



QUARTERLY REPORT

June 2013

24 July 2013

SIGNIFICANT CASHFLOW FROM EXPANDING OPERATIONS – June Quarterly Report

Highlights

- Atlas shipped a record 2.22Mt (WMT) during the June 2013 Quarter, up 16% on the March 2013 Quarter
- FY2013 Shipping totalled 7.4Mt including 5.9Mt of Standard Fines and 1.5Mt of Value Fines, up 25% on the 2012 financial year
- Average headline price of ~US\$107/t CFR (DMT) received for Standard Fines product and ~US\$94/t CFR (DMT) received for Value Fines for the June 2013 Quarter
- FY2013 cash operating costs (FOB, excluding royalties) of \$49-50/t, within previous guidance range
- Net cash flows from operating activities of \$62M (after Corporate and Royalties but excluding working capital adjustments)
- \$417M cash on hand at 30 June 2013, increasing to \$461M as at 22 July 2013
- Abydos Mine in production, processing plant delivering product, with haulage from August 2013
- Continued development of stockyards at Utah Point Yard 2 in Port Hedland, with commissioning now underway
- Negotiations progressing with infrastructure owners and developers, with the intent of unlocking the value of Atlas' Horizon 2 assets

Subsequent to the end of the June 2013 Quarter

- Mt Webber mine development approval progressed, with mining commencing during the March Quarter 2014 and shipping contributions targeted from June 2014 Quarter
- Corunna Downs maiden Resource announced - 25Mt at 56.5% Fe, including 16.5Mt at 58.1%Fe
- Pilbara Resource growth of 97Mt, total 1.2Bt
- Pilbara Reserves growth to 507Mt
- FY2014 production guidance of 9.8-10.3Mt, inclusive of 0.8-1.0Mt of Value Fines at an FOB cash cost of \$49-53/t

"This is a strong result, with the Company continuing to expand production while meeting the quarter's cost and shipping guidance," Atlas Managing Director Ken Brinsden said. "This was achieved despite difficult and unseasonal weather conditions".

"At a time when we have been investing heavily in the growth of the business, including the development of multiple mines and port facilities, we have continued to maintain a healthy cash balance. This demonstrates the strong cash flow being generated from the expanding mine portfolio," he added.

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OPERATIONS

MINE PRODUCTION AND SHIPPING

Table 1: Production				
	June 2013 Quarter (t)	March 2013 Quarter (t)	Variance Quarter (t)	Variance Quarter (%)
Ore Tonnes Mined ¹	2,424,824	1,993,561	431,263	22%
Ore Tonnes Processed	2,186,361	1,711,393	474,968	28%
Haulage to Port	2,093,021	1,839,855	253,166	14%

Note 1: Ore Tonnes Mined represents ore tonnes delivered to Run-of-Mine (ROM) stockpiles at the processing plant

Note 2: Please see Appendix 1 for further details of production outputs by mine

Table 2: Inventory and Shipping				
	June 2013 Quarter (t)	March 2013 Quarter (t)	Variance Quarter (t)	Variance Quarter (%)
Inventory (see Appendix 2 for detail)				
Final Product Stocks - Port	41,524	170,279	(128,755)	(76%)
Shipping				
Ore Tonnes Shipped (Wet)	2,221,776	1,855,123	366,653	20%
Ore Tonnes Shipped (Dry)	2,061,796	1,714,453	347,343	20%

Production for the June 2013 Quarter resulted in record production and shipping of 2.22Mt (WMT), inclusive of three Atlas Value Fines cargos totalling 304Kt. Unseasonably high rainfall in the June 2013 Quarter, and in particular the month of June, caused production issues to varying degrees across mining, processing, haulage and shipping. Despite excessive rainfall, total tonnes shipped for the June Quarter still reflects a significant increase on the March 2013 Quarter. FY2013 cash operating costs (FOB and excluding royalties) are within the previous financial year guidance range with the final unaudited result between \$49-50/t.

Depreciation and Amortisation expense on operating assets is also subject to final audit but is expected to come in at ~ \$15/t, slightly above guidance range of \$12-14/t, due primarily to changes in closure provisions for Atlas' North Pilbara mine portfolio and updated estimates of future stripping costs at Wodgina. Depreciation and Amortisation expense per tonne will decrease significantly once Mt Webber contributes to production given its larger Reserve base.

