



18 October 2012

ATLAS SHIPS 1.6MT FOR THE QUARTER

HIGHLIGHTS FOR THE SEPTEMBER 2012 QUARTER

- Atlas shipped a record of 1.593Mt (WMT) during the September 2012 Quarter, which reflects an increase of 6% on the June 2012 Quarter and exceeds previous guidance
- Atlas realised an average price of ~US\$98 per tonne CFR (DMT) for the September 2012 Quarter for its standard product. An average of ~US\$95 CFR (DMT) was achieved inclusive of the two Atlas Value Fines cargoes sold during the September 2012 Quarter
- FY2013 guidance on cash operating costs (FOB, excluding royalties) is revised down from previous guidance of \$47 - \$52/t to \$46 - \$50/t
- September 2012 Quarter cash operating costs/t (FOB, excluding royalties) are in line with revised guidance of \$46 - \$50/t for the 2013 financial year
- Abydos and Mt Dove DSO projects are now under construction as part of Atlas' strategy to grow its installed production capacity to 8Mtpa by December 2012, 10Mtpa by June 2013 and targeting 12Mtpa by December 2013
- Construction has started for Yard 2 interim solution at the Utah Point port facility to expand export capacity
- \$313.6 million cash on hand as at 30 September 2012
- Dividend Reinvestment Plan will apply for proposed FY2012 dividend

Subsequent to the end of the September 2012 Quarter

- Atlas and Gondwana sign agreements on Corunna Downs and Trigg Hill tenements
- Organisation review completed and cost savings announced on 18 October 2012
- Experienced CFO, Anton Rohner, commenced as Atlas CFO
- Atlas is fully funded for its Horizon 1 projects, having secured an underwritten commitment for a term loan of US\$325 million
- Horizon 1 capex review identifies likely substantial savings in FY13 and FY14 through the staged development of Mt Webber and road optimisation
- Payment of \$48.9mil in stamp duty associated with FY2011 Giralda Resources takeover in line with the liability accrued at the time of the takeover.

Managing Director Ken Brinsden said, "The strength in Atlas' balance sheet, repeatable production performance and ever increasing focus on operating and capital development costs has meant that Atlas has maintained its measure approach in these volatile trading conditions."

"With a flexible funding solution now in place and construction progressing well, we look forward commissioning our Mt Dove and Abydos mines to expand our Pilbara production base to 10Mtpa," he added.

