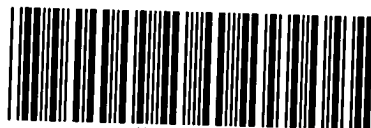


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Company Registration No. 05104786 (England and Wales)

SIMEC USKMOUTH POWER LIMITED
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2017

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SIMEC USKMOUTH POWER LIMITED

COMPANY INFORMATION

Directors	J B Busche Mr P K Gupta
Company number	05104786
Registered office	Uskmouth Power Station West Nash Road Nash Newport NP18 2BZ United Kingdom
Auditor	H W Fisher & Company Acre House 11-15 William Road London NW1 3ER United Kingdom
Bankers	Barclays Bank PLC 1 Churchill Place London E14 5HP United Kingdom

SIMEC USKMOUTH POWER LIMITED

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SIMEC USKMOUTH POWER LIMITED

STRATEGIC REPORT

FOR THE YEAR ENDED 31 MARCH 2017

The directors present the strategic report for the year ended 31 March 2017.

Fair review of the business

The principal activity of the company is power generation and trade of coal and oil commodities.

SIMEC Uskmouth Power Ltd (formerly Uskmouth Power Company Limited) is a 393 MW Coal Fired power plant. The Company was acquired by SIMEC Group on 28 February 2015 with a view to bringing the plant to its full generating capacity. The plant started generating electricity at the beginning of April 2015.

The company made a loss before interest, tax and depreciation (EBITDA loss) of \$383,778 (2016: profit of \$2,415,553) for the year, of which an EBITDA loss of \$7,577,851 (2016: \$10,513,992) arose on power generation on turnover of \$39,611,943 (2016: \$24,342,107) and an EBITDA gain of \$7,010,022 (2016: \$12,643,047) arose on trade of commodities and other goods on turnover of \$54,801,684 (2016: \$48,715,080).

The company made a pre-tax loss of \$6,540,357 (2016: \$2,006,706) for the year on an overall turnover of \$94,413,627 (2016: \$73,057,187).

At 31 March 2017 the company had net assets of \$76,545,565 (2016: \$96,282,819).

Future development of the business

The objective of the company is to significantly expand power production using renewable energy generation processes and technology. The directors plan to convert the existing coal plant to a waste derived generation plant.

Post balance sheet events

On 3 April 2017, the plant suffered fire damage to its switch room and as a result, power generation has been suspended until the conversion work from coal to waste generation is completed.

On 14 December 2017, a conditional share purchase agreement was signed whereby SIMEC UK Energy Holdings Limited, the parent company of SIMEC Uskmouth Power Limited, has agreed to sell the company to Atlantis Resources Limited, a company listed on AIM, in consideration for a 49.99% shareholding in Atlantis Resources Limited. It is expected that a general meeting will be convened in the first quarter of 2018, at which the approval of the shareholders of Atlantis Resources Limited will be sought. The proposed transaction is also subject to certain documentation being agreed between the vendor and the purchaser, as published in the announcement conditions document of the proposed acquisition.

Going Concern

The directors have given careful consideration to the current and anticipated future solvency of the company and have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the financial statements, as detailed in note 1.2.

SIMEC USKMOUTH POWER LIMITED

STRATEGIC REPORT (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2017

Principal risks and uncertainties

The directors recognise that within the business are a number of risks which may affect the performance of the company. The company has a risk management policy in place. This policy involves the identification and assessment of the principal risks, and appropriate measures and risk-mitigating controls are put in place and responsibilities assigned. The risk factors are recorded on a Risk Map and are scored according to their impact and likelihood.

The company's principal market risk is wholesale market price of power and commodities which can be volatile. Power is sold on an electronic platform, so the directors manage price risk by constantly monitoring the prices and achieving maximum realisation for the company. Commodity prices are subject to volatility arising from global economic factors. The directors aim to manage price risk through the careful management of the trading book.

There are notable levels of financial risks relating to foreign exchange, for example the company purchases coal in US Dollars, but sells electricity in UK Pound Sterling. The directors maintain careful ongoing review of foreign exchange exposure on a spot basis. Liquidity and credit risks arising from commodity trading are managed by careful management of the trades, through back-to-back sales and purchases.

