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ATLAS IRON AND QR NATIONAL TO PROGRESS JOINT STUDY ON PROPOSED PILBARA RAILWAY

Project offers Atlas an outstanding opportunity to grow its production to as much as 46Mtpa

Atlas Iron Limited (ASX:AGO) is pleased to advise that it has entered into a binding Memorandum of Understanding with QR National (ASX:QRN) to progress the feasibility of an independent railway in WA's Pilbara region.

The proposed Pilbara Independent Rail (PIR) Project would connect iron ore deposits owned by Atlas and other companies in the East and South-East Pilbara to Port Hedland.

The study is expected to be completed by the end of this calendar year, with first haulage earmarked for as early as 2015.

The standard-gauge railway would be designed to be expanded progressively in line with shipping allocations at Port Hedland port. The line would initially be connected to stockpiling facilities which would be developed concurrently at Port Hedland.

Under the binding agreement, Atlas and QR National will share the costs of the study and both will contribute resources as required. Any development proposal would be subject to the approvals and investment hurdles of the companies' respective Boards.

The Agreement envisages that Atlas would be a foundation customer of the railway and contemplates Atlas being a junior equity partner in the Project.

Atlas intends to use rail haulage as part of its strategy to grow production from 15Mtpa to as much as 46Mtpa, enabling the Company to take full advantage of its highly valuable Port Hedland port capacity.

Atlas Iron Managing Director Ken Brinsden said Atlas had examined all its possible rail options and believed that one involving a third-party infrastructure provider such as QR National represents one of the best outcomes for shareholders based on the information available to date.

"We believe an independent railway offers Atlas a highly attractive means of growing its production to as much as 46Mtpa, enabling the Company to realise the immense value of its one billion-tonne resource inventory and extensive port capacity," Mr Brinsden said.

"This represents the start of the next leg of Atlas' remarkable growth journey and we look forward to examining the economic and technical aspects of the proposed project."

QR National Executive Vice President Strategy and Business Development, Ken Lewsey said Atlas and QR National have been working informally on the proposal since 2011.

"QR National is delighted to take this work forward to the next step with the signing of this agreement with Atlas Iron," Mr Lewsey said.

Atlas Iron Limited ABN 63 110 396 168



“Atlas is Australia’s most developed iron ore miner that is not hauling on rail. QR National is Australia’s leading provider of heavy-haul rail transport and infrastructure.

“The Pilbara Independent Railway is an opportunity for QR National to apply our significant expertise in constructing and operating multi-user coal supply chains in Queensland to the benefit of independent miners in the Pilbara iron ore region.

“We are currently the largest haulier of iron ore in WA outside the Pilbara and through this project we have the potential to provide that service to a broad range of customers, including Atlas Iron.”

Both QR National and Atlas welcome further discussions with other parties interested in becoming a customer on the network.

“The potential development of an independent Pilbara rail network could represent a paradigm shift for the progressive development of the Pilbara, breaking open long-standing barriers to new entrants to the iron ore industry,” Mr Brinsden said. “It would be great for Atlas, QR National, Western Australia and Australia.”

For further information please contact

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