



ASX Announcement

30 April 2015

OPERATIONS TO CONTINUE AT ABYDOS AND WODGINA DURING MAY

Atlas Iron (ASX: AGO) is pleased to advise that mining will continue at its Abydos project during May, with processing and haulage largely uninterrupted as the Company depletes previously mined stockpiles.

Mining will recommence at Wodgina as soon as possible in May, with processing and haulage restarting shortly thereafter.

The decision to continue operating at these projects, rather than suspending production in April as previously announced (see ASX release dated April 10, 2015) is the result of a substantial reduction in forecast cash costs for May at these mines. The cost reductions were achieved with the support of Atlas' key service providers.

The decision to continue operating was also taken in light of the successful production and sale of Atlas' first lump cargo from Abydos during March. Up to 65 per cent of Abydos' production will be in the lump product category which is priced at a premium (subject to variable iron ore market conditions), to Atlas' Standard Fines product.

The new operating model, inclusive of lump product streams and assistance provided by key service providers, combined with positive pricing momentum, means Atlas expects to be cash flow-positive in May. This is based on target *all-in cash costs plus interest and sustaining capital expense, that are breakeven at a headline IODEX62% CFR level less than USD\$50/dmt (dry metric tonne).

Atlas will continue to work on defining contractual arrangements with key contractors in an effort to convert these initiatives into viable longer-term operating solutions as soon as possible.

The Company is continuing to assess its options at the Mt Webber mine.

Atlas shares will remain in suspension, as announced on 21 April 2015. Positive momentum has been generated from the Company's operational review and consideration of the Company's capital structure continues. The Company is solvent and remains in compliance with its debt instruments.

Atlas will not be commenting further on these operational changes or financial discussions at this stage. However the Company will provide an update on these matters in due course.

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*All-in cash costs' includes C1 production costs, royalties, freight, corporate and administration, expensed exploration and evaluation.

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