ASX Announcement 23 February 2017

Half-Year Results – Atlas makes strong return to profit as production increases and costs fall

Highlights

- Interim statutory net profit after tax of $18.9m (loss of $114.3m H1 FY16)
- Strong increase in underlying* EBITDA to $66.2m (H1 FY16: $20.5m)
- Exports of 8.1mwmt (H1 FY16: 6.9mwmt); on track to meet FY17 guidance of 14-15mwmt
- Full cash cost fell to $52.30/wmt (H1 FY16: $55.75/wmt)
- Average realised price rose to $66/wmt (H1 FY16: $59.07/wmt)
- Cash on hand of $134m at 31 December 2016, enabling debt repayment of $54m on 5 January 2017, reducing the term loan to $118m

Atlas Iron Limited (ASX:AGO) is pleased to advise that it made a net profit after tax of $18.9m for the six months ended 31 December 2016, compared with a net loss after tax of $114.3m in the previous corresponding period.

The underlying EBITDA was $66.2m in the six months to 31 December 2016 compared with $20.5m in the previous corresponding period.

The result reflects the benefits of increased production (8.1mwmt versus 6.9mwmt), significant ongoing savings and higher realised prices.

Atlas Managing Director Cliff Lawrenson said: “This strong result marks a key turning point for Atlas on several levels. Importantly, we increased production and reduced costs, enabling us to take advantage of the improvement in iron ore prices. The performance also meant we were able to make debt repayments of $71 million, including $54 million on 5 January 2017, reducing the balance on our Term Loan B debt to $118 million.”

“The strong first half positions us well as we transition from the Wodgina and Abydos mines and commence the development of the recently approved Corunna Downs mine over the remainder of the 2017 calendar year.”

“The second half has commenced with challenging weather conditions, including rainfall levels around our mines well above those of recent years. However, we retain our FY17 production guidance range of 14-15mwmt. Increasing price discounts on lower-grade ores are impacting realised prices, particularly on those cargos which are hedged and do not benefit from the overall increase in headline 62% prices. However, we anticipate discounts should reduce over time to levels that more accurately reflect the relevant value of the various ores to the end users.”

Term Loan B Facility

A total of $17.3m was repaid via cash sweeps and compulsory amortisation payments over the half. Cash on hand of $134m at 31 December 2016 enabled an additional repayment of $54m on 5 January 2017.

The Company announced a variation to the sweep terms of the facility to enable up to $45m to be retained to assist in funding Corunna Downs (see the ASX announcement dated 16 February 2017).

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Half Year Results

Comparative outcomes between the current half and the equivalent half in the previous financial year are shown in the table below:

	H1 FY17	H1 FY16	Variance
Ore tonnes shipped (wmt)	8.1m	6.9m	+1.2m
C1 cash cost (A$/wmt FOB)	$33.93	$35.82	-$1.89
All in cash cost* (A$/wmt CFR)	$50.10	$52.08	-$1.98
Full cash cost* (A$/wmt CFR)	$52.30	$55.75	-$3.45
Average price received (US$/dmt CFR)	$49.80	$42.60	+$7.20
Average price received (A$/dmt CFR)	$66.35	$59.07	+$7.28
Revenue (A$)	$498.2m	$372.4m	+34%
Financing costs (A$)	$8.2m	$19.1m	-$10.9m
Development Capital (A$)	$1.2m	$6.5m	-$5.3m

*: See Glossary for further details of underlying basis and explanation of All in cash cost and Full cash cost.
Further details regarding Atlas' half year results can be found in the half year accounts and Appendix 4D lodged with ASX today.

FY17 Full Year Guidance

Atlas has retained its full year production guidance at 14-15mwmt but has made some amendments to product type reflecting an increased volume of higher grade lump product and an improved market for low grade Value Fines product while headline prices are elevated, offset partially by a reduction in Atlas Fines.

Cost guidance at a C1 level has been held constant but the Full Cash Cost range has been increased from $48-52 /wmt to $50-54 /wmt reflecting higher freight rates and increased revenue linked payments including contractor collaboration and government royalties. The FY17 component of Corunna Down's execution capex has also been added following the recent development decision for that project.

The Company provides the following update on its FY17 guidance:

	FY17 Guidance @ Aug 16	FY17 Guidance @ Feb 17
Ore tonnes shipped (wmt)	14m - 15m	14m - 15m
C1 cash cost (A$/wmt fob)	$34 - $36	$34 - $36
Full cash cost (A$/wmt cfr China)	$48 - $52	$50 - $54
Sustaining Capital (A$)	$4m - $6m	$3m -$5m
Development capital excl Corunna Downs Execution	$8m - $10m	$8m - $10m
Development capital – Corunna Downs Execution	N/ A	$6m - $8m
Cash Interest paid (A$)	$9m - $11m	$9m -$11m
Rehabilitation	$3m - $5m	$3m -$5m
Depreciation & Amortisation (A$/wmt)	$4 - $6	$4 - $6

Breakdown of the product expected to be shipped in FY2017	FY17 Guidance @ Aug 16	FY17 Guidance @ Feb 17
Atlas fines (wmt)	9m - 10m	7.9m - 8.2m
Atlas lump (wmt)	4m - 5m	4.7m - 5.1m
Value fines (wmt)	~1m	1.4m - 1.7m

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Glossary

The **underlying basis** is a non-IFRS measure that in the opinion of Atlas' directors provides useful information to assess the underlying financial performance of the Company. These are non-IFRS measures and are unaudited.

All in cash cost includes C1 production cost, royalties, freight, corporate and administration and exploration and evaluation

Full cash cost includes C1 Cash Cost, royalties, freight, corporate and administration, exploration and evaluation, interest expense, contractor profit share and sustaining capital expenditure, but excludes depreciation and amortisation, one-off restructuring costs, suspension and ramp up costs of operating mine sites and other non-cash expenses. C1 Cash Cost is inclusive of contractors and Atlas' costs including Contractor Rate Uplift.

wmt means Wet Metric Tonnes. All tonnes referred to in this document are Wet Metric Tonnes unless otherwise stated.