Further to the recent Reserve updates and the Mt Webber decision to mine, FY2014 production guidance has been set at 9.8-10.3Mt inclusive of 0.8-1.0Mt of Value Fines at an FOB cash cost of \$49-53/t. Please refer to Projects – Horizon 1 below for more discussion pertaining to the mine production outlook over subsequent years.

MARKETING

Iron ore sales for June 2013 Quarter were 2.22Mt (WMT) including shipments of 304Kt (WMT) in Value Fines. The average grade of Standard Fines shipped for the Quarter was 57.2% Fe versus 56.8% Fe during the March 2013 Quarter, reflecting improved mining and reconciliation conditions at the Wodgina Mine. The average grade for Value Fines for the Quarter was 54.0% Fe.

Iron ore prices fell in June 2013 Quarter on concerns of tightening credit in China and the level of steel inventories. Pricing has recovered strongly commencing late June as steel inventories have been drawn down and iron ore inventories in China remained comparatively low.

Atlas' average headline sale price for the June 2013 Quarter was USD107/DMT for Standard Fines (March Quarter USD126 – reduction of 15%) and USD94/DMT for Value Fines (March Quarter USD109 – reduction of 14%).

The impact of the lower USD iron ore prices has been softened by the weakening of the AUD during the Quarter, with the AUD averaging 99.2c during the June 2013 Quarter relative to 103.9c in the March 2013 Quarter. The AUD has continued to decrease into July providing additional benefit to AUD revenues.

Headline discounts to the index for the June 2013 Quarter appear greater than those achieved historically. This is largely a consequence of two twelve month sales contracts (with price setting optionality of 1 or 2 months post month of sale) that were entered into in early 2013. While the actual discount to the pricing period is at or below levels achieved historically for Atlas product, in times of falling prices (as has occurred during the June Quarter) the discount reports as high relative to the month of shipment. This trend reversed in June (where a 4% discount to index was achieved) as forward pricing increased with the trend continuing into July (5 cargos that were provisionally priced at 30 June having increased substantially in value since that time).

The average sale price for Standard Fines for the FY13 financial year was USD109/DMT.