The directors are aware of their obligations with regards to compliance with health and safety and the environment. The directors regularly review emissions into the atmosphere to ensure compliance with government regulations.

The directors also acknowledge that they have the responsibility for the company's internal systems of control and for monitoring their effectiveness. These systems endeavour to manage and control reporting and risks. No system of control can, however, provide absolute assurance of data reporting. Accordingly, the directors believe that the controls are appropriate to the company's business and to the relative costs and benefits of implementing specific controls.

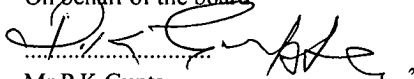
Key performance indicators

The key performance indicators for power generation for the year were as follows:

		<u>2017</u>	<u>2016</u>
Output	GwH	418	336
Thermal efficiency	%	33.5	33.5

The plant has an annual output capacity of 1,927 GwH and target thermal efficiency of 33.5%.

On behalf of the board



Mr P K Gupta

Director

22.01.2018

SIMEC USKMOUTH POWER LIMITED

DIRECTORS' REPORT

FOR THE YEAR ENDED 31 MARCH 2017

The directors present their annual report and financial statements for the year ended 31 March 2017.

Directors

The directors who held office during the year and up to the date of signature of the financial statements were as follows:

J B Busche
Mr P K Gupta

Results and dividends

The results for the year are set out on page 7.

No ordinary dividends were paid. The directors do not recommend payment of a final dividend.

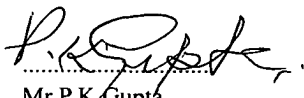
Auditor

The auditor, H W Fisher & Company, is deemed to be reappointed under section 487(2) of the Companies Act 2006.

Statement of disclosure to auditor

So far as each person who was a director at the date of approving this report is aware, there is no relevant audit information of which the company's auditor is unaware. Additionally, the directors individually have taken all the necessary steps that they ought to have taken as directors in order to make themselves aware of all relevant audit information and to establish that the company's auditor is aware of that information.

On behalf of the board



Mr P K Gupta

Director

22.01.2018

SIMEC USKMOUTH POWER LIMITED

DIRECTORS' RESPONSIBILITIES STATEMENT

FOR THE YEAR ENDED 31 MARCH 2017

The directors are responsible for preparing the annual report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

SIMEC USKMOUTH POWER LIMITED

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBER OF SIMEC USKMOUTH POWER LIMITED

We have audited the financial statements of Simec Uskmouth Power Limited for the year ended 31 March 2017 set out on pages 7 to 23. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland".

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditor

As explained more fully in the Directors' Responsibilities Statement set out on page 4, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the annual report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 March 2017 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of our audit, the information given in the Strategic Report and the Director's Report for the financial year for which the financial statements are prepared is consistent with the financial statements, and the Strategic Report and the Director's Report have been prepared in accordance with applicable legal requirements.

SIMEC USKMOUTH POWER LIMITED

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

TO THE MEMBER OF SIMEC USKMOUTH POWER LIMITED

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Naresh Samani (Senior Statutory Auditor)
for and on behalf of H W Fisher & Company

Chartered Accountants

Statutory Auditor

Acre House

11-15 William Road

London

NW1 3ER

United Kingdom

23/01/2018.

SIMEC USKMOUTH POWER LIMITED

STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 MARCH 2017

	Notes	2017 \$	2016 \$
Turnover	3	94,413,627	73,057,187
Cost of sales		(89,812,242)	(66,820,719)
Gross profit		4,601,385	6,236,468
Administrative expenses		(11,313,015)	(8,421,825)
Other operating income		184,048	289,502
Operating loss	4	(6,527,582)	(1,895,855)
Interest payable and similar charges	7	(12,775)	(110,851)
Loss before taxation		(6,540,357)	(2,006,706)
Taxation	8	-	-
Loss for the financial year		(6,540,357)	(2,006,706)
Other comprehensive income			
Revaluation of tangible fixed assets		(1,002,931)	(215,106)
Currency translation differences		(12,193,966)	(2,984,228)
Total comprehensive income for the year		(19,737,254)	(5,206,040)

The statement of comprehensive income has been prepared on the basis that all operations are continuing operations.