22 February 2017

Appendix 4D

Atlas Iron Limited

ABN 63 110 396 168

Half-Year Report

Results for announcement to the market
for the half-year ended 31 December 2016

		% Change		Amount
Total iron ore shipments	Up	18	To	8.1 wmt
Sales revenue	Up	34	To	$498 million
Statutory gross profit		From a loss last year	To	$63 million
Underlying profit before tax (Non-IFRS)*		From a loss last year	To	$16 million
Underlying profit after tax attributable to shareholders (Non-IFRS)*		From a loss last year	To	$16 million
Statutory net profit after tax		From a loss last year	To	$19 million
Statutory net profit after tax attributable to members		From a loss last year	To	$19 million
Proposed dividend in relation to this period		Nil		Nil

The audited financial statements for the half year ended 31 December 2016 are attached to this preliminary Financial Report (Appendix 4D).

*The underlying basis is a non-IFRS measure that in the opinion of Atlas' Directors provides useful information to assess the financial performance of the Company. These non-IFRS measures are unaudited.

	31 Dec 2016 $'000	31 Dec 2015 $'000
Revenue from ordinary activities	498,222	372,401
Gross profit/(loss)	62,578	(19,154)
Underlying profit/(loss) after tax attributable to shareholders (Non-IFRS)*	15,901	(63,081)
Profit/(loss) after tax attributable to shareholders (Statutory)	18,918	(114,275)

*The underlying basis is a non-IFRS measure that in the opinion of Atlas' Directors provides useful information to assess the financial performance of the Company. These non-IFRS measures are unaudited.

NTA Backing	**31 Dec 2016**	**31 Dec 2015**
Net tangible assets per security	$0.03	$0.07

Change in Control

There were no entities over which the Group has gained or lost control during the period.

Associates and Joint Arrangements

Atlas holds interests in the joint arrangement:

Name of Entity	Interest % at 31 Dec 2016
North West Infrastructure Pty Limited	63.00%

The Group has a minority interest in several other joint ventures in which it is free-carried.

Commentary on Results for the Period

Commentary on the results for the period is contained within the financial statements that accompany this announcement.

Underlying profit/(loss) is a non-IFRS measure that Atlas uses internally to measure the operational performance and allocate resources and is derived from the profit/(loss) attributable to owners of Atlas adjusted for:

- Impact of restructuring (including onerous lease);
- Impairment losses; and
- Impact of one-off transactions.

Underlying profit/(loss) is not audited.

A numerical reconciliation between the underlying profit/(loss) and the statutory net profit/(loss) attributable to owners of Atlas is as follows:

	31 Dec 2016 $'000	31 Dec 2015 $'000
Underlying profit/(loss) after tax (Non-IFRS)	**15,901**	**(63,081)**
Inventory write-down	-	(3,683)
Restructuring costs	(161)	(3,546)
Onerous lease unwind/(cost)	1,706	(3,570)
Provision reversal	2,000	-
Impairment losses	(528)	(40,198)
Net impact of business combinations	-	(197)
Statutory net profit/(loss) after tax	**18,918**	**(114,275)**

It is recommended that the half-year financial statements are read in conjunction with the Annual Financial Report of Atlas Iron Limited as at 30 June 2016, together with any announcements made by Atlas in accordance with its continuous disclosure obligations arising under the *Corporations Act 2001*.

Previous Corresponding Period

The previous corresponding period is the half-year ended 31 December 2015.

Further enquiries, please contact:

Mark Hancock, Chief Financial Officer +61 8 6228 8000

Atlas Iron Limited

ABN 63 110 396 168

Half-Year Financial Report

For the half-year ended 31 December 2016

This condensed consolidated half-year financial report does not include all the notes of the type normally included in an annual financial report. Accordingly, this report is to be read in conjunction with the Annual Report for the year ended 30 June 2016 and any public announcements made by Atlas Iron Limited during the half-year in accordance with the continuous disclosure requirements of the *Corporations Act 2001*.

Contents

Directors' Report

The directors of Atlas Iron Limited (the Company or Atlas) present their report together with the consolidated financial report of Atlas Iron Limited and its subsidiaries (the Group) for the half-year ended 31 December 2016.

DIRECTORS

The following persons were directors of the Company during the half-year and up to the date of this report (unless otherwise stated):

Non-executive	**Role and period of directorship**
Mr Eugene Davis	Non-executive Chairman
Mr Alan Carr	Non-executive Director
Hon. Cheryl Edwardes (AM)	Non-executive Director

Executive	
Mr David Flanagan	CEO and Managing Director – resigned 5 August 2016
Mr Daniel Harris	CEO and Managing Director – from 5 August 2016 and resigned effective 16 January 2017 Non-executive Director – until 5 August 2016 and from 16 January 2017
Mr Cliff Lawrenson	CEO and Managing Director – from 16 January 2017
Mr Anthony Walsh	Executive Director – appointed 5 August 2016, resigned effective 23 January 2017

OPERATING AND FINANCIAL REVIEW

The Operating and Financial Review should be read in conjunction with the half-year financial statements, the consolidated annual financial report of the Company as at 30 June 2016 and for the year then ended and considered together with any public announcements made by the Company during the half-year ended 31 December 2016 in accordance with continuous disclosure requirements of the *Corporations Act 2001*.

Our strategy

Paramount to Atlas maintaining its strategy is a safe workplace and a culture of safety first. Atlas has strived to continually improve its underlying safety performance. The Company had no lost time injuries over the period. We believe we can always improve as we strive for zero injuries. Every employee at Atlas – and contractors working at Atlas' workplaces - is empowered to challenge any colleague, irrespective of their position, if they think safety is being compromised.

Atlas' purpose is to deliver mineral products that create value for our shareholders, people, customers and the communities we operate within.

Our strategy is to develop an expanding Pilbara production base, consistent with globally competitive mining operations, and to pursue profitable growth opportunities consistent with this through:

- Optimising our near term production to maximise profitability and cash flow;
- Developing customer and market focused solutions; and
- Maintaining our options for growth.

The Atlas Values of *Work Safely, Do the Right Thing, Strive for Business Excellence, Work as a Team, Think Win-Win and Indomitable Spirit* are the backbone of everything that we do and underpin our strategy.

