



ASX Announcement

6 July 2015

Atlas Iron (ASX AGO) advises that a supplementary prospectus that supplements the prospectus dated 11 June 2015 is attached to this announcement. Under the prospectus (as supplemented by the supplementary prospectus), Shareholders have a priority right to subscribe for new shares (through the Shareholder Participation Offer, 'SPO') at 5 cents, with 1 free attached option at 7.5 cents.

Anyone who wishes to subscribe for securities under the capital raising will need to complete the application form that accompanies the supplementary prospectus, and should consider the prospectus (as supplemented by the supplementary prospectus) in full before making any investment decision. If you have already lodged an application form you don't need to take any action. Investors can go to [www.atlasiron.com.au](http://www.atlasiron.com.au) to download the prospectus, supplementary prospectus and the application form accompanying the supplementary prospectus.

Please note that the offers to most eligible shareholders and the general public close at 5pm Perth time on Monday the 13th July 2015.

If you have any questions about the capital raising, including how to participate, please contact the Atlas shareholder hotline on 1300 723 432 (from within Australia) or +61 3 9946 4434 (from outside Australia) at any time between 9:00am and 5:00pm (Sydney time) on Monday to Friday during the period in which any of the offers under the prospectus remain open.

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**ATLAS IRON LIMITED**

**ACN 110 396 168**

**SUPPLEMENTARY PROSPECTUS**

1. **IMPORTANT NOTICE**

This document is a supplementary prospectus (**Supplementary Prospectus**) and supplements, and is intended to be read together with, the prospectus dated 11 June 2015 (**Prospectus**) that was issued by Atlas Iron Limited ACN 110 396 168 (**Atlas** or **Company**).

This Supplementary Prospectus is dated 6 July 2015 and was lodged with ASIC on that date.

Neither ASIC nor ASX takes any responsibility for the contents of this Supplementary Prospectus.

This Supplementary Prospectus will be issued with the Prospectus as an electronic prospectus and may be accessed on the Company's website at [www.atlasiron.com.au](http://www.atlasiron.com.au). You may obtain a paper copy of this Supplementary Prospectus, and the Prospectus, free of charge by contacting the Company.

The changes in this Supplementary Prospectus are for clarification purposes only and, accordingly, are not (in the opinion of the Directors of Atlas) materially adverse from the point of view of an investor. Accordingly, there are no withdrawal rights attaching to valid applications received to date under the Prospectus.

No previous supplementary prospectus has been lodged with ASIC in relation to the Prospectus. If there is a conflict between the Prospectus and this Supplementary Prospectus, this Supplementary Prospectus prevails to the extent of that inconsistency.

This is an important document and should be read in its entirety. If after reading this Supplementary Prospectus (in conjunction with the Prospectus) you have any questions about the New Securities being offered or any other matter, you should consult your stockbroker, accountant or other professional adviser. The New Securities offered should be considered speculative. This Supplementary Prospectus may not be released or distributed in the United States. Please refer to Sections 1.2 and 1.3 of the Prospectus for full details about the restrictions on distribution of the Prospectus and the foreign jurisdictions; these Sections apply equally to this Supplementary Prospectus.