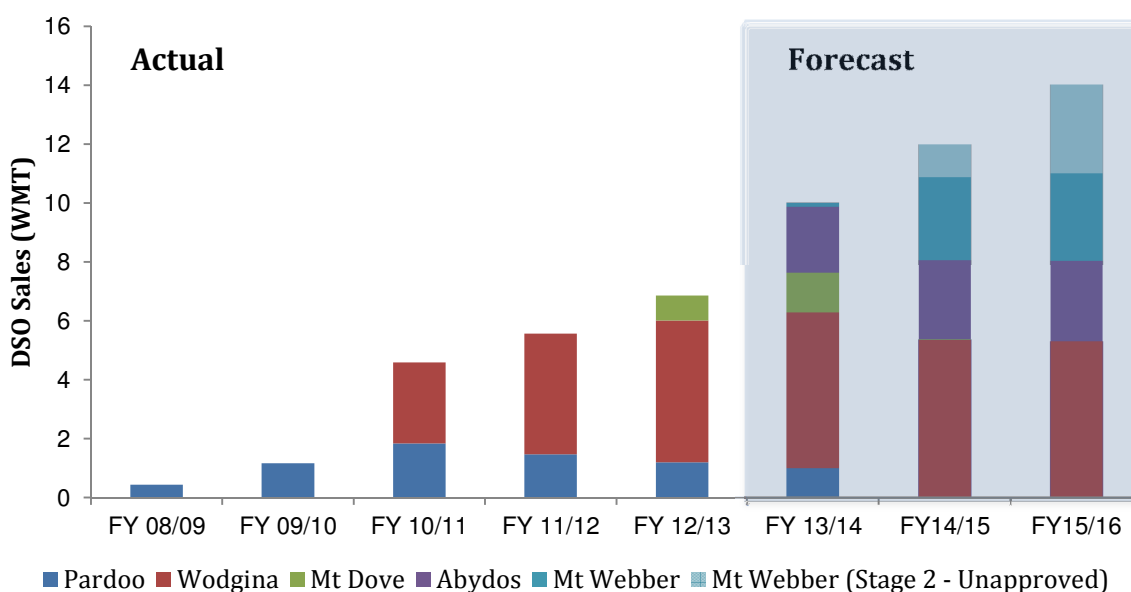
PROJECTS – HORIZON 1

Atlas has now expanded its nominal North Pilbara production rate to nearly 9Mtpa, increasing to a rate of 10Mtpa during the September 2013 Quarter and targeting a rate of 12Mtpa during the June 2014 Quarter. Atlas incurred \$104M on mine and port expansion works during the June 2013 Quarter.

Horizon 1 Production Outlook

Following redefinition of the Pardoo Reserve, including the withdrawal of the Floyd pit (subject to further technical studies, and in particular hydrogeology studies), Pardoo mine is anticipated to move into care and maintenance from approximately March 2014. Further production from the Pardoo mine would then be subject to the previously mentioned studies at Floyd and/or further exploration success.

With production also winding down at the Mt Dove Mine during the second half of FY14, overall production is backfilled with the commencement of Mt Webber and subsequent Stage 2 expansion. Note the Mt Webber Stage 2 expansion is subject to further environmental approvals, feasibility, JV and Atlas Board approval. Please find following a graphical representation of the proposed Horizon 1 shipped tonnes forecast by mine.



Historical and Forecast DSO Sales by Mine (Horizon 1)

Abydos

Construction of the Abydos project progressed well during the June 2013 Quarter despite unseasonal weather during June. Commissioning of the mine and processing facilities is well underway. First haulage along the new mine access road is planned for the second half of August 2013 following inclement weather impacting the haul road construction.



Abydos Mine Processing Facilities Layout

Abydos is Atlas' fourth mine and an important part of the Company's North Pilbara production portfolio (Horizon 1). Production rates in the range of 2-3Mtpa are proposed at Abydos. Existing DSO Reserves indicate an initial mine life of up to 6 years. Atlas is confident about the exploration potential at the project and its ability to continue to extend the mine life.



First Crushed Ore at Abydos

Utah Point Yard 2 Expansion

Atlas is well advanced in the development of its expanded port stockyards at Utah Point Yard 2 in Port Hedland to match mine capacity. Atlas is developing 'interim' facilities to support expanded production from its North Pilbara mines. Commissioning is now underway following the recent unseasonal rains in June, which caused some unanticipated delays. Operations at Yard 2 will be integrated with Atlas' existing Yard 1 stockyards and ship loading.

Atlas is finalising further engineering and feasibility as it assesses the continued development of Yard 2, including the provision of more sophisticated stacking and reclaiming infrastructure to lower overall port handling costs.



Utah Point Yard 2

Mt Webber

Subsequent to the June 2013 Quarter, Atlas received approval from its Board and concluded the necessary arrangements with its joint venture partner, Altura Mining Limited (ASX: AJM) to progress the Mt Webber mine to development. The project, which has a capital development cost of \$146M (100%), is fully funded via Atlas' existing cash at bank. Please refer to the ASX announcement 'Atlas Commits to the Development of the Mt Webber Mine' dated 8 July 2013.

PROJECTS – HORIZON 2

McPhee Creek

McPhee Creek feasibility studies continued during the period, targeting conclusion during this calendar year.

SE Pilbara

Atlas continues to progress minor feasibility works for its environmentally approved SE Pilbara projects, with development scenarios subject to the applicable infrastructure solution.

Rail

During the June 2013 Quarter, the rail Alliance study with Aurizon Operations Limited and Brockman Mining Limited completed their initial study. The Pilbara Independent Rail (PIR) study sought to provide a preliminary evaluation of a new, independent, multi-party railway to connect iron ore mines in the East Pilbara to Port Hedland.

The first phase of the PIR study demonstrated the potential for a new standard-gauge railway in the East Pilbara, connected to dedicated port facilities at Port Hedland that aggregates production from a number of operating and prospective miners, including Atlas and Brockman. As a result, the PIR study was extended to 1 July 2013 to examine the integration of the East Pilbara rail development and the proposed North West Infrastructure port development in South West Creek in Port Hedland.