SIMEC USKMOUTH POWER LIMITED

BALANCE SHEET

AS AT 31 MARCH 2017

	Notes	2017 \$	\$	2016 \$	\$
Fixed assets					
Tangible assets	9	85,350,838		105,392,640	
Current assets					
Stocks	11	5,872,974		18,915,109	
Debtors	12	20,372,943		4,577,271	
Cash at bank and in hand		99,713		201,919	
		26,345,630		23,694,299	
Creditors: amounts falling due within one year	13	(35,072,331)		(32,618,717)	
Net current liabilities		(8,726,701)		(8,924,418)	
Total assets less current liabilities		76,624,137		96,468,222	
Creditors: amounts falling due after more than one year	14	(78,572)		(185,403)	
Net assets		76,545,565		96,282,819	
Capital and reserves					
Called up share capital	16	33,475,722		33,475,722	
Revaluation reserve		100,623,263		101,626,194	
Profit and loss reserves		(57,553,420)		(38,819,097)	
Total equity		76,545,565		96,282,819	

The financial statements were approved by the board of directors and authorised for issue on 22.01.2018 and are signed on its behalf by:



Mr P K Gupta
Director

Company Registration No. 05104786

SIMEC USKMOUTH POWER LIMITED

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 MARCH 2017

	Notes	Share capital \$	Revaluation reserve \$	Profit and loss reserves \$	Total \$
Balance at 1 April 2015		33,475,722	101,841,300	(33,828,163)	101,488,859
Year ended 31 March 2016:					
Loss for the year		-	-	(2,006,706)	(2,006,706)
Other comprehensive income:					
Revaluation of tangible fixed assets		-	(215,106)	-	(215,106)
Currency translation differences		-	-	(2,984,228)	(2,984,228)
Total comprehensive income for the year		-	(215,106)	(4,990,934)	(5,206,040)
Balance at 31 March 2016		33,475,722	101,626,194	(38,819,097)	96,282,819
Year ended 31 March 2017:					
Loss for the year		-	-	(6,540,357)	(6,540,357)
Other comprehensive income:					
Revaluation of tangible fixed assets		-	(1,002,931)	-	(1,002,931)
Currency translation differences		-	-	(12,193,966)	(12,193,966)
Total comprehensive income for the year		-	(1,002,931)	(18,734,323)	(19,737,254)
Balance at 31 March 2017		33,475,722	100,623,263	(57,553,420)	76,545,565

SIMEC USKMOUTH POWER LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2017

1 Accounting policies

Company information

Simec Uskmouth Power Limited is a company limited by shares incorporated in England and Wales. The registered office is Uskmouth Power Station, West Nash Road, Nash, Newport, NP18 2BZ, United Kingdom. The ultimate parent company is Simec Group Limited, which is incorporated in Hong Kong.

1.1 Accounting convention

These financial statements have been prepared in accordance with FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" ("FRS 102") and the requirements of the Companies Act 2006.

The financial statements are prepared in US dollar, which is the presentational currency of the company. The functional currency of the company is GBP sterling. Monetary amounts in these financial statements are rounded to the nearest \$.

The financial statements have been prepared under the historical cost convention, modified to include the revaluation of property, plant and equipment. The principal accounting policies adopted are set out below.

The company has taken advantage of the disclosure exemptions permitted by paragraph 1.12 of FRS 102 in relation to the presentation of a statement of cash flows and the supporting notes, on the basis that the company is consolidated into the financial statements of SIMEC Group Limited, the ultimate parent company.

1.2 Going concern

In preparing these financial statements, the directors of the company have given careful consideration to the current and anticipated future solvency of the company and the ability of the company to continue as a going concern for the foreseeable future.