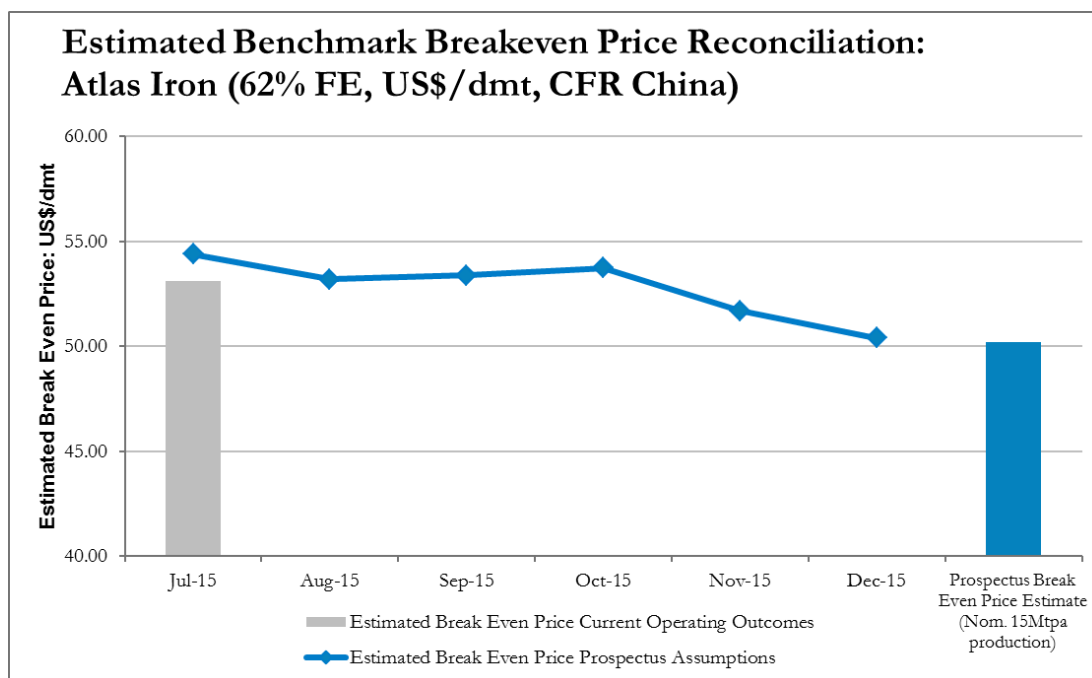
Terms and abbreviations defined in the Prospectus have the same meaning in this Supplementary Prospectus unless otherwise indicated.

2. **ATLAS' BREAK EVEN PRICE CURRENTLY AND THROUGH RAMP UP TO TARGETED CALENDAR YEAR END PRODUCTION RATE**

As specified in the Prospectus, Atlas' Break Even Price is approximately US\$50/dmt (IODEX 62% FE CFR China basis) based on Full Cash Costs of production corresponding to a nominal production run-rate of 15Mtpa, and Atlas' targeted year-end production rate is 14-15Mtpa. Atlas expects to be producing at a rate of 15Mtpa during the course of December 2015.

To recap, in the Prospectus **Break Even Price** is defined to mean the price at which Atlas must sell iron ore (equivalent IODEX 62% FE CFR China basis) to cover the Full Cash Costs.

To provide further clarification about the Company's *current* estimated Break Even Price based on Full Cash Costs, and the trend towards the estimated US\$50/dmt Break Even Price as production grows over the coming months, further detail is provided in the graph below and in the discussion that follows.



In summary, the estimated Break Even Price is shown to generally reduce as the Company's production rate grows towards the targeted 15Mtpa by calendar year end. During the period from August to October 2015, production from the previously suspended Mt Webber mine is expected to ramp up, so as to ultimately achieve a targeted annualised rate of 6Mtpa from that mine in the December 2015 quarter. Lump production is expected to commence at the Mt Webber mine during November 2015.

The key assumptions underlying the estimated Prospectus Break Even Prices above are:

- AUD/USD \$0.785.
- For the period July to December 2015 "Estimated Break Even Price Prospectus Assumptions" based on forecast production and Full Cash Costs for those months and the Prospectus revenue assumptions.
- "Prospectus Breakeven Price Estimate" based on nominal production run-rate and Full Cash Costs at 15mtpa (i.e. 320kt/mth, 480kt/mth and 450kt/mth from Abydos, Wodgina and Mt Webber respectively) and the Prospectus revenue assumptions.
- Sea freight of US\$6.25/wmt
- No Contractor Collaboration Deed cost assumed for Mt Webber, however estimated 10-12% mining cost savings (via the BGC Agreement).
- Private and State Royalties of 10.5% at Wodgina and 8.0% at Mt Webber and Abydos.
- Interest of 8.75% p.a. applied to secured debt of US\$269m (i.e. A\$343m at AUD/USD \$0.785).
- Payment of Contractor Collaboration Margin included for Wodgina and Abydos.
- Moisture of 5.7%, 3.8% and 4.5% at Wodgina, Abydos and Mt Webber respectively (i.e. average expected moisture over next 24 months).

