



ASX Announcement

24 September 2015

New Iron Ore Sales Agreement and Marketing Update

Atlas Iron (ASX:AGO) is pleased to report that following achievement of a 14-15Mtpa run rate it has now locked in a key new iron ore sales agreement, securing substantial sales volumes, while additionally achieving strong fixed price cargo sales through to March 2016.

The iron ore sales agreement, with a major international trading group is for 5 million tonnes per annum of Atlas standard fines for up to 2 years duration. The agreement is in the form of 4 x 6 month options exercisable at the customers election (the first of which has been exercised), with floating pricing referencing the 62% Fe index and market linked product quality discounts.

Atlas maintains full flexibility to overlay a range of hedging products direct with the customer or via its banking arrangements, consistent with its previously stated pricing strategy.

Independent to the new iron ore sales agreement, the Company has also executed 6 new fixed price sales contracts for lump and fines cargos in the March 2016 Quarter at an average price net to Atlas of US\$50/DMT (~15% of the March Quarter production at ~A\$67/WMT CFR at USD/AUD \$0.71 exchange). This compares favourably to recently reported Full Cash Costs for the month of August of A\$56.52/WMT CFR and to the March 2016 Quarter index which is currently ~ US\$48/DMT for 62% fines product.

Achieving fixed priced sales at a premium to the published forward price index is a positive indicator for iron ore demand. Atlas is also aware of other iron ore suppliers achieving cargo sales at a premium to the index which further supports a favourable outlook.

“Demand for our ore is strong and that means good agreements, good prices and high quality counterparties,” Managing Director David Flanagan said. “The support we are getting from our customers is evidence that our ore is an important part of their product mix, and that’s good for Atlas.”

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