During the year the company was loss-making. Following damage to the switch room of the power plant in April 2017, the company suspended its power generation activity. The company is reliant on the ultimate parent company, SIMEC Group Ltd, to provide ongoing financial support until the company makes a return to profitability. Subject to various formalities, the company is currently in the process of being acquired by Atlantis Resources Ltd, as part of the wider plans of the company and Atlantis Resources Ltd to convert the existing coal plant to a waste derived fuel generating facility. This conversion will be dependent on the ability of Atlantis Resources Ltd to raise sufficient and appropriate funding for the project. SIMEC Group Ltd has provided a letter of support, whereby it has confirmed that it will provide the necessary finance for the project should there be a shortfall in the fundraising of Atlantis Resources Ltd. SIMEC Group Ltd has also confirmed in the letter of support that, in the event of the proposed acquisition falling through, it will continue to provide financial support to the company. In the light of such financial support, the directors have a reasonable expectation that the company will have adequate resources to continue in operational existence for the foreseeable future. Accordingly, the directors continue to adopt the going concern basis of accounting in preparing the financial statements.

SIMEC USKMOUTH POWER LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2017

1 Accounting policies

(Continued)

1.3 Turnover

Turnover is recognised at the fair value of the consideration received or receivable for goods and services provided in the normal course of business, and is shown net of VAT and other sales related taxes. The fair value of consideration takes into account trade discounts, settlement discounts and volume rebates.

Revenue attributable to the activity of electricity generation is recognised as electricity is generated, at the price at which revenue is contracted to be sold.

Revenue from the sale of commodities is recognised when the risks and rewards of ownership have transferred to the customer in accordance with the International Commercial Terms 2010 (Incoterms 2010) and represents the invoiced value of the commodities sold net of VAT.

Other revenues from the sale of goods are recognised at the point when the risks and rewards of ownership pass to the customer, typically at the point of delivery to the customer's premises.

1.4 Tangible fixed assets

Tangible fixed assets are initially measured at cost and subsequently measured at cost or valuation, net of depreciation and any impairment losses.

Depreciation is recognised so as to write off the cost or valuation of assets less their residual values over their useful lives on the following bases:

Freehold buildings	Straight line over 9-10 years based on remaining useful life
Plant and machinery	Straight line over 15-25 years based on remaining useful life
Fixtures, fittings & equipment	Straight line over 10 years
Motor vehicles	Straight line over 4 years

Freehold land is not subject to depreciation.

The gain or loss arising on the disposal of an asset is determined as the difference between the sale proceeds and the carrying value of the asset, and is credited or charged to profit or loss.

1.5 Impairment of fixed assets

At each reporting period end date, the company reviews the carrying amounts of its tangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

1.6 Stocks

Stocks are stated at the lower of cost and estimated selling price less costs to complete and sell. Cost comprises stocks of coal, oil, consumables and those overheads that have been incurred in bringing the stocks to their present location and condition.

1.7 Cash and cash equivalents

Cash and cash equivalents are basic financial assets and include cash in hand, deposits held at call with banks, other short-term liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities.

SIMEC USKMOUTH POWER LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2017

1 Accounting policies

(Continued)

1.8 Financial instruments

The company has elected to apply the provisions of Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instruments Issues' of FRS 102 to all of its financial instruments.

Financial instruments are recognised in the company's statement of financial position when the company becomes party to the contractual provisions of the instrument.

Financial assets and liabilities are offset, with the net amounts presented in the financial statements, when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

Basic financial assets

Basic financial assets, which include debtors and cash and bank balances, are initially measured at transaction price including transaction costs and are subsequently carried at amortised cost using the effective interest method unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest. Financial assets classified as receivable within one year are not amortised.

Impairment of financial assets

Financial assets, other than those held at fair value through profit and loss, are assessed for indicators of impairment at each reporting end date.

Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows have been affected. If an asset is impaired, the impairment loss is the difference between the carrying amount and the present value of the estimated cash flows discounted at the asset's original effective interest rate. The impairment loss is recognised in profit or loss.

If there is a decrease in the impairment loss arising from an event occurring after the impairment was recognised, the impairment is reversed. The reversal is such that the current carrying amount does not exceed what the carrying amount would have been, had the impairment not previously been recognised. The impairment reversal is recognised in profit or loss.

Derecognition of financial assets

Financial assets are derecognised only when the contractual rights to the cash flows from the asset expire or are settled, or when the company transfers the financial asset and substantially all the risks and rewards of ownership to another entity, or if some significant risks and rewards of ownership are retained but control of the asset has transferred to another party that is able to sell the asset in its entirety to an unrelated third party.

Classification of financial liabilities

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the company after deducting all of its liabilities.