- Average assumed lump premium of A\$10/dmt, with Lump contributing 66% and 50% of Abydos and Mt Webber product respectively. No Lump product assumed to be produced at Wodgina.
- Initial Lump production at Mt Webber from November 2015, growing during December 2015 to stated 50% of product tonnes.
- Average 'Other' contractual penalties of US\$0.50/dmt assumed to provide for impurities not specified in contracts.
- Quality / Value in Use discount of 12.5%, relating to discounts for ore impurities.
- Average assumed grade of Atlas ore of 57.0% Fe, compared with benchmark grade of 62.0% Fe.
- WA State Government Royalty Relief not included in Break Even Price analysis.

The current operating outcomes as at the date of this Supplementary Prospectus demonstrate a lower estimated Break Even Price than the equivalent estimate using the Prospectus Break Even Price assumptions (described in the paragraph immediately above). As at the date of this Supplementary Prospectus, the estimated Break Even Price at the *current* production run-rate and operating outcomes is between US\$52.50 and US\$53.50/dmt. This is primarily a result of the combined effects of a lower AUD:USD exchange rate, lower product discounts and higher lump product premiums being achieved in the current market; with these gains being partially offset by higher sea freight. While representative of *current* market conditions as at the date of this Supplementary Prospectus, there is no guarantee that these positive developments will be available to the Company beyond the month of July 2015. However, as the above graph indicates, the Company expects to achieve a Break Even Price of approximately US\$50/dmt by year end as it works towards its targeted production run-rate of 15Mtpa.

Key assumptions underlying the estimated Break Even Price stated (in the paragraph immediately above) as applicable to *current* operating outcomes are:

- AUD/USD \$0.76.
- July Full Cash Costs estimates based on 600kt and 320kt production from Wodgina and Abydos respectively, and no production from Mt Webber.
- Sea freight of US\$7.00/wmt
- Private and State Royalties of 10.5% at Wodgina and 8.0% at Abydos.
- Interest of 8.75% p.a. applied to secured debt of US\$269m.
- Payment of Contractor Collaboration Margin included for Wodgina and Abydos.
- Moisture of 5.7%, 3.8% at Wodgina and Abydos respectively.
- Average assumed lump premium of A\$13/dmt, with Lump contributing 66% of Abydos product. No Lump product assumed to be produced at Wodgina or Mt Webber.
- Average 'Other' contractual penalties of US\$0.50/dmt assumed to provide for impurities not specified in contracts.
- Quality / Value in Use discount of 11.5%, relating to discounts for ore impurities.
- Average assumed grade of Atlas ore of 57.0% Fe, compared with benchmark grade of 62.0% Fe.
- WA State Government Royalty Relief not included in Break Even Price analysis.

### 3. **INDEPENDENT ECONOMIC FORECASTERS**

For completeness, the Company confirms that the independent economic forecasters from which Atlas sourced forecast iron ore price and forecast AUD:USD exchange rate information for the purposes of preparing the Prospectus are as follows:

- CRU Group;
- Metalytics; and
- Wood Mackenzie.