Performance Indicators

Management and the Board use a number of financial and operating performance indicators to measure performance over time against our overall strategy. Selected performance indicators are summarised below for the 6 months ended:

	31 Dec 2016	31 Dec 2015	31 Dec 2014
Revenue ($'000)	498,222	372,401	450,826
Tonnes sold (WMT '000)	8.10mt	6.88mt	6.89mt
Average price per tonne received (including lump/value fines) ($US/DMT)	49.75	42.60	62.82
Average price per tonne received (including lump/value fines) ($AU/DMT)	66.28	59.07	70.47
Underlying cash gross margin ($'000)*	102,631	30,055	13,850
Underlying EBITDA ($'000)*	66,218	20,513	(14,825)
Underlying profit/(loss) after tax ($'000)*	15,901	(63,081)	(139,025)
Reserves ('000 tonnes) **	77,200	498,300	510,200
Resources ('000 tonnes) **	1,189,700	1,207,000	1,201,000

* The underlying basis is a non-IFRS measure that in the opinion of Atlas' directors provides useful information to assess the financial performance of the Company. A reconciliation between statutory results and underlying results is provided in "Underlying cash gross margin" section below. These non-IFRS measures are unaudited.

** See ASX announcement 'Annual Report' on 31 August 2016 for further details.

Operating Results

The key financial indicators used by Atlas are revenue, underlying cash gross margin, underlying EBITDA and underlying profit/(loss) after tax. Refer above for a summary of key financial indicators.

Revenue increased by 33.8% to $498.2 million for the half-year ended 31 December 2016 as compared to the previous corresponding period. This increase predominately resulted from a 17.8% increase in tonnes shipped and also an increase in the average price per tonne received ($AU/DMT) due to a higher commodity price in the period.

Underlying cash gross margin

The following table reconciles underlying cash gross margin to statutory profit/(loss) after tax for the 6 months ended:

	31 Dec 2016 $ 000's	31 Dec 2015 $ 000's	31 Dec 2014 $ 000's
Underlying cash gross margin*	**102,631**	**30,055**	**13,850**
Unwind of port prepayment included in operating costs	-	-	(5,262)
Exploration and evaluation expense	(1,679)	(2,143)	(4,066)
Other income	1,002	7,671	1,592
Other costs	(12,852)	(14,308)	(15,990)
Loss on financial instruments and gain on listed investments	(22,884)	(762)	(4,949)
Underlying EBITDA*	**66,218**	**20,513**	**(14,825)**
Depreciation and amortisation	(40,834)	(47,342)	(88,443)
Underlying EBIT*	**25,384**	**(26,829)**	**(103,268)**
Net finance expense	(7,906)	(19,144)	(14,714)
Net foreign exchange loss	(1,577)	(17,108)	(21,043)
Underlying profit/(loss) before tax*	**15,901**	**(63,081)**	**(139,025)**
Underlying tax expense*	-	-	-
Underlying profit/(loss) after tax*	**15,901**	**(63,081)**	**(139,025)**
Inventory write-down	-	(3,683)	(29,769)
Impairment of assets	(528)	(40,198)	(833,977)
Derecognition of deferred tax assets	-	-	(67,003)
Restructuring costs	(161)	(3,546)	(12,342)
Onerous lease unwind/(expense)	1,706	(3,570)	-
Provision reversal/(for settlement)	2,000	-	(4,145)
Net impact of business combinations	-	(197)	-
Statutory profit/(loss) after tax	**18,918**	**(114,275)**	**(1,086,261)**

* The underlying basis is a non-IFRS measure that in the opinion of Atlas' directors provides useful information to assess the financial performance of the Company. These non-IFRS measures are unaudited.

The underlying cash gross margin increased by $72.6 million to $102.6 million due to an increase in tonnes shipped by 1.22Mt and higher iron ore prices in the period.

Underlying EBITDA

The increase in tonnes shipped and higher headline iron ore price had a positive impact of $125.8 million on underlying EBITDA. However to continue to manage the volatile iron ore price, the Group hedged a portion of its production which led to a $22.9 million adverse impact on the underlying EBITDA given the rise in headline price over the period. Both the increased tonnes shipped and the higher realised FOB revenue had an unfavourable impact on revenue based expenses; (predominantly royalties and contractor collaboration payments). Overall the underlying EBITDA increased by $45.7 million or 222.8% to $66.2 million.

Depreciation and amortisation costs decreased by $6.5 million to $40.8 million as a result of previous impairments in the carrying value of mine and exploration assets.

Underlying profit after tax

Underlying profit after tax for the period is $15.9 million due to the factors noted above. The reduction in net finance expense of $11.2 million is due to the Group benefiting from the interest savings as a result of the debt restructure completed in May 2016. Atlas reduced the principle amount of the Term Loan B from ~US$267 million to US$135 million in May 2016. This reduction in the principle amount coupled with further repayments totalling $17.3 million during the period and reduced cash interest rate has had a favourable impact on the underlying profit after tax.

Cash flow from operations

The following table reconciles underlying EBITDA to cash flow from operations for the 6 months ended:

	31 Dec 16 $ 000's	31 Dec 15 $ 000's	31 Dec 14 $ 000's
Underlying EBITDA*	**66,218**	**20,513**	**(14,825)**
Working capital movements			
Inventory	4,280	(3,176)	13,895
Debtors and other assets	(22,451)	(12,864)	16,024
Creditors and other liabilities	22,798	12,144	(19,332)
Interest received	283	447	1,493
Share of joint arrangements and associates losses	-	106	2,930
Share based payments	159	1,497	640
Change in fair value of listed investments	(36)	121	661
Change in fair value of financial instruments	22,920	642	2,019
Restructuring costs	(161)	(3,568)	(4,816)
Other items	399	(1,755)	5,261
Cash flow from operations	**94,409**	**14,107**	**3,950**

* The underlying basis is a non-IFRS measure that in the opinion of Atlas' directors provides useful information to assess the financial performance of the Company. A reconciliation between statutory results to underlying results is provided in "Underlying cash gross margin" section above. These non-IFRS measures are unaudited.

Cash flow from operations increased to $94.4 million compared to the previous corresponding period predominantly due to an increase in underlying EBITDA of $45.7 million and a further $22.3 million on exclusion of the loss on iron ore hedges (Refer to *Underlying EBITDA*).

C1 cash cost per tonne

C1 cash cost per tonne has decreased by $1.89/wmt to $33.93/wmt from the previous corresponding period. The significant reduction in C1 cash costs is driven by improved efficiencies throughout the production process and increased tonnes shipped favourable impacting fixed cost dilution.