SIMEC USKMOUTH POWER LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2017

1 Accounting policies

(Continued)

Basic financial liabilities

Basic financial liabilities, including creditors, bank loans and loans from fellow group companies, are initially recognised at transaction price unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future receipts discounted at a market rate of interest. Financial liabilities classified as payable within one year are not amortised.

Debt instruments are subsequently carried at amortised cost, using the effective interest rate method.

Trade creditors are obligations to pay for goods that have been acquired in the ordinary course of business from suppliers. Amounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities. Trade creditors are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest method.

Derecognition of financial liabilities

Financial liabilities are derecognised when the company's contractual obligations expire or are discharged or cancelled.

1.9 Equity instruments

Equity instruments issued by the company are recorded at the proceeds received, net of direct issue costs. Dividends payable on equity instruments are recognised as liabilities once they are no longer at the discretion of the company.

1.10 Taxation

Current tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the profit and loss account because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the reporting end date.

Deferred tax

Deferred tax liabilities are generally recognised for all timing differences and deferred tax assets are recognised to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits. Such assets and liabilities are not recognised if the timing difference arises from goodwill or from the initial recognition of other assets and liabilities in a transaction that affects neither the tax profit nor the accounting profit.

The carrying amount of deferred tax assets is reviewed at each reporting end date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered. Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised. Deferred tax is charged or credited in the profit and loss account, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity. Deferred tax assets and liabilities are offset when the company has a legally enforceable right to offset current tax assets and liabilities and the deferred tax assets and liabilities relate to taxes levied by the same tax authority.

1.11 Employee benefits

The costs of short-term employee benefits are recognised as a liability and an expense, unless those costs are required to be recognised as part of the cost of stock or fixed assets.

The cost of any unused holiday entitlement is recognised in the period in which the employee's services are received.

Termination benefits are recognised immediately as an expense when the company is demonstrably committed to terminate the employment of an employee or to provide termination benefits.

SIMEC USKMOUTH POWER LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2017

1 Accounting policies

(Continued)

1.12 Leases

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessees. All other leases are classified as operating leases.

Assets held under finance leases are recognised as assets at the lower of the assets' fair value at the date of inception and the present value of the minimum lease payments. The related liability is included in the balance sheet as a finance lease obligation. Lease payments are treated as consisting of capital and interest elements. The interest is charged to the profit and loss account so as to produce a constant periodic rate of interest on the remaining balance of the liability.

1.13 Foreign exchange

Transactions denominated in foreign currencies are recorded at the rate of exchange ruling at the date of the transaction.

The presentational currency of the company is US Dollars for the year ended 31 March 2017 to ensure consistency with other group entities.

The functional currency of the company is GBP Sterling, as the primary economic environment in which the company operates is in the United Kingdom.

The closing rate at 31 March 2017 of \$1.251:£1 (2016 : \$1.437:£1) has been used to translate the balance sheet. The average rate of \$1.305:£1 (2016 : \$1.502:£1) has been used to translate the profit and loss account, with exchange differences being recognised as gains/losses arising from foreign exchange differences in Other Comprehensive Income.

SIMEC USKMOUTH POWER LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2017

2 Judgements and key sources of estimation uncertainty

In the application of the company's accounting policies, the directors are required to make judgements, estimates and assumptions about the carrying amount of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised where the revision affects only that period, or in the period of the revision and future periods where the revision affects both current and future periods.

Critical judgements

The following judgements (apart from those involving estimates) have had the most significant effect on amounts recognised in the financial statements.

Valuation of land and buildings, and plant and machinery

The company consults with external valuers to ascertain the fair value of the fixed assets. The valuation of the company's land and buildings, and plant and machinery, is inherently subjective due to, among other factors, the individual nature and condition of the buildings and power plant and their location. As a result, the valuations are subject to a degree of uncertainty and are made on the basis of assumptions which may not prove to be accurate, particularly in periods of volatility.

