporation East Africa Limited by AUD $380,623.

There would be no impact on profit or loss arising from these changes in the currency risk variables as all changes in value are taken to a reserve.

The above analysis assumes that all other variables, in particular interest rates and equity prices, remain constant.

Other price risk

The Group is not exposed to any other price risks.

Capital management

The Board's policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence. There were no changes in the Group's approach to capital management during the year.

Neither the Company nor any of its subsidiaries are subject to externally imposed capital requirements.

Note 28: New Accounting Standards for Application in Future Periods

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

- AASB 3: Business Combinations, AASB 127: Consolidated and Separate Financial Statements, AASB 2008-3: Amendments to Australian Accounting Standards arising from AASB 3 and AASB 127 [AASBs 1, 2, 4, 5, 7, 101, 107, 112, 114, 116, 121, 128, 131, 132, 133, 134, 136, 137, 138 Si 139 and interpretations 9 & 1071 (applicable for annual reporting periods commencing from 1 July 2009) and AASB 2008-7: Amendments to Australian Accounting Standards — Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate [AASB 1, AASB 118, AASB 121, AASB 127 & AASB 1361 (applicable for annual reporting periods commencing from 1 January 2009). These standards are applicable prospectively and so will only affect relevant transactions and consolidations occurring from the date of application, in this regard, its impact on the Group will be unable to be determined. The following changes to accounting requirements are included

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FOR THE YEAR ENDED 30 JUNE 2009
ACN 124 408 751

- **Note 28: New Accounting Standards for Application in Future Periods (Cont'd)**

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

The Group will need to determine whether to maintain its present accounting policy of calculating goodwili acquired based on the parent entity's share of net assets acquired or change its policy so goodwill recognised also reflects that of the non-controlling interest.

- AASB 8: Operating Segments and AASB 2007-3: Amendments to Australian Accounting Standards arising from AASB 8 (AASB 5, AASB 6, AASB 102, AASB 107, AASB 119, AASB 127, AASB 134, AASB 136, AASB 1023 & AASB 1038] (applicable for annual reporting periods commencing from 1 January 2009). AASB 8 replaces AASB 114 and requires identification of operating segments on the basis of internal reports that are regularly reviewed by the Group's Board for the purposes of decision making, While the impact of this standard cannot be assessed at this stage, there is the potential for more segments to be identified. Given the lower economic levels at which segments may be defined, and the fact that cash generating units cannot be bigger than operating segments, impairment calculations may be affected. Management does not presently believe impairment will result however.
- AASB 101: Presentation of Financial Statements, AASB 2007-8: Amendments to Australian Accounting Standards arising from AASB 101, and AASB 2007-10: Further Amendments to Australian Accounting Standards arising from AASB 101 (all applicable to annual reporting periods commencing from 1 January 2009). The revised AASB 101 and amendments supersede the previous AASB 101 and redefines the composition of financial statements including the inclusion of a statement of comprehensive income. There will be no measurement or recognition impact on the Group. If an entity has made a prior period adjustment or reclassification, a third balance sheet as at the beginning of the comparative period will be required.
- AASB 123: Borrowing Costs and AASB 2007-6: Amendments to Australian Accounting Standards arising from AASB 123 [AASB 1, AASB 101, AASB 107, AASB 111, AASB 116 & AASB 138 and Interpretations 1 & 12] (applicable for annual reporting periods commencing from 1 January 2009). The revised AASB 123 has removed the option to expense all borrowing costs and will therefore require the capitalisation of at borrowing costs directly attributable to the acquisition, construction or production of a qualifying asset. Management has determined that there will be no effect on the Group as a policy of capitalising qualifying borrowing costs has been maintained by the Group.
- AASB 2008-1: Amendments to Australian Accounting Standard — Share-based Payments: Vesting Conditions and Cancellations [AASB 2] (applicable for annual reporting periods commencing front January 2009). This amendment to AASB 2 clarifies that vesting conditions consist of service and

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2009
ACN 124 408 751

Note 28: New Accounting Standards for Application in Future Periods (Cont'd)

performance conditions only. Other elements of a share-based payment transaction should therefore be considered for the purposes of determining fair value. Cancellations are also required to be treated in the same manner whether cancelled by the entity or by another party.

