



## Financial Update

Atlas Iron Limited (ASX: AGO) provides revised cost guidance and advises that it is likely to make a non-cash impairment to the carrying value of its producing assets at 30 June 2018.

### FY2018 Guidance

The Company remains on track to meet iron ore tonnes shipped of 9-10 mt for FY2018, albeit at the lower end of that range. In light of the lower iron ore volumes, elevated sea freight and fuel prices, the Company updates guidance for FY2018 as follows:

	FY2018 Guidance at August 2017	Revised FY2018 Guidance at May 2018
Iron ore tonnes shipped (m wmt)	9 – 10	9 – 10
C1 cash cost (A\$/wmt FOB)	37 – 39	39 – 40
Full cash cost (A\$/wmt CFR China)	54 – 58	58 – 59

Atlas expects to ship 45,000 tonnes of manganese lump by 30 June 2018.

With lithium crushing operations at Mt Dove underway, Atlas remains on track to export its first shipment of lithium direct shipping ore in June 2018.

### Impairment

The Company last reviewed impairment at 31 December 2017. In its Half Year Financial Statements, the Company provided calculations showing that the carrying value of its assets is particularly sensitive to assumptions around production costs and realised iron ore price.<sup>1</sup>

Consistent with these calculations, adverse movements in ongoing discounts applied to the Company's lower-grade iron ore coupled with elevated sea freight and fuel prices are increasing the likelihood of an impairment at 30 June 2018.

The Company recorded an operating loss during the March 2018 Quarter. Atlas recorded an average sale price of A\$59/wmt and full cash costs of A\$62/wmt for the month of April 2018 on volume of 0.7m wmt.

If these challenging market conditions persist, a non-cash impairment charge in a \$75-100 million range is likely to be recorded in the Company's FY2018 Financial Statements. Final impairment will not be known until the Company's FY2018 Financial Statements are finalised and audited in August 2018.

An impairment charge will not affect the Company's cash flow or compliance with debt obligations.

<sup>1</sup> See note 10 of the December 2017 Half Year Financial Statements.

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