Impairment of fixed assets

The directors have assessed the recoverable value of the company's buildings and power plant for indications of impairment. The assessment has been carried out in the context of the company's plan for future power generation from waste derived fuel, which will first require the existing coal plant to be converted to a waste derived fuel generating facility. In their assessment of the conversion project, the directors have conducted financial appraisals, including sensitivity analyses, taking into account a number of factors including cost of capital, capital expenditure requirements, plant utilisation, power prices and operating costs. The directors consider that the project is financially viable and the company's buildings and plant are not impaired. However the basis of assumptions used in the financial appraisals are inherently subject to uncertainty and volatility, due to factors such as: market forces which determine the financial returns of power generation; government intervention which may impact on the financial returns; new regulatory compliance requirements; technological innovation which may render the company's operating procedures obsolete; and the availability of finance to see the company through the conversion process.

Taxation

The calculation of the company's tax charge involves a degree of judgement in respect of certain items. The availability of brought forward tax losses which determine the calculation of current tax is dependent upon the application of relevant tax laws. The directors consider that in their judgement and in the application of relevant tax laws, the brought forward tax losses are available for future use by the company. The recognition of deferred tax assets is based on whether it is more likely than not that sufficient and suitable future taxable profits will be available against which the reversal of temporary timing differences can be deducted. The directors consider that deferred tax assets should not be recognised until there is a suitable track record of the company being and remaining profitable.

SIMEC USKMOUTH POWER LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2017

2 Judgements and key sources of estimation uncertainty

(Continued)

Key sources of estimation uncertainty

The company makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the actual results. The estimates and assumptions which have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities within the next financial year are addressed below:

Useful life of assets

Management reviews the useful lives of depreciable assets at each reporting date, based on expected utility of the assets. Uncertainties in these estimates relate to the period that the company intends to derive future economic benefits from the use of these assets.

Stocks

An element of judgement is inherent in calculating the volume of fuel stocks owned by the company, given the storage and handling characteristics of coal and oil. Coal stocks are weighed when entering, moving around or exiting sites using tools regularly calibrated to industry standards. Fuel burnt in the electricity generation process is calculated using a combination of weights and thermal efficiency calculations. Coal stocks are verified by an independent stock survey carried out by suitably trained specialists. Despite being an independent process, the survey depends on estimates and assumptions.

3 Turnover and other revenue

An analysis of the company's turnover is as follows:

	2017	2016
	\$	\$
Turnover		
Sale of commodities	54,024,799	48,523,931
Energy sales	39,611,943	24,342,107
Sale of other goods	776,885	191,149
	<u>94,413,627</u>	<u>73,057,187</u>

Turnover analysed by geographical market

	2017	2016
	\$	\$
United Kingdom	55,291,719	43,916,186
Europe	10,950,607	3,044,219
Rest of the world	28,171,301	26,096,782
	<u>94,413,627</u>	<u>73,057,187</u>

SIMEC USKMOUTH POWER LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2017

4 Operating loss

	2017	2016
	\$	\$
Operating loss for the year is stated after charging/(crediting):		
Exchange losses/(gains)	23,143	(165,718)
Fees payable to the company's auditor for the audit of the company's financial statements	62,500	62,500
Depreciation of owned tangible fixed assets	6,133,897	4,310,357
Depreciation of tangible fixed assets held under finance leases	9,907	1,051
Profit on disposal of tangible fixed assets	-	(375,500)
Cost of stocks recognised as an expense	87,464,018	65,783,944
	<u> </u>	<u> </u>

5 Employees

The average monthly number of persons (including directors) employed by the company during the year was:

	2017	2016
	Number	Number
Employees	82	78
	<u> </u>	<u> </u>

Their aggregate remuneration comprised:

	2017	2016
	\$	\$
Wages and salaries	2,965,892	2,885,924
Social security costs	318,355	302,041
	<u> </u>	<u> </u>
	3,284,247	3,187,965
	<u> </u>	<u> </u>

6 Directors' remuneration

	2017	2016
	\$	\$
Remuneration for qualifying services	69,800	63,955
	<u> </u>	<u> </u>

7 Interest payable and similar charges

	2017	2016
	\$	\$
Interest on financial liabilities measured at amortised cost:		
Interest on bank overdrafts and loans	6,313	79,091
Interest on finance leases and hire purchase contracts	6,462	-
Interest on invoice finance arrangements	-	31,760
	<u> </u>	<u> </u>
	12,775	110,851
	<u> </u>	<u> </u>