- AASB 2008-5: Amendments to Australian Accounting Standards arising from the Annual Improvements Project (July 2008) (AASB 2008-5) and AASB 2008-6: Further Amendments to Australian Accounting Standards arising from the Annual Improvements Project (July 2008) (AASB 2008-6) detail numerous non-urgent but necessary changes to accounting standards arising from the IASB's annual improvements project, No changes are expected to materially affect the Group.
- AASB 2006-8: Amendments to Australian Accounting Standards — Eligible Hedged items [AASB 139] (applicable for annual reporting periods commencing from 1 July 2009). This amendment clarifies how the principles that determine whether a hedged risk or portion of cash flows is eligible for designation as a hedged item should be applied in particular situations and is not expected to materially affect the Group.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2009
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DIRECTORS' DECLARATION

In the director's opinion:

(a) the financial statements and notes set out on pages 24 to 59 are in accordance with the *Corporations Act 2001* including:

(i) complying with Accounting Standards, the *Corporations Regulations 2001* and other mandatory professional reporting requirements; and

(ii) giving a true and fair view of the company's and consolidated entity's financial position as at 30 June 2009 and of their performance for the financial position as at 30 June 2009 and of their performance for the financial year ended on that date; and

(b) there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable; and

(c) the audited remuneration disclosures set out on pages 16 to 20 of the directors' report comply with Accounting Standards AASB 124 *Related Party Disclosures* and the *Corporations Regulations 2001*; and

The directors have been given the declarations by the chief executive officer required by section 295A of the *Corporations Act 2001*.

This declaration is made in accordance with a resolution of the directors.

Mr Alastair Walker
Director

Dated this 30th day of September 2009

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INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF ATOMIC RESOURCES LIMITED

Report on the Financial Statements

We have audited the accompanying financial statements of Atomic Resources Limited, which comprises the balance sheet as at 30 June 2009, and the income statement, statement of changes in equity and cash flow statement for the year ended on that date, a summary of significant accounting policies and other explanatory notes and the directors' declaration of the consolidated entity comprising the company and the entities it controlled at the year's end or from time to time during the financial year.

Directors' responsibility for the Financial Statements

The directors of the Company are responsible for the preparation and fair presentation of the financial statements in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Act 2001*. This responsibility includes designing, implementing and maintaining internal control relevant to the preparation and fair presentation of the financial statements that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances. In note 1, the directors also state, in accordance with Australian Accounting Standard AASB 101 Presentation of Financial Statements, that the financial statements, comprising the financial statements and notes, comply with International Financial Reporting Standards.

Auditor's responsibility

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

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

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

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

Independence

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

Auditor's opinion

In our opinion:

(a) the financial statements of Atomic Resources Limited is in accordance with the *Corporations Act 2001*, including:

  (i) giving a true and fair view of the company's and consolidated entity's financial position as at 30 June 2009 and of their performance for the year ended on that date; and
  (ii) complying with Australian Accounting Standards (including the Australian Accounting Interpretations) and the Corporations Regulations 2001.

(b) the financial statements also comply with International Financial Reporting Standards as disclosed in note 1.

Report on the Remuneration Report

We have audited the remuneration report included in pages 16 to 20 of the directors' report for the year ended 30 June 2009. The directors of the Company are responsible for the preparation and presentation of the remuneration report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the remuneration report, based on our audit conducted in accordance with Australian Auditing Standards

Auditor's opinion
In our opinion the remuneration report of Atomic Resources Limited for the year ended 30 June 2009 complies with section 300 A of the *Corporations Act 2001*.

STANTONS INTERNATIONAL
(An Authorised Audit Company)

Stantons International

J P Van Dieren
Director

West Perth, Western Australia
30 September 2009

SHAREHOLDER INFORMATION

FOR THE YEAR ENDED 30 JUNE 2009

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

1. Shareholdings

The issued capital of the Company as at 28 September 2009 is 99,705,000 ordinary fully paid shares. There are 28,900,000 listed options ($0.25, 31 August 2011).

Ordinary shares	No. of Holders	No. of Shares
1 - 1,000	6	3,210
1,001 - 5,000	46	151,114
5,001 – 10,000	111	939,194
10,001 - 100,000	341	13,075,442
100,001 and over	108	85,536,040
	611	99,705,000
Number holding less than a marketable parcel	0	0

Listed Options - $0.25, 31 August 2011	No. of Holders	No. of Shares
1 - 1,000	6	4,908
1,001 - 5,000	66	249,760
5,001 - 10,000	62	543,051
10,001 - 100,000	135	4,520,252
100,001 and over	36	23,582,029
	305	28,900,000
Number holding less than a marketable parcel	210	2,224,272

SHAREHOLDER INFORMATION

FOR THE YEAR ENDED 30 JUNE 2009

2. Top 20 Shareholders as at 28 September 2009

	Name	No. of Shares Held	% Held
1	IGC Resources Inc	16,000,000	16.05
2	RBC Dexia Investor Services	12,454,319	12.49
3	Mr David Donald Boyer	5,292,500	5.31
4	ANZ Nominees Limited	4,284,500	4.30
5	Melbourne Capital	3,600,000	3.61
6	Ouro Pty Ltd	3,150,100	3.16
7	Mungalia Investments Pty Ltd	2,000,000	2.01
8	Traditional Securities Group	2,000,000	2.01
9	Mr Peter Tsegas	2,000,000	2.01
10	Austock Investments Pty Ltd	1,344,472	1.35
11	HSBC Custody Nominees Ltd	1,305,381	1.31
12	Mara Superannuation Pty Ltd	1,199,000	1.20
13	Murray John Dean Brownlie	1,140,160	1.14
14	SCE Superannuation Pty Ltd	1,040,378	1.04
15	Arredo Pty Ltd	1,000,000	1.00
16	Mr Robert Gemelli	1,000,000	1.00
17	Mr Bruce Gordon Morgan	1,000,000	1.00
18	Celtic Capital Pty Ltd	843,354	0.85
19	Lando Pty Ltd	752,381	0.75
20	Symington Pty Ltd	750,000	0.75
	Total	**62,156,445**	**62.34**