All in cash cost per tonne[1]

All in cash cost per tonne decreased by $1.98/wmt from $52.08/wmt to $50.10/wmt due to the decrease in C1 cash per tonne detailed above and increase in tonnes shipped favourably impacting fixed cost dilution offset by higher freight and royalty payments.

Full cash cost per tonne[2]

Full cash cost per tonne decreased by $3.45/wmt from $55.75/wmt to $52.30/wmt due to the reduction in All in cash costs per tonne noted above, higher tonnes shipped and a reduction in cash interest expense as a result of the debt restructure offset by higher contractor margin share due the strong operating margins generated in the period.

[1] All in cash costs include C1 production costs, royalties, freight, corporate and administration and exploration and evaluation.
[2] Full cash costs include All in cash costs, sustaining capital, interest expense and contractor margin share.

Directors' Report (continued)

Shipping

The following table summarises tonnes sold (WMT) by Atlas:

	31-Dec-16 WMT millions	31-Dec-15 WMT millions	31-Dec-14 WMT millions
Atlas Fines	4.60	5.74	6.79
Value Fines	0.89	-	0.10
Lump	2.60	1.14	-
Total tonnes shipped	**8.09**	**6.88**	**6.89**

Tonnes shipped have increased by 1.21mt driven mainly by increased tonnes from Mt Webber.

Mining, Processing and Haulage

The following table summarises key operational indicators used by Atlas to measure performance:

	31-Dec-16 WMT millions	31-Dec-15 WMT millions	31-Dec-14 WMT millions
Ore mined – delivered to ROM	7.85	7.23	6.77
Ore processed	7.97	6.90	6.72
Ore hauled	8.05	6.91	6.81

Financial Position

The following table summarises significant statement of financial position amounts:

	31-Dec-16 $ 000's	31-Dec-15 $ 000's	30-Jun-15 $ 000's
Cash	133,738	107,926	73,305
Trade and other receivables	61,336	35,915	23,973
Inventories	15,293	17,977	15,604
Mine and reserve development costs	292,587	342,968	355,362
Mining tenements capitalised	62,594	119,415	141,414
Trade and other payables	(89,930)	(113,002)	(110,319)
Debt facilities used	(178,356)	(354,845)	(349,121)

Debt facilities used

The decrease in debt facilities used relates predominantly to the impact of the debt restructure completed in May 2016. The key terms of the restructure were as follows:

- term loan debt reduced from US$267 million to US$135 million and extended maturity date from December 2017 to April 2021;
- annual cash interest expense reduced by approximately 65% as a result of the lower debt balance and reduced cash interest rate; and
- Atlas issued 6,229,503,087 fully paid ordinary shares and 4,513,986,260 options to acquire fully paid ordinary shares in Atlas to the Term Loan Lenders (Lenders) such that the Lenders held 70% of all Atlas shares on issue at 6 May 2016.

Atlas continues to reduce its facility balance through quarterly amortisation payments and under the cash sweep requirements of the term loan debt facility which states that any cash on hand at the end of each quarter in excess of $80 million is paid to the lenders. This led to a total repayments of AU$17.3 million during the period. As announced on 5 January 2017, Atlas has repaid a further AU$53.7 million, reducing its US term loan debt to AU$117.9 million (using a 31 December 2016 FX rate of A$1=US$0.7236) from the AU$180.0 million owed in May 2016 following the restructure.

For further details on the deal and key conditions refer to Atlas' ASX announcement of 6 May 2016.

Refer to Subsequent Events (Note 11) of the consolidated financial statements for further details on the amendment to the cash sweep terms announced on 16 February 2017.

Liquidity

The impact of the higher iron ore price and increase tonnes shipped has increased the operating cash flow by $80.3 million to $94.4 million when compared to the corresponding period. For further information, refer to note *3 (i) Going Concern* to the consolidated financial statements.

The outcome of the previously mentioned debt restructure in May 2016 and $17.3 million repayment on borrowings has reduced the interest paid by 71% or $12.3 million to $5.0 million. The Group made a further two State Government royalty assistance repayments in the period totalling $6.1 million.

Factors and Business Risks that affect Future Performance

Atlas operates in a changing environment and is therefore subject to factors and business risks that will affect future performance. Factors and business risks that affect future performance have remained consistent with those discussed in the Operating and Financial Review included in the consolidated annual financial report of the Company as at 30 June 2016.

Commodity prices / changes in demand and supply

Atlas is exposed to fluctuations in iron ore price.

The following table shows the average prices based on Platts 62% Fe (CFR) to China for the respective half years:

	31-Dec-16 US$ / DMT	31-Dec-15 US$ / DMT	31-Dec-14 US$ / DMT
62% Fe CFR Index Price	64.73	50.68	82.30
Average price per tonne received CFR (including Value Fines)*	49.75	42.60	62.82

* Average price per tonne received by the Group is exclusive of impact of hedge losses.

The price received by Atlas is adjusted for Fe grade and quality. However to manage this risk the Company continues to hedge a portion of its forward production and enter into fixed price sales contracts.

Exchange Rates

Atlas is exposed to fluctuations in the US dollar as our sales and freight costs are denominated in US dollars. The Company borrows money and holds a portion of cash in US dollars, which provides a partial natural hedge.

The following table shows the average USD/AUD exchange rate for the half year:

	31-Dec-16 $	31-Dec-15 $	31-Dec-14 $
USD / AUD	0.7546	0.7232	0.8915

SUBSEQUENT EVENTS

The Group finished the period with cash on hand of AU$134 million as a result of strong cash flow generated during the period. Under the cash sweep requirements of the term loan debt facility, any cash on hand at the end of each quarter in excess of AU$80 million is paid to the lenders. As a result, a repayment of AU$54 million occurred on the 5th January 2017, reducing the debt to AU$118 million.

On 16 February 2017, the Company announced an amendment to the Term Loan B facility which will help support its cash position through to 30 June 2018. The amendments will allow Atlas to accumulate up to a further $45 million in cash generated. Refer to Note 11 of the consolidated financial statements for full details in relation to the amendment.

No other matters have arisen since 31 December 2016, which have significantly affected, or may significantly affect the operations of the Group, the results of those operations, or the state of affairs of the Group in subsequent financial years.