SIMEC USKMOUTH POWER LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2017

8 Taxation

The actual charge for the year can be reconciled to the expected charge based on the profit or loss and the standard rate of tax as follows:

	2017 \$	2016 \$
Loss before taxation	(6,540,357)	(2,006,706)
Expected tax charge based on the standard rate of corporation tax in the UK of 20.00% (2016: 20.00%)	(1,308,071)	(401,341)
Tax effect of expenses that are not deductible in determining taxable profit	360,100	-
Group relief	302,602	-
Permanent capital allowances in excess of depreciation	(271,093)	(843,299)
Unrelieved tax losses	916,462	1,244,640
Tax expense for the year	-	-

At the year end the company had carried forward trading losses of approximately \$42,374,000.

The company has unrecognised deferred tax assets of \$7,204,000, relating to tax losses carried forward, net of fixed asset timing differences, calculated at 17%.

These amounts will be fully recoverable when the company generates future taxable profits at least equivalent to the value of the losses available.

SIMEC USKMOUTH POWER LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2017

9 Tangible fixed assets

	Freehold land and buildings	Plant and Fixtures, fittings machinery & equipment	Motor vehicles	Total
	\$	\$	\$	\$
Cost or valuation				
At 1 April 2016	14,822,455	90,519,504	22,026	105,406,502
Additions	-	515,953	372	516,325
Revaluation	(253,953)	(6,629,697)	-	(6,883,650)
Exchange adjustments	(1,918,390)	(11,737,673)	(2,945)	(13,664,699)
At 31 March 2017	12,650,112	72,668,087	19,453	85,374,478
Depreciation and impairment				
At 1 April 2016	-	-	2,095	13,862
Depreciation charged in the year	797,702	5,334,510	1,991	6,143,804
Revaluation	(764,987)	(5,115,732)	-	(5,880,719)
Exchange adjustments	(32,715)	(218,778)	(267)	(253,307)
At 31 March 2017	-	-	3,819	23,640
Carrying amount				
At 31 March 2017	12,650,112	72,668,087	15,634	85,350,838
At 31 March 2016	14,822,455	90,519,504	19,931	105,392,640

The net carrying value of tangible fixed assets includes the following in respect of assets held under finance leases.

	2017	2016
	\$	\$
Plant and machinery	290,812	300,719
Depreciation charge for the year in respect of leased assets	9,907	1,051

The freehold property and plant and machinery were revalued at 31 March 2017 following a valuation report dated 18 April 2017 prepared by Duff & Phelps, an independent firm of valuers.

The fair value of the freehold land was determined using the sales comparison (market) approach, based on a comparison of the asset to comparable freehold land of this size and nature, obtained from Co-Star real property research.

The fair value of the buildings, plant and machinery was determined using the cost approach, which reflects the cost to a market participant to construct assets of comparable utility and age, adjusted for physical wear and tear, age and lack of utility. The significant inputs include the estimated cost of construction for other recent coal fired power stations, details of capital expenditure incurred by the company since 2004, likely installation costs of the plant, and depreciation factors based on the estimated remaining useful lives of the assets.

SIMEC USKMOUTH POWER LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2017

9 Tangible fixed assets

(Continued)

If the revalued assets were stated on an historical cost basis rather than a fair value basis, the total amounts included would have been as follows:

	2017	2016
	\$	\$
Cost	65,248,171	64,731,846
Accumulated depreciation	57,239,404	51,095,601
Carrying value	8,008,767	13,636,245

10 Financial instruments

	2017	2016
	\$	\$
Carrying amount of financial assets		
Debt instruments measured at amortised cost	18,894,312	4,232,632
Carrying amount of financial liabilities		
Measured at amortised cost	34,833,424	32,238,021

11 Stocks

	2017	2016
	\$	\$
Stocks of coal and oil	3,948,245	16,588,890
Spare parts and consumables	1,924,729	2,326,219
	5,872,974	18,915,109

12 Debtors

	2017	2016
	\$	\$
Amounts falling due within one year:		
Trade debtors	6,812,747	2,952,911
Amounts due from related companies	551,245	206,355
Amounts due from fellow group undertakings	6,508,255	45,286
Other debtors	5,718,753	876,103
Prepayments and accrued income	781,943	496,616
	20,372,943	4,577,271