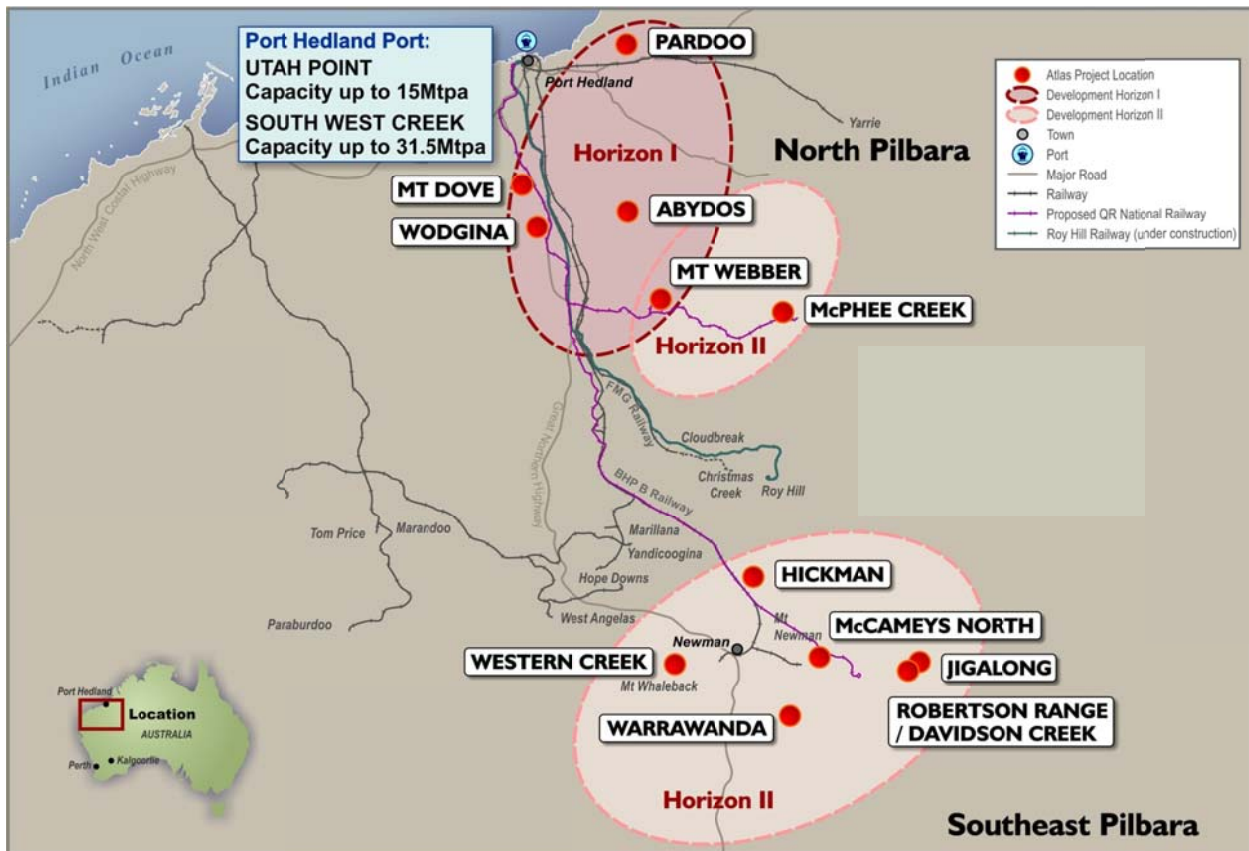


FIGURE1 - Atlas: Pilbara's Emerging Powerhouse

INTRODUCTION

Atlas first commenced exports from the Pardoo DSO project in the Pilbara at the rate of 1Mtpa in December 2008 and following commencement of its second operation at Wodgina in June 2010, Atlas achieved export rates of 6Mtpa in line with targeted growth initiatives. Atlas will bring a further three new mines into production in the North Pilbara (Mt Dove, Abydos and Mt Webber) in the next 15 months to increase installed production capacity to 8Mtpa by December 2012, 10Mtpa by June 2013 and targeting 12Mtpa by December 2013. With the addition of McPhee Creek and its South East Pilbara assets, Atlas plans to progressively expand its exports, targeting 46Mtpa during the 2017 calendar year.



OPERATIONS

MINE PRODUCTION AND SHIPPING

Table 1: Production

	September 2012 Quarter (t)	June 2012 Quarter (t)	Variance Quarter (t)	Variance Quarter (%)
Ore Tonnes Mined ²	1,543,899	1,526,311	17,588	1%
Ore Tonnes Processed	1,642,711	1,534,530	108,181	7%
Haulage to Port	1,667,287	1,481,201	186,086	13%

Note 1: See Appendix 1 for detail of mine production at Pardoo and Wodgina

Note 2: Ore Tonnes Mined represents ore tonnes delivered to Run-of-Mine (ROM) at the Plant

Table 2: Inventory and Shipping

	September 2012 Quarter (t)	June 2012 Quarter (t)	Variance Quarter (t)	Variance Quarter (%)
Inventory				
Run of Mine Ore Stocks	103,966	209,682	-105,716	-50%
Final Product Stocks - Site	76,266	100,842	-24,576	-24%
Final Product Stocks - Port	81,392	6,759	74,633	1104%
Shipping				
Ore Tonnes Shipped (Wet)	1,592,654	1,504,064	88,590	6%
Ore Tonnes Shipped (Dry)	1,476,240	1,382,847	93,393	7%