Directors' Report (continued)

AUDITOR'S INDEPENDENCE DECLARATION

The Auditor's Independence Declaration to the directors of the Company is set out on page 9 and forms part of the Directors' Report for the half-year ended 31 December 2016.

ROUNDING OFF OF AMOUNTS

The Company is a company of the kind referred to in ASIC Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191, and in accordance with the legislation instrument amounts in the directors' report and the half-year financial report are rounded off to the nearest thousand dollars, unless otherwise indicated.

This report is signed in accordance with a resolution of the directors of the Company.

Cliff Lawrenson
Managing Director/Chief Executive Officer
Perth, 22 February 2017

Lead Auditor's Independence Declaration under Section 307C of the Corporations Act 2001

To: the directors of Atlas Iron Limited

I declare that, to the best of my knowledge and belief, in relation to the review for the half-year ended 31 December 2016 there have been:

(i) no contraventions of the auditor independence requirements as set out in the Corporations Act 2001 in relation to the review; and

(ii) no contraventions of any applicable code of professional conduct in relation to the review.

KPMG

KPMG

Trevor Hart
Partner

Perth

22 February 2017

Director's Declaration

The directors of Atlas Iron Limited declare that:

(i) in the directors' opinion, 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

(ii) in the directors' opinion, the attached financial statements and notes thereto are in accordance with the *Corporations Act 2001*, including compliance with AASB 134 *Interim Financial Reporting* and giving a true and fair view of the financial position and performance of the Group as at and for the half year ended 31 December 2016.

Signed in accordance with a resolution of the directors made pursuant to s.303(5) of the *Corporations Act 2001*.

Cliff Lawrenson
Managing Director/Chief Executive Officer
Perth, 22 February 2017

Independent auditor's review report to the members of Atlas Iron Limited

Report on the financial report

We have reviewed the accompanying half-year financial report of Atlas Iron Limited, which comprises the consolidated statement of financial position as at 31 December 2016, consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the half-year ended on that date, notes 1 to 11 comprising a summary of significant accounting policies and other explanatory information and the directors' declaration of the Group comprising the company and the entities it controlled at the half-year's end or from time to time during the half-year.

Responsibility of the Directors for the half-year financial report

The directors of the company are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards and the Corporations Act 2001 and for such internal control as the directors determine is necessary to enable the preparation of the half-year financial report that is free from material misstatement, whether due to fraud or error.

Auditor's responsibility for the review of the half-year financial report

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 Review of a Financial Report Performed by the Independent Auditor of the Entity, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the Corporations Act 2001 including: giving a true and fair view of the Group's financial position as at 31 December 2016 and its performance for the half-year ended on that date; and complying with Australian Accounting Standard AASB 134 Interim Financial Reporting and the Corporations Regulations 2001. As auditor of Atlas Iron Limited, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Independence

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

Conclusion

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of Atlas Iron Limited is not in accordance with the Corporations Act 2001, including:

(a) giving a true and fair view of the Group's financial position as at 31 December 2016 and of its performance for the half-year ended on that date; and

(b) complying with Australian Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

Material uncertainty regarding continuation as a going concern

Without modifying our conclusion expressed above, we draw attention to Note 3(i) of the half-year financial report. The matters set forth in Note 3(i) indicate the existence of material uncertainties that may cast significant doubt on the Group's ability to continue as a going concern and therefore, the Group may be unable to realise its assets and discharge its liabilities in the normal course of business and at the amounts stated in the financial report.

KPMG

KPMG

Trevor Hart
Partner

Perth

22 February 2017

Consolidated Statement of Profit or Loss and Other Comprehensive Income

HALF-YEAR ENDED 31 DECEMBER 2016

	Notes	31 Dec 2016 $'000	31 Dec 2015 $'000
Revenue		498,222	372,401
Operating costs	4	(435,644)	(391,555)
Gross profit/(loss)		**62,578**	**(19,154)**
Other income		2,987	7,671
Exploration and evaluation expense		(1,679)	(2,143)
Impairment loss		(528)	(40,198)
Loss on financial instruments	5	(22,920)	(642)
Depreciation and amortisation		(781)	(1,814)
Administrative expenses		(10,200)	(12,130)
Other expenses		(1,056)	(9,613)
Results from operating activities		**28,401**	**(78,023)**
Finance income	6	308	800
Finance expense	6	(8,214)	(19,944)
Net foreign exchange loss	6	(1,577)	(17,108)
Net finance expense		**(9,483)**	**(36,252)**
Profit/(loss) before income tax		**18,918**	**(114,275)**
Tax expense		-	-
PROFIT/(LOSS) ATTRIBUTABLE TO OWNERS OF THE GROUP		**18,918**	**(114,275)**
Other comprehensive income		-	-
TOTAL COMPREHENSIVE PROFIT/(LOSS) FOR THE HALF-YEAR ATTRIBUTABLE TO OWNERS OF THE GROUP		**18,918**	**(114,275)**
Earnings/(loss) per share			
Basic earnings/(loss) per share (cents per share)		0.21	(4.67)
Diluted earnings/(loss) per share (cents per share)		0.20	(4.67)

The above Consolidated Statement of Profit or Loss and Other Comprehensive Income is to be read in conjunction with the accompanying notes.

Consolidated Statement of Financial Position

AT 31 DECEMBER 2016

	Notes	31 Dec 2016 $'000	30 Jun 2016 $'000
CURRENT ASSETS			
Cash and cash equivalents		133,738	80,853
Trade and other receivables		61,336	36,509
Prepayments		8,713	13,368
Inventories		15,293	16,728
Financial assets classified as held for trading		422	1,865
TOTAL CURRENT ASSETS		**219,502**	**149,323**
NON-CURRENT ASSETS			
Other receivables		4,656	5,029
Property, plant and equipment		89,904	96,579
Intangibles		456	696
Mine development costs		269,275	297,660
Evaluation expenditure - reserve development		23,312	21,340
Mining tenements		62,594	62,594
TOTAL NON-CURRENT ASSETS		**450,197**	**483,898**
TOTAL ASSETS		**669,699**	**633,221**
CURRENT LIABILITIES			
Trade and other payables		89,930	64,346
Interest bearing loans and borrowings	7	56,579	3,632
Employee benefits		1,189	1,235
Provisions	8	18,010	9,602
Financial liabilities		13,099	2,600
TOTAL CURRENT LIABILITIES		**178,807**	**81,415**
NON-CURRENT LIABILITIES			
Trade and other payables		1,642	6,822
Interest bearing loans and borrowings	7	121,777	185,716
Employee benefits		886	782
Provisions	8	76,843	88,820
TOTAL NON-CURRENT LIABILITIES		**201,148**	**282,140**
TOTAL LIABILITIES		**379,955**	**363,555**
NET ASSETS		**289,744**	**269,666**
EQUITY			
Share capital	9	2,199,985	2,197,388
Reserves		40,593	42,030
Accumulated losses		(1,950,834)	(1,969,752)
TOTAL EQUITY		**289,744**	**269,666**