SIMEC USKMOUTH POWER LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2017

13 Creditors: amounts falling due within one year

	Notes	2017 \$	2016 \$
Obligations under finance leases	15	79,147	86,298
Trade creditors		6,079,965	5,778,900
Amounts due to group undertakings		14,405,389	10,659,518
Amounts due to related companies		859,579	250,720
Other taxation and social security		159,760	294,398
Other creditors		13,384,362	15,430,330
Accruals and deferred income		104,129	118,553
		<u>35,072,331</u>	<u>32,618,717</u>

14 Creditors: amounts falling due after more than one year

	Notes	2017 \$	2016 \$
Obligations under finance leases	15	<u>78,572</u>	<u>185,403</u>

15 Finance lease obligations

	2017 \$	2016 \$
Future minimum lease payments due under finance leases:		
Within one year	85,010	97,649
In two to five years	<u>80,413</u>	<u>194,253</u>
	165,423	291,902
Less: future finance charges	<u>(7,704)</u>	<u>(20,201)</u>
	<u>157,719</u>	<u>271,701</u>

Finance lease payments represent rentals payable by the company for certain items of plant and machinery. Leases include purchase options at the end of the lease period, and no restrictions are placed on the use of the assets. The lease term is 36 months. The lease is on a fixed repayment basis and no arrangements have been entered into for contingent rental payments.

16 Share capital

	2017 \$	2016 \$
Ordinary share capital		
Issued and fully paid		
20,081,417 of £1 each	<u>33,475,722</u>	<u>33,475,722</u>

SIMEC USKMOUTH POWER LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2017

17 Operating lease commitments

At the reporting end date the company had outstanding commitments for future minimum lease payments under non-cancellable operating leases, which fall due as follows:

	2017	2016
	\$	\$
Within one year	20,579	23,639

18 Events after the reporting date

On 3 April 2017, the plant suffered fire damage to its switch room and as a result, power generation has been suspended until the conversion work from coal to waste generation is completed.

On 14 December 2017, a conditional share purchase agreement was signed whereby SIMEC UK Energy Holdings Limited, the parent company of SIMEC Uskmouth Power Limited, has agreed to sell the company to Atlantis Resources Limited, a company listed on AIM, in consideration for a 49.99% shareholding in Atlantis Resources Limited. It is expected that a general meeting will be convened in the first quarter of 2018, at which the approval of the shareholders of Atlantis Resources Limited will be sought. The proposed transaction is also subject to certain documentation being agreed between the vendor and the purchaser.

19 Contingent Liability

The company is party to a group guarantee who by it has guaranteed the finance lease obligations of a group company. At 31 March 2017, the obligations amounted to \$12,247,045.

20 Related party transactions

Transactions with related parties

The company has taken advantage of the exemption not to disclose balances or transactions with wholly-owned members of SIMEC Group Limited.

At the balance sheet date the company was owed \$551,245 (2016: \$206,355) from related companies and owed \$859,579 (2016: \$250,720) to related companies. During the year goods totalling \$Nil (2016: \$6,498,805) were sold to related companies and goods totalling \$105,852 (2016: \$Nil) were purchased from related companies.

During the year the company paid rent amounting to \$78,270 (2016: \$90,498) to a related company.

These related companies mentioned above are part of the GFG Alliance, which encompass entities under the common control of Mr P K Gupta, and of his son Mr S K Gupta.

SIMEC USKMOUTH POWER LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2017

21 Controlling party

The immediate parent company of SIMEC Uskmouth Power Limited is SIMEC UK Energy Holdings Limited (formerly Pentach Invest Ltd), a company registered in British Virgin Islands and the ultimate parent company is SIMEC Group Limited, a company registered in Hong Kong.

The largest and smallest group in which the results of the Company are consolidated is headed by SIMEC Group Limited. The consolidated financial statements of this group are available to the public and can be obtained from the Company Secretary, Suite 2202 - 2204, Gloucester Tower, The Landmark, 11 Pedder Street, Central Hong Kong.

The ultimate controlling party is Mr Parduman Kumar Gupta.