



20<sup>th</sup> February 2013

## Non-Cash Impairment

Atlas Iron (ASX: AGO) advises that it will book a non-cash impairment of \$258M, net of deferred MRRT and income tax, in its accounts for the six months to 31<sup>st</sup> December 2012. This follows a review of the carrying value of select undeveloped Horizon 1 and 2 exploration project areas and non-core tenements. The impairment is a consequence of the accounting values attributed to these exploration assets arising from the higher price of Atlas shares used as consideration when many of the tenements were acquired (including share price appreciation following the announcement of the transactions) as part of the four mergers and takeovers Atlas completed between 2009 and 2011. This compares to the value ascribed by the market as at 31 December 2012 to these exploration assets.

Atlas' Horizon 1 development plans and the options for further growth through its Horizon 2 assets remain unchanged.

"Atlas was able to capitalise on the strength of its share price over time to acquire what are highly strategic assets, which are expected to play a key role in its growth over coming years," Atlas Managing Director Ken Brinsden said. "The Company believes that this impairment charge will position the Atlas balance sheet favourably to withstand any future iron ore price volatility."

"Atlas has started four mines in four years with more growth to come. The Company is well positioned financially with \$423 million cash on hand as at 31 December 2012 and undrawn financing facilities of \$50 million to complete its Horizon 1 development objectives. We are now expanding into a more robust iron ore price environment and therefore expect to be generating substantial growing cashflows as we execute on our Horizon 1 and 2 strategy," Mr Brinsden added.

### For further information please contact

Ken Brinsden, Managing Director

Anton Rohner, Chief Financial Officer

Tel (08) 6228 8000

### Media enquiries please contact

Paul Armstrong – Read Corporate

Tel (08) 9388-1474

### Breakdown of Impairment charge

	\$Mil
Impairment of tenements (Gross) before tax	\$455
Tax credit for accounting purposes *	\$197
<b>Impairment of tenements (Net) after tax</b>	<b>\$258</b>

\*- A tax credit is received for accounting purposes in relation to income tax and MRRT

Atlas Iron Limited ABN 63 110 396 168