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

Consolidated Statement of Changes in Equity

HALF-YEAR ENDED 31 DECEMBER 2016

	Share capital $'000	Share-based payments reserve $'000	Other Equity $'000	Asset held for sale reserve $'000	Associates reserve $'000	Accumulated losses $'000	Total equity $'000
BALANCE AT 1 JULY 2016	**2,197,388**	**42,030**	**-**	**-**	**-**	**(1,969,752)**	**269,666**
Total comprehensive income for the half-year							
Profit for the half-year	-	-	-	-	-	18,918	**18,918**
Total comprehensive profit for the half-year, net of tax	**-**	**-**	**-**	**-**	**-**	**18,918**	**18,918**
Contributions by and distributions to owners of the Group							
Issue of ordinary share through tenement acquisition	1,000	-	-	-	-	-	**1,000**
Transfer of share based payments	1,597	(1,597)	-	-	-	-	**-**
Share-based payment transactions	-	160	-	-	-	-	**160**
Total transactions with owners of the Company	**2,597**	**(1,437)**	**-**	**-**	**-**	**-**	**1,160**
BALANCE AT 31 DECEMBER 2016	**2,199,985**	**40,593**	**-**	**-**	**-**	**(1,950,834)**	**289,744**

HALF-YEAR ENDED 31 DECEMBER 2015

	Share capital $'000	Share-based payments reserve $'000	Other Equity $'000	Asset held for sale reserve $'000	Associates reserve $'000	Accumulated losses $'000	Total equity $'000
BALANCE AT 1 JULY 2015	**1,991,630**	**30,045**	**10,086**	**-**	**(363)**	**(1,810,738)**	**220,660**
Total comprehensive loss for the half-year							
Loss for the half-year	-	-	-	-	-	(114,275)	**(114,275)**
Total comprehensive loss for the half-year, net of tax	**-**	**-**	**-**	**-**	**-**	**(114,275)**	**(114,275)**
Contributions by and distributions to owners of the Group							
Treasury Shares	67	-	-	-	-	-	**67**
Issue of ordinary shares	87,388	-	(10,086)	-	-	-	**77,302**
Capital raising costs	(8,645)	-	-	-	-	-	**(8,645)**
Share-based payment transactions	-	1,455	-	-	-	-	**1,455**
Changes in ownership interests							
Derecognition of associate on loss of significant influence	-	-	-	-	363	-	**363**
Total transactions with owners of the Company	**78,810**	**1,455**	**(10,086)**	**-**	**363**	**-**	**70,542**
BALANCE AT 31 DECEMBER 2015	**2,070,440**	**31,500**	**-**	**-**	**-**	**(1,925,013)**	**176,927**

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

Notes to the Consolidated Financial Statements

HALF-YEAR ENDED 31 DECEMBER 2016

	31 Dec 2016 $'000	31 Dec 2015 $'000
CASH FLOWS FROM / (USED IN) OPERATING ACTIVITIES		
Cash receipts from customers	481,280	348,442
Payments to suppliers and employees	(385,476)	(332,639)
Interest received	283	447
Payments for expenditure on exploration and evaluation activities	(1,678)	(2,143)
NET CASH FLOWS FROM OPERATING ACTIVITIES	**94,409**	**14,107**
CASH FLOWS FROM / (USED IN) INVESTING ACTIVITIES		
Payments for property, plant and equipment	(617)	(304)
Payments for mine development	(1,257)	(8,829)
Payments for intangible assets	-	(52)
Payments for reserve development costs	(2,072)	(4,245)
Loan to joint venture	(151)	(166)
(Payments for)/proceeds from financial instruments	(11,185)	(643)
(Payments for)/proceeds from security deposits	1,810	(2,371)
Proceeds from other entities	-	27
Stamp duty paid in relation to past acquisition of tenements	-	(2,581)
NET CASH FLOWS USED IN INVESTING ACTIVITIES	**(13,472)**	**(19,164)**
CASH FLOWS FROM / (USED IN) FINANCING ACTIVITIES		
Proceeds from issue of shares	-	52,775
Capital raising costs	-	(6,401)
Payments for finance lease	(762)	(508)
Repayment of Term Loan B (including cash sweep)	(17,258)	(12,266)
Interest payments on borrowing facilities	(4,968)	(17,294)
(Payments for)/proceeds from royalty assistance program	(6,146)	21,510
NET CASH FLOWS (USED IN) / FROM FINANCING ACTIVITIES	**(29,134)**	**37,816**
NET INCREASE IN CASH AND CASH EQUIVALENTS	51,803	32,759
Cash and cash equivalents at 1 July	80,853	73,305
Effect of exchange rate changes on cash and cash equivalents *	1,082	1,862
CLOSING CASH AND CASH EQUIVALENTS	**133,738**	**107,926**

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

*Foreign exchange gain on cash at bank held in USD during the period.

Notes to the Consolidated Financial Statements (continued)

1. REPORTING ENTITY

Atlas Iron Limited (the Company) is a company limited by shares incorporated in Australia whose shares are publicly traded on the Australian Securities Exchange (ASX). The consolidated financial statements of the Company for the half-year ended 31 December 2016 comprise the Company and its subsidiaries (together referred to as the Group or Atlas) and the Group's interest in associates and jointly controlled entities. The Group is a for-profit entity and its principal activity is the exploration, development and operation of mines in the Pilbara region in Western Australia.

The principal accounting policies adopted in the preparation of the financial report are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated. These financial statements were approved by the Board on 22 February 2017.