SHAREHOLDER INFORMATION

FOR THE YEAR ENDED 30 JUNE 2009

3. Top 20 Option holders ($0.25, 31 August 2011) as at 28 September 2009

	Name	No. of Options Held	% Held
1	IGC Resources Inc	8,000,000	27.68
2	Mr David Donald Boyer	2,537,500	8.78
3	Mr Robert Gemelli	1,986,641	6.87
4	Cleveland Nominees Pty Ltd	1,171,682	4.05
5	ANZ Nominees Limited	1,102,475	3.81
6	Mr Peter Tsegas	1,000,000	3.46
7	Mr Peter Hamilton Hayes	868,500	3.02
8	Calama Holdings Pty Ltd	650,000	2.25
9	Mara Superannuation Pty Ltd	599,500	2.07
10	DS and BS Morgan	444,275	1.54
11	Mr Calogero Collica	425,000	1.47
12	Mrs Maraine Walker	400,000	1.38
13	Mr David Holden	300,000	1.04
14	Jacobs Corporation Pty Ltd	300,000	1.04
15	Mr Patrick Michaels	300,000	1.04
16	Professor Thomas Lee Neff	300,000	1.04
17	Shackleton Capital Pty Ltd	300,000	1.04
18	Mr Campbell D Taylor	300,000	1.04
19	Goldport Pty Ltd	250,000	0.87
20	Mrs Sarah-May Baxter	200,000	0.69
	Total	**21,435,573**	**74.17**

4. Substantial Shareholders as at 28 September 2009

		No. of Shares Held	% Held
1	Clive Hartz and his associated entities	18,314,000	18.37%
2	RBC Dexia Investor Services	12,454,319	12.49%
3	David Donald Boyer	5,292,500	5.31%
4	ANZ Nominees Ltd	4,248,500	4.30%

SHAREHOLDER INFORMATION

FOR THE YEAR ENDED 30 JUNE 2009

Schedule of Tenements

Tenement No.	Prospect Area	Status (Granted or Application)	Atomic's Percentage Interest
80/1494	Uaroo	Granted	100% uranium rights only
80/1495	Uaroo	Granted	100% uranium rights only
E69/2215	Eraheedy	Granted	100% Resource Search Pty Ltd
E52/1925	Eraheedy	Granted	100% Resource Search Pty Ltd
E69/2101	Eraheedy	Granted	100% Resource Search Pty Ltd
E69/2102	Eraheedy	Granted	100% Resource Search Pty Ltd
E69/2183	Eraheedy	Granted	100% Resource Search Pty Ltd
E69/2214	Eraheedy	Granted	100% Resource Search Pty Ltd
E69/2103	Eraheedy	Granted	100% Resource Search Pty Ltd
E69/2218	Eraheedy	Granted	100% Resource Search Pty Ltd
E69/2216	Eraheedy	Granted	100% Resource Search Pty Ltd
E69/2217	Eraheedy	Granted	100% Resource Search Pty Ltd
E08/1660	Ashburton	Granted	100% Resource Search Pty Ltd
E80/3792	Tanamai	Granted	100% Resource Search Pty Ltd
E80/3795	Tanamai	Granted	100% Resource Search Pty Ltd
PA 3769/2005	Handa (Africa)	Granted	100% PCEA Limited
PL 3608/2005	Handa (Africa)	Granted	100% PCEA Limited
PL 3053/2005	Handa (Africa)	Granted	100% PCEA Limited
HQ-P15232	Tunduru (Africa)	Granted	100% PCEA Limited
PL 4519/2007	Tunduru (Africa)	Granted	100% PCEA Limited
PL 5787/2009	Tunduru (Africa)	Granted	100% PCEA Limited
PL5633/2009	Ngaka (Africa)	Granted	100% Tancoal Limited
PL3289/2005	Ngaka (Africa)	Granted	100% Tancoal Limited
PL3290/2005	Muhukuru (Africa)	Granted	100% Tancoal Limited
PL5756/2009	Muhukuru (Africa)	Granted	100% Tancoal Limited
PL5030/2008	Ngaka (Africa)	Granted	100% Tancoal Limited
PL5903/2009	Ngaka (Africa)	Granted	100% Tancoal Limited
HQ-G 16008	Tunduru (Africa)	Pending	0%
HQ-P 19542	Handa (Africa)	Pending	0%
HQ- G 15697	Handa (Africa)	Pending	0%