Subsequent to the June 2013 Quarter, the Study Alliance Agreement with Aurizon Operations Limited and Brockman Mining Limited expired. Atlas is continuing discussions with Aurizon Operations Limited and Brockman Mining Limited regarding the potential integration of rail and port infrastructure.

Atlas continues to explore all options for access to existing and proposed rail infrastructure operations.

Port - North West Infrastructure

Atlas holds a 63% interest in North West Infrastructure (NWI), which has rights to 50Mtpa of export capacity at Port Hedland and is progressing plans to develop a stockyard facility in Boodarie and berths in South West Creek at Port Hedland. NWI continues to work with the Port Hedland Port Authority to finalise a port development agreement and associated lease.

EXPLORATION AND RESOURCE GEOLOGY

During the June 2013 Quarter Atlas completed 183 drill holes for a total of 18,696 metres at Pardoo, McPhee Creek and Corunna Downs. The Corunna Downs discovery previously reported to the market has been the main area of focus, with further updates to be provided in due course.

During the June 2013 Quarter Atlas incurred \$6M on Exploration and studies. In the September 2013 Quarter, RC and diamond drilling is planned for Corunna Downs and RC drilling at McPhee Creek and Mt Webber.

Corunna Downs

During the June 2013 Quarter Atlas announced excellent drill results to the market from its 100% owned Corunna Downs 'Split Rock' project.

Subsequent to the end of the June 2013 Quarter the first Corunna Downs 'Split Rock' Inferred Mineral Resource has been completed, resulting in 25Mt @ 56.5% Fe (50% Fe cut-off).

Please refer to Corunna Downs ASX announcements 'Corunna Downs Discovery Update' dated 29 May 2013 and 'Maiden Resource at Corunna Downs Highlights Project's Outstanding Potential' dated 24 July 2013.

RESERVES AND RESOURCE UPDATE

Subsequent to the June 2013 Quarter, Atlas announced an increase in its total Pilbara Ore Reserves to 506Mt, further strengthening the Company's existing operations, near term development projects and its longer-term growth strategy.

The upgraded Reserve estimate, which compares to the previously published figure of 31 December 2012, includes a 13% increase at Wodgina and a 10% increase at Mt Webber, where construction is currently underway. (See ASX announcement 'Resource-Reserve Update' of 24 July 2013 for further details).

Atlas Summary Ore Reserves Table - as at 30 June 2013								
Reserve Classification	Kt	Fe (%)	SiO ₂ (%)	Al ₂ O ₃ (%)	P (%)	S (%)	LOI (%)	CaFe (%)
Proved	99,500	57.5	5.9	2.2	0.10	0.02	8.6	62.9
Probable	407,300	55.7	7.1	3.0	0.10	0.02	8.9	61.2
Total**	506,800	56.0	6.8	2.9	0.10	0.02	8.9	61.5

Please refer to ASX announcement 'Reserve – Resource Update' 24 July 2013

Continued optimisation of product strategies and associated pit design updates have seen overall pit inventory increases of 14.6Mt. This is offset by reductions of 4.1Mt for mining depletion, 1.7Mt due to changes in dilution methodology and 1.7Mt for Floyd pit excision at the Pardoo Mine (pending further technical studies, primarily pertaining to dewatering strategies). This results in a net Reserve increase of 7.0Mt (before stockpile adjustments) to 506.8Mt, compared to the previous Reserve statement at 31 December 2012.

The Atlas Value Fines product specification has seen consistent customer demand as a separate product stream to the Standard Fines product for over 18 months. As a result, 5.3Mt of Wodgina ore grading 53.4% Fe is now included into Reserves.

CORPORATE

Cash movements for the Quarter

Cash as at 30 June 2013 was \$417M (\$461M as at 22 July 2013). Atlas' 'Term Loan B' Debt facility of USD\$274M is fully drawn, with other finance facilities of \$104M available to the Company of which \$9M has been drawn.

The operational cash surplus for the quarter was \$62M. Other material items impacting reported cash were positive Working Capital movements of \$35M and a \$26 million increase in the converted AUD value of USD on hand following currency depreciation.

