



10 December 2012

ATLAS COMPLETES USD\$325M FINANCING PACKAGE

HIGHLIGHTS

- **USD\$325M FINANCE PACKAGE COMPLETED**
- **RECOVERY OF IRON ORE PRICES & STRONGER CASH FLOWS SUPPORT REDUCED TERM LOAN SIZE TO USD\$275M**
- **UNDRAWN AUD\$50M REVOLVER FACILITY PUT IN PLACE**
- **HORIZON 1 STRATEGY NOW FULLY FUNDED**
- **ON TRACK FOR 12MTPA BY DEC 2013**

Atlas Iron Limited (ASX Code: AGO) is pleased to announce that it has completed the Company's previously-foreshadowed USD\$325 million financing package, ensuring Atlas remains firmly on track to meet its Pilbara iron ore production target of 12 million tonnes per annum by December, 2013.

In light of the significant improvement in iron ore markets during the December 2012 Quarter, Atlas has elected to improve the structure of the debt package from that proposed in its ASX release of 18 October 2012.

Atlas has now completed a US institutional Term Loan B offering to USD\$275 million ("Term Loan"), down from USD\$325 million. Atlas has also put in place an undrawn AUD\$50 million three-year "covenant lite" revolving facility ("Revolver"). Importantly, both the Term Loan and Revolver terms contain no earnings-based maintenance covenants.

The decision to adopt a lower Term Loan and undrawn Revolver reduces the amount of loan drawn down, lowering Atlas' overall cost of funding.

The completion of this financing package delivers the Company sufficient funds to complete the development of the Mt Dove, Abydos and Mt Webber mines (the Mt Webber mine is subject to Atlas Board approval in the March 2013 Quarter), and the Yard 2 expansion works at Utah Point at Port Hedland.

Atlas continues to adopt a conservative approach to its capital management through modest debt levels in conjunction with incremental, staged project execution.

A summary of the key terms and conditions of the Term Loan B facility are as follows:

Principal Amount	USD\$275 million
Maturity	5 years
Coupon	L + 7.50%
LIBOR Floor ¹	1.25%
Guarantors	Atlas and all material subsidiaries
Security	Secured over the assets of Atlas and each material subsidiary subject to agreed exceptions and, in certain circumstances, to obtaining third party consents
Terms and conditions	The facility has no earnings based maintenance covenants and is repayable at the company's option at par, without penalty in most circumstances. Minimal repayment penalties apply if refinanced early through the Term Loan B market place.
Amortisation	1% per annum

¹ LIBOR Floor represents the minimum LIBOR base used to calculate the coupon.

Credit Suisse is the Sole Lead Arranger and Underwriter for the Term Loan with Goldman Sachs as Co-Manager.

Atlas Managing Director Ken Brinsden said "Despite challenging market conditions with concerns over the US 'fiscal cliff' post US elections, the completed financing package ensured Atlas' Horizon 1 projects, which will lift production to 12Mtpa, are fully-funded."

Atlas Iron Limited ABN 63 110 396 168



“These financing arrangements are totally consistent with Atlas’ policy of achieving growth over both the short and long terms, while maintaining a conservative balance sheet,” Mr. Brinsden said.

“Atlas believes it is prudent to have flexible forms of financing and sufficient liquidity, while accessing the lowest cost source of funds available to the Company at this stage of its development, to allow the Company to implement its expansion strategy on its terms.”

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