Production for the September 2012 Quarter resulted in shipments of 1.593Mt (WMT). This reflects a 6% increase on the June 2012 Quarter and is in line with recent guidance for shipped tonnes for first half fiscal year 2013. Two cargos of Atlas Value Fines were shipped in the September quarter. Both cargos were shipped in addition to planned Atlas Premium Fines cargos and were favourable to cost of production (dilution of fixed costs) in a quarter which experienced significant volatility in iron ore pricing. Cash operating costs (FOB, and excluding royalties) for the September 2012 Quarter Financial Year were achieved in line with the revised guidance of \$46 - 50/t (FOB, excluding royalties).

Please see Appendix 1 for further details of production outputs by mine.



MARKETING

Iron ore sales for the September 2012 Quarter were 1.593Mt WMT, up 6% from the June 2012 Quarter (1.504Mt WMT).

The Iron Ore price fell dramatically during the September 2012 Quarter as a combination of weaker steel demand, global economic uncertainty and an uncertain investment climate in China pending completion of scheduled political change weighed on the market. The impact of the weak US dollar iron ore price was exacerbated by the strong Australian dollar, resulting in revenues for the September 2012 Quarter being significantly below expectations in spite of strong sales volumes.

The strong sales volumes reflect the fact that Atlas experienced a consistent demand for its product over the September 2012 Quarter with customers performing well under trying conditions.

Atlas' average sale price for its standard product for the September 2012 Quarter was US\$98 per tonne CFR (DMT) down from the US\$122 per tonne CFR (DMT) achieved in the June 2012 Quarter in line with overall market weakness.

In addition to the standard grade cargos, Atlas also sold two Atlas Value Fines cargos with an average of 55% Fe during the September 2012 Quarter at an average price of USD72 per tonne CFR (DMT). The overall average price for the September 2012 Quarter inclusive of those Atlas Value Fines cargos was US\$95 per tonne CFR (DMT).

Late in the September 2012 Quarter prices began to recover and Atlas has received a number of expressions of interest to enter into term contracts and these are presently being evaluated with new contracts expected to be entered in the December 2012 Quarter.

The Company is actively investigating a number of new marketing opportunities outside of China, as a means of diversifying its existing client base.

PROJECTS – HORIZON 1

Please refer to Atlas' Operational Update released co-incident with this report on 18 October 2012. During the September 2012 Quarter Atlas incurred \$46.35 million on project development.

EXPLORATION AND RESOURCE DEVELOPMENT

During the September 2012 Quarter Atlas drilled 465 reverse circulation (RC) and 30 diamond drill holes for a total of 45,804m. Infill and extensional drilling continued throughout the quarter at McPhee Creek, accounting for 55% of total drilled RC metres, and 78% of diamond metres. Additional works also completed at McPhee Creek included drilling for hydrogeological, geotechnical and metallurgical purposes. Resource development drilling also progressed at Mt Dove with a combination of RC and diamond drilling providing further detailed information for the Operations team. During the September 2012 Quarter Atlas incurred \$7.4 on exploration and evaluation (expensed), \$10 million on resource development (capitalised), and \$6.78 million on studies (capitalised).

Greenfields exploration projects at Hickman, Western Creek, Jimblebar, Warrawanda and Upper Ashburton accounted for most of the remaining activity with some work undertaken at Abydos on the periphery of the planned Operation.



In the December 2012 Quarter the focus will shift back to the North Pilbara in closer proximity to current and planned Operations, with some lesser works scheduled for McPhee Creek and Hickman.

CORPORATE

Horizon 1 funding put in place

On 18 October 2012 Atlas announced that it had secured an underwritten commitment for a term loan facility of US\$325mil ("Term Loan"). The facility will be used to fund Atlas' Horizon 1 strategy including its Abydos mine development, Yard 2 expansion at Utah Point, Mt Webber mine development and associated infrastructure.