Each of the parties referred to above:

- (a) has not authorised or caused the issue of this Supplementary Prospectus or the Prospectus;
- (b) does not make, or purport to make, any statement in this Supplementary Prospectus or in the Prospectus;
- (c) has not made any statement on which a statement in this Supplementary Prospectus or the Prospectus is based, other than as specified in this Section 3;
- (d) to the maximum extent permitted by law, expressly disclaims all liability in respect of, makes no representation regarding, and takes no responsibility for, any part of, or any statements in, or any omissions from, this Supplementary Prospectus or the Prospectus, other than the reference to its name and the statements (if any) included in the Prospectus with the consent of that party as specified in this Section 3; and
- (e) has given and, at the time of lodgement of this Supplementary Prospectus, has not withdrawn its written consent to:
  - (i) being named in this Supplementary Prospectus and in the Prospectus (in the case of the latter, as an "independent economic forecaster") in the form and context in which it is named; and
  - (ii) the inclusion in the Prospectus of reference to independent economic forecast information prepared by that party.

### 4. **CORRECTION OF TYPOGRAPHICAL ERROR ON PAGE 15 OF THE PROSPECTUS**

To avoid any potential for confusion, the Company clarifies that the denomination of the columns in the summary table provided in **B. Key Financial Information "What are the key investment metrics and financial information"** (see Section 5 of the Prospectus at page 15) should have been "\$,000" not "\$M".

This was a typographical error and the remainder of the Prospectus (in particular, Section 10 Financial Information) is accurate.

### 5. **CONFIRMATION OF TIMETABLE AND IMPORTANT DATES**

To avoid any doubt, the key dates set out in section 4 of the Prospectus are unchanged.

Importantly, the Closing Date for the Shareholder Participation Offer, the Contractor Issue and, in respect of the general public, the Placement and Shortfall Placement, is scheduled to be **5.00pm (Perth time) on 13 July 2015**.

## 6. APPLICATIONS FOR NEW SECURITIES

All new applications for New Securities must be made on the **Supplementary Personalised SPO Acceptance Form** or **Supplementary Placements Application Form** (as applicable) attached to or accompanying this Supplementary Prospectus.

New applications must not be made on the Personalised SPO Acceptance Form or Placements Application Form attached to or accompanying the Prospectus, unless the Company is satisfied that applicants have received a copy of both the Prospectus and the Supplementary Prospectus.

The forms must be completed in accordance with the instructions contained in the forms and according to the instructions set out in the Prospectus, except as modified by this Supplementary Prospectus.

Applications must be received by the Closing Date.

To avoid any doubt, for Eligible Shareholders wishing to subscribe under the Shareholder Participation Offer and pay by BPAY, please follow the instructions on your **Supplementary Personalised SPO Acceptance Form** (which includes the Biller Code and your unique reference number). You can only make a payment via BPAY if you are the holder of an account with an Australian financial institution that supports BPAY transactions.

If you are paying by BPAY, please make sure to use the specific Biller Code and unique Reference Number on your **Supplementary Personalised SPO Acceptance Form**. If you have multiple holdings and receive more than one **Supplementary Personalised SPO Acceptance Form**, when applying for SPO Shares, please only use the Reference Number specific to the holding on each Application Form. If you do not use the correct Reference Number specific to each holding, or inadvertently use the same Reference Number for more than one of your holdings, your Application will not be recognised as valid.

Please note that should you choose to pay by BPAY:

- (a) you do not need to submit the **Supplementary Personalised SPO Acceptance Form** but are taken to have made the statements contained in that **Supplementary Personalised SPO Acceptance Form**; and
- (b) you are deemed to have taken up such whole number of New Securities, which is covered in full by your Application Monies.

It is your responsibility to ensure that your BPAY payment is received by the Share Registry by no later than the Closing Date (subject to variation). You should be aware that your financial institution may implement earlier cut-off times with regard to electronic payment and you should therefore take this into consideration when making payment.

7. **DIRECTORS' CONSENT**

Each Director of Atlas has consented to the lodgement and issue of this Supplementary Prospectus and has not withdrawn that consent.

Signed for and on behalf of the Directors of Atlas:



**Mr David Flanagan**  
Managing Director  
Atlas Iron Limited