2. STATEMENT OF COMPLIANCE

The condensed consolidated half-year financial report is prepared in accordance with the *Corporations Act 2001* and AASB 134 *Interim Financial Reporting*.

This condensed consolidated half-year financial report does not include all of the information required for a full annual financial report, and should be read in conjunction with the consolidated annual financial report of the Company as at 30 June 2016 and for the year then ended and considered together with any public announcements made by the Company during the half-year ended 31 December 2016 in accordance with the continuous disclosure obligations of the *Corporations Act 2001*.

This condensed consolidated half-year financial report was approved by the Board of Directors on 22 February 2017. The Company is a company of the kind referred to in ASIC Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191, and in accordance with the legislation instrument amounts in the directors' report and the half-year financial report are rounded off to the nearest thousand dollars, unless otherwise indicated.

3. BASIS OF PREPARATION

The condensed consolidated half-year financial statements have been prepared on a historical cost basis, except for derivative and other financial instruments that are measured at fair value. The condensed consolidated half-year financial statements are presented in Australian Dollars, which is the functional currency of its operations in Australia.

(i) Going Concern

This half year financial report has been prepared on a going concern basis which contemplates the realisation of assets and the discharge of liabilities in the ordinary course of business.

As at 31 December 2016, the Company has net assets of AU$289.7 million, or an increase of $20.1 million from 30 June 2016. Cash on hand has increased $52.9 million from 30 June 2016 to AU$133.7 million at period end. This has been driven predominately by the increasing iron ore prices prices during the half year. Cash generated from operations for the half year totalled $94.4 million (full year ending 30 June 2016 $31.1 million).

During the period the Company repaid $6.1 million provided under the Royalty Assistance Agreement and US$13.4 million on the USD denominated Term Loan B.

As at 31 December 2016, the Company's USD denominated loan facility totalled US$124.2 million (US$135.3 million at 30 June 2016). This is equivalent to AU$171.6 million based on the AUD/USD exchange rate of 0.7236. The Company was in compliance with the covenants at 31 December 2016. The debt matures on 6 May 2021.

As set out in Note 11, subsequent to 31 December 2016 proposed amendments to the Term Loan B facility have been announced and the balance of the loan reduced to A$118 million (using a 31 December 2016 FX rate of A$1=US$0.7236) through a scheduled cash sweep.

The Company prepares rolling 12 month cash flow forecasts which are subject to a number of assumptions set out below. The 12 month cash flow forecast to February 2018 (the forecast period), has a positive working capital balance throughout that period.

The material assumptions adopted by the directors in the cash flow forecasts include:

- Forecast CFR China price of iron ore per tonne ranging from a minimum Fe AU$68 per DMT (US$51 per DMT at exchange rate of AUUS0.7471) to AU$106 per DMT (US$80 per DMT at exchange rate of AUUS0.7575) over the forecast period. The USD 62%Fe CFR China price and the US$:AU$ foreign exchange rate has been independently sourced; and
- Estimated sales of between 10 and 11 million tonnes for the 12 month period ended 28 February 2018;

Notes to the Consolidated Financial Statements (continued)

3. BASIS OF PREPARATION (CONTINUED)

The cash flow forecast to February 2018 is highly dependent upon the achievement of the assumed US$ iron ore price, US$:AU$ exchange rate forecasts.

The Directors believe that the cash flow forecasts are reasonable with respect to all material factors as they are known at the date of this report. On this basis, the going concern basis of preparation has been adopted. The cash flow forecasts include assumptions on global iron ore prices and AUD:USD exchange rates that have historically shown significant volatility. A material uncertainty relates to the risk of a sustained decline from forecast prices during the forecast period or the production assumptions contained in the forecast do not eventuate which in turn may lead to a breach in the Company's Term Loan B covenants. The Company may therefore be required to renegotiate terms with its lenders or source funding through alternative means. The ability to achieve these outcomes represents material uncertainties. These material uncertainties related to future events give rise to significant doubt about the ability of the Company to continue as a going concern and realise its assets and extinguish its liabilities in an orderly manner at the amounts stated in the financial report.

(ii) Significant accounting policies

The accounting policies and methods of computation adopted in the preparation of the half-year financial report are consistent with those adopted and disclosed in the Company's 2016 annual financial report for the financial year ended 30 June 2016. These accounting policies are consistent with Australian Accounting Standards and with International Financial Reporting Standards, as issued by the International Accounting Standards Board.

There have been no new and revised Standards and Interpretations applicable for the current half-year which have resulted in changes to the Group's presentation of, or disclosure in, its half-year financial statements.

(iii) Operating segments

The Group predominantly operates in the mineral exploration and extraction industry in Australia. For management purposes, the Group is organised into one main operating segment which involves the exploration and extraction of minerals in Australia. All of the Group's activities are interrelated and discrete financial information is reported to the Board (Chief Operating Decision Maker) as a single segment. Accordingly, all significant operating decisions are based upon analysis of the Group as one segment. The financial results from this segment are equivalent to the financial statements of the Group as a whole.

(iv) Estimates

The preparation of the condensed consolidated half-year financial report requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates.

In preparing these condensed consolidated half-year financial statements, the significant judgments made by management in applying the Company's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial report as at and for the year ended 30 June 2016.

(v) Comparatives

Certain comparative disclosures have been reclassified to conform to current period presentation.

Notes to the Consolidated Financial Statements (continued)

4. OPERATING COSTS

	31 Dec 2016 $'000	31 Dec 2015 $'000
Mining and processing(1)	105,212	105,934
Haulage	108,037	87,857
Port	61,346	53,502
Shipping	63,143	55,758
Royalties	38,918	29,090
Depreciation and amortisation(2)	40,053	45,528
Inventory write-down	-	3,683
Other operating costs(3)	18,935	10,203
	435,644	**391,555**

(1)Includes mine site administration costs.
(2)Includes unwind of prepayments made under Wodgina long term infrastructure agreement.
(3)Includes Contractor Collaboration premium share.