Trigg Hill and Corunna Downs tenements

Post the September 2012 Quarter, Gondwana Resources Limited sold to Atlas its interest in exploration licence E45/3437 referred to as Trigg Hill located in the Pilbara, Western Australia for \$1.3 million in cash. The Trigg Hill Tenement is in close proximity to Atlas' Mt Webber prospect and will host key infrastructure for the development of that project.

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). During the September 2012 Quarter the Company participated in a capital raising by Centaurus to maintain its 19.85% strategic interest by subscribing for up \$5.2 million in two tranches.

Shaw River Manganese Limited

Atlas holds a strategic interest in Shaw River, a manganese exploration and development company (see Shaw River's website: www.shawriver.com.au for further details). During the September 2012 Quarter, the Company participated in Shaw River's \$8 million capital raising and increased its interest to 53.4% by subscribing for \$5 million.

Magnetite Project - Ridley

Commercial negotiations have continued during the September 2012 Quarter with potential investors or partners in the Ridley magnetite project.

Dividend Reinvestment Plan

On 27 August 2012, Atlas announced that, subject to shareholder approval of amendments to its constitution at the 2012 Annual General Meeting on 31 October 2012 (2012 AGM), it intended to pay an unfranked dividend of 3 cents per share (see Note below) (FY2012 Dividend). Atlas stated that shareholders would be advised of the Record Date after the 2012 AGM.

Atlas, following interest from shareholders, has decided that it will initiate a Dividend Reinvestment Plan for the FY2012 Dividend (which remains subject to shareholder approval of amendments to its constitution at the 2012 AGM). Shareholders will have the option of receiving a cash dividend or receiving Atlas shares at a 2½% discount to the daily VWAP for the previous 5 business days immediately after the Record Date.

Shareholders will be able to participate in the DRP either in full or in part at their election. Election forms will be sent to shareholders with a copy of the DRP immediately after the 2012 AGM. Shareholders are required to return these DRP election forms prior to the Record Date,



which will be announced immediately after the 2012 AGM. The DRP for the proposed FY2012 Dividend will not be underwritten.

Note: Should shareholders not approve the amendments to the constitution to allow the dividend to proceed at the Company's 2012 AGM, Atlas will not be able to pay the proposed dividend.

CORPORATE PROFILE

Directors

David Flanagan, Executive Chairman
Ken Brinsden, Managing Director
Mark Hancock, Executive Director, Commercial
David Hannon, Non-Executive Director
Dave Smith, 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

Tony Walsh

Executive Management

Jeremy Sinclair, Chief Operating Officer
Rob Wilson, Chief Development Officer
Anton Rohner, Chief Financial Officer

Registered Office and Head Office

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

Share Details as at 30 September 2012

904,805,993 ordinary shares

Unlisted Options as at 30 September 2012

14,015,000 Unlisted Options

Substantial Shareholders as at 30 September 2012

IMC Group: 66.75 mil shares
Schroder Investment Management Australia: 77.6 mil shares
Blackrock Investment Management: 48.98 mil shares

Reporting Calendar

December 2012 Quarterly Report: 23 January 2013


Appendix 1 – Mine Production at Pardoo and Wodgina

Table A: Mine Production – Pardoo				
	September 2012 Quarter (t)	June 2012 Quarter (t)	Variance Quarter (t)	Variance Quarter (%)
Ore Tonnes Mined	324,535	300,645	23,890	8%
Ore Tonnes Processed	325,838	309,497	16,341	5%
Haulage to Port	345,222	281,193	64,029	23%

Note: Ore Tonnes Mined represents ore tonnes delivered to Run-of-Mine (ROM) at the Plant

Table B: Mine Production – Wodgina				
	September 2012 Quarter (t)	June 2012 Quarter (t)	Variance Quarter (t)	Variance Quarter (%)
Ore Tonnes Mined	1,219,364	1,225,666	-6,302	-1%
Ore Tonnes Processed	1,316,873	1,225,033	91,840	8%
Haulage to Port	1,322,065	1,200,008	122,057	10%

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