Cost Initiatives

Atlas has previously flagged reductions in its ongoing corporate and project development expenses through the redundancy and redeployment of personnel and reducing its longer dated project and exploration costs. These initiatives have resulted in material half on half expenditure savings in exploration and corporate costs. A recent review has identified a range of further initiatives to continue to improve the cost base moving forward and implementation of these will occur over FY 2014.

Exercise of Corunna Downs Option

During the June 2013 Quarter, Atlas exercised its option to acquire 100% of the Corunna Downs tenement package for a cost of \$1.55M. The Corunna Downs tenements are a key focus of Atlas' Greenfields Horizon 1 exploration effort, to establish further mining projects that can backfill Atlas' existing 15Mtpa Utah Point port allocation.

Centaurus Metals Limited

Atlas holds a 19.85% strategic interest in Centaurus Metals Limited, an emerging Brazilian iron ore explorer and developer (see Centaurus' website: www.centaurus.com.au for further details).

Shaw River Manganese Limited

Atlas holds a 53.4% strategic interest in Shaw River, a manganese exploration and development company (see Shaw River's website: www.shawriver.com.au for further details).

Atlas is a supporter of Shaw River's strategy and subsequent to the end of the June 2013 Quarter, Atlas entered into an unsecured loan facility agreement (the Facility) with Shaw River. The Facility allows Shaw River to borrow up to \$4M to fund its operating costs. The Facility bears interest at 11% per annum and is repayable in 12 months.

CORPORATE PROFILE

Directors

David Flanagan,	Non-Executive Chairman
Ken Brinsden,	Managing Director
Mark Hancock,	Executive Director, Commercial
Dave Smith,	Non-Executive Director
David Hannon,	Non-Executive Director
Tai Sook Yee,	Non-Executive Director
Jeff Dowling,	Non-Executive Director
Kerry Sanderson AO,	Non-Executive Director
Geoff Simpson,	Non-Executive Director

Company Secretary

Mark Hancock

Executive Management

Jeremy Sinclair,	Chief Operating Officer
Rob Wilson,	Chief Development Officer

Registered Office and Head Office

Level 18, 300 Murray Street, Perth WA 6000
Website: atlasiron.com.au

Share Details as at 30 June 2013

909,718,409 ordinary shares

Unlisted Options as at 30 June 2013

13,195,000 Unlisted Options

Substantial Shareholders as at 30 June 2013

IMC Group:	66.75M shares
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Reporting Calendar

2013 Audited Annual Accounts:	22 August 2013
2012 Annual Report	27 September 2013
September 2013 Quarterly Report:	25 October 2013

Appendix 1 – Mine Production at Pardoo, Wodgina and Mt Dove, and Inventory

Table A: Mine Production – Pardoo				
	June 2103 Quarter (t)	March 2103 Quarter (t)	Variance Quarter (t)	Variance Quarter (%)
Ore Tonnes Mined ¹	286,975	255,750	31,225	12%
Ore Tonnes Processed	284,406	250,958	33,448	13%
Haulage to Port	278,531	290,851	(12,320)	(4%)

Table B: Mine Production – Wodgina				
	June 2013 Quarter (t)	March 2013 Quarter (t)	Variance Quarter (t)	Variance Quarter (%)
Ore Tonnes Mined ¹	1,253,085	1,141,699	111,386	10%
Ore Tonnes Processed	1,272,190	1,143,136	129,054	11%
Haulage to Port	1,186,806	1,241,349	(54,543)	(4%)

Table C: Mine Production – Mt Dove				
	June 2013 Quarter (t)	March 2013 Quarter (t)	Variance Quarter (t)	Variance Quarter (%)
Ore Tonnes Mined ¹	884,764	596,112	288,652	48%
Ore Tonnes Processed	629,765	317,299	312,466	98%
Haulage to Port	627,684	307,655	320,029	104%

Note 1: Ore Tonnes Mined represents ore tonnes delivered to Run-of-Mine (ROM) stockpiles at the processing plant.

Table D: Inventory				
Inventory	June 2013 Quarter (t)	March 2013 Quarter (t)	Variance Quarter (t)	Variance Quarter (%)
Run-of-Mine Ore at site	876,871	648,158	228,713	35%
Final Product Stock at site	193,720	36,454	157,266	431%
Final Product Stocks - Port	41,524	170,279	(128,755)	(76%)