5. LOSS ON FINANCIAL INSTRUMENTS

	31 Dec 2016 $'000	31 Dec 2015 $'000
Unrealised financial instrument loss	5,860	-
Realised financial instrument loss	17,060	642
LOSS ON FINANCIAL INSTRUMENTS	**22,920**	642

The Group continued to hedge a portion of its production against the volatile iron ore price. As a result of the continued rise in the headline iron ore price over the period, the Group recognised a $22.9 million (2015: $0.6 million) loss on the hedged tonnes. As the unrealised hedges crystalise in the relevant future period they will be offset by a movement in the floating headline price payable by the physical customer. The financial instruments represent iron ore derivatives measured at fair value. The fair value is determined using forecast iron ore prices from at the balance sheet date. This is a level 2 valuation technique in accordance with AASB 13 *Fair Value Measurement*.

6. NET FINANCE (EXPENSE)/INCOME

	31 Dec 2016 $'000	31 Dec 2015 $'000
Interest income	299	631
Interest accretion	9	169
Finance Income	**308**	800
Interest expense – Term Loan B	(4,968)	(16,709)
Other finance expenses	(3,246)	(1,051)
Amortisation of debt establishment costs	-	(2,184)
Finance Expense	**(8,214)**	(19,944)
Net loss on foreign exchange*	(1,577)	(17,108)
Net Finance Expense	**(9,483)**	(36,252)

* Relates mainly to the revaluation of the Term Loan B denominated in US dollars.

Notes to the Consolidated Financial Statements (continued)

7. INTEREST BEARING LOANS AND BORROWINGS

	31 Dec 2016 $'000	30 Jun 2016 $'000
Current		
Secured debt facility (i)	55,603	2,697
Finance lease (ii)	976	935
	56,579	3,632
Non-current		
Secured debt facility (i)	116,035	179,475
Finance lease (ii)	5,742	6,241
	121,777	185,716

Refer to the Company's 30 June 2016 consolidated financial statements for full Term Loan B terms.

(i) During the period $17,258,000 of principal was repaid, $2,674,000 was capitalised onto the Loan through the form of Pay in Kind interest at a rate of 3.00% and $4,968,000 of interest was incurred on the Term Loan B. The secured debt facility is denominated in US dollars and has increased in line with the weaker Australian dollar. Refer to Note 11 for changes subsequent to balance sheet date.

(ii) The Group has a finance lease for the building and operating of a laboratory at the Mt Webber mine. The term of the facility is 7 years with an interest rate of 8.75%.

8. PROVISIONS

	31 Dec 2016 $'000	30 Jun 2016 $'000
Current		
Rehabilitation and demobilisation	13,568	3,141
Onerous lease	3,425	3,444
Other	1,017	3,017
	18,010	9,602
Non-current		
Rehabilitation and demobilisation	52,421	63,010
Onerous lease	24,422	25,810
	76,843	88,820

Rehabilitation and demobilisation
The increase in the current rehabilitation provision is due to the reallocation from non-current provision in line with planned rehabilitation spend as Wodgina and Abydos operations complete.

Onerous lease
In 2012, the Group entered into a non-cancellable lease for office space which will expire in 2024. A portion of the office space is sublet to third parties for part of the remaining lease term but changes in market conditions have meant that the rental income will be lower than the rental expense. The Group is actively looking to sublet the remaining office space. The obligation for the discounted future payments, net of expected rental income, has been provided for by the Group.

Notes to the Consolidated Financial Statements (continued)

9. SHARE CAPITAL

	31 Dec 2016 $'000	30 Jun 2016 $'000
9,148,464,000 (30 June 2016: 8,995,754,000) Ordinary fully paid shares	**2,199,985**	2,197,388

	Number of shares '000	31 Dec 2016 $'000
Movements in ordinary share capital		
Beginning of the financial period	8,995,754	2,197,388
Issue of Ordinary Shares	152,710	2,597
End of the financial period	**9,148,464**	**2,199,985**

The Company issued 94,670,301 fully paid ordinary shares at an issue price of $0.01 per share on 1 August 2016 to Gondwana Resources Limited as part of a royalty termination agreement. The remaining balance of shares relate to shares issued through an employee share scheme.

10. CONTINGENCIES

The Company has bank guarantees totalling $8.1 million (30 June 2016: $12.7 million) predominantly related to office and mining bonds.

11. SUBSEQUENT EVENTS

The Group finished the period with cash on hand of A$134 million as a result of strong cash flow generated. Under the cash sweep requirements of the term loan debt facility, any cash on hand at the end of each quarter in excess of A$80 million is paid to the lenders. As a result, a repayment of A$54 million occurred on the 5th January 2017, reducing the debt to A$118 million (using a 31 December 2016 FX rate of A$1=US$0.7236).

On 16 February 2017, the Company announced an amendment to the Term Loan B facility. The requisite majority of lenders, including several significant Atlas shareholders, have agreed to sign the amendments to the Term Loan B facility which will allow Atlas to fund the Corunna Downs project from operating cash flow. The amendments will allow Atlas to accumulate up to a further A$45 million in cash generated. These funds will not be subject to the cash sweep through to 30 June 2018. Please see ASX release dated 4 April 2016 for full details on Term Loan B.

Key features of the loan amendments are:

- After each of the March, June and September 2017 Quarters, Atlas will be entitled to transfer cash on hand in excess of A$80 million into a dedicated reserve account, subject to a cap of A$20 million per quarter and A$45 million in aggregate. Cash on hand in excess of these limits at the end of each quarter will continue to be paid to lenders to reduce the loan balance.
- The reserve account will be available to Atlas throughout FY2018 under the following terms:
  - Funds in the reserve account are not subject to the quarterly cash sweep;
  - Atlas may draw on the reserve account in order to keep its cash balance above A$60 million;
  - Reserve account funds not drawn at 30 June 2018 will be swept to the lenders to repay any remaining Term Loan B loan amounts; and
- Finalisation of the amendment agreement is subject to standard conditions precedent.

As consideration for the Term Loan B amendments:

- Atlas will commit to paying all of its Term Loan B interest in cash. The interest rate is unchanged;
- Atlas will issue ordinary shares to the supporting Term Loan B lenders, equal to A$5 million in value; and
- Term Loan B principal outstanding will be increased by A$3 million, unless the facility is refinanced or repaid within 120 days of satisfying the conditions precedent.

No other matters have arisen since 31 December 2016, which have significantly affected, or may significantly affect the operations of the Group, the results of those operations, or the state of affairs of the Group in subsequent financial years.