



25 January 2013

ATLAS SHIPS RECORD 1.75Mt FOR THE QUARTER

Costs within \$46-\$50/t guidance; On track to hit 10mtpa by June 2013

QUARTER HIGHLIGHTS

- Atlas shipped a record of 1.75Mt (WMT), a 10% increase from the September 2012 Quarter
- Average headline price of ~US\$106 per tonne CFR (DMT) received for standard product
- The December 2012 Quarter includes four Atlas Value Fines cargos totalling 373,000t (WMT), with an average headline price of ~US\$81 per tonne CFR (DMT)
- Three new off take contracts signed, and first cargo shipped outside of China
- Cash operating costs (FOB, excluding royalties) are in line with guidance of \$46 - \$50/t. Full year guidance for FY2013 remains at \$46 - \$50/t. Average freight cost for the quarter was ~US\$12 / (DMT)
- Record shipments of 700,000t (wet) in October 2012, an export rate of 8.4Mtpa
- Production commenced at Mt Dove, growing Atlas' production rate to 8Mtpa
- Pre-strip mining commenced at Atlas' Abydos DSO mine
- On target to produce at 10Mtpa by June 2013 and targeting 12Mtpa by December 2013
- Expansion works at Atlas' Utah Point port facilities in Port Hedland are well underway
- US\$325M financing package (comprising US\$275M Term Loan B and AUD\$50M revolving facility) completed in December 2012 ensuring Atlas is fully funded for its Horizon 1 projects including port facilities
- 3 cent dividend for FY2012 paid in December 2012 with 24% of shareholders participating in the Atlas Dividend Reinvestment Plan
- \$423M cash on hand as at 31 December 2012 which includes monies received from the Term Loan B facility completed in December 2012, payment of \$49M in stamp duty associated with the FY2011 Giralia acquisition, \$20M in FY2012 dividend and \$66M in expansion works.
- State and Federal environmental approvals received for its proposed Davidson Creek Hub mines and connecting rail spurs



OPERATIONS

MINE PRODUCTION AND SHIPPING

Table 1: Production

	December 2012 Quarter (t)	September 2012 Quarter (t)	Variance Quarter (t)	Variance Quarter (%)
Ore Tonnes Mined ²	2,003,236	1,543,899	459,337	30%
Ore Tonnes Processed	1,741,214	1,642,711	98,503	6%
Haulage to Port	1,816,844	1,667,287	149,557	9%

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

	December 2012 Quarter (t)	September 2012 Quarter (t)	Variance Quarter (t)	Variance Quarter (%)
Inventory				
Final Product Stocks - Port	185,547	114,381	71,166	62%
Shipping				
Ore Tonnes Shipped (Wet)	1,745,678	1,592,654	153,024	10%
Ore Tonnes Shipped (Dry)	1,609,460	1,476,240	133,220	9%

Production for the December 2012 Quarter resulted in shipments of 1.75Mt (WMT) including four Atlas Value Fines cargos totalling 373,000t. This reflects a 10% increase on the September 2012 Quarter and is in line with recent guidance for shipped tonnes for first half FY2013. Cash operating costs (FOB, and excluding royalties) for the December 2012 Quarter were achieved in line with current 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 December 2012 Quarter were 1.75Mt WMT, up 10% from the September 2012 Quarter (1.59Mt WMT).

Iron Ore prices recovered during the December 2012 Quarter as a result of improvements in the Chinese economy and general sentiment in China following the announced change in political leadership. The impact of the weak US dollar continues to have a dampening effect on the December 2012 Quarter revenues despite stronger sales volumes.

Atlas' average headline sale price for its standard product for the December 2012 Quarter was US\$106 per tonne CFR (DMT) up from the US\$98 per tonne CFR (DMT) achieved in the September 2012 Quarter.

In addition to the standard grade cargos, Atlas also sold four Atlas Value Fines cargos totalling 373,000t with an Fe content of ~54% Fe during the December 2012 Quarter at an average price of US\$81 per tonne CFR (DMT). The overall average price for the December 2012 Quarter inclusive of those Atlas Value Fines cargos was US\$101 per tonne CFR (DMT), while Freight costs for the quarter averaged ~ US\$12 / DMT.

Prices have continued to strengthen significantly post quarter end with a Value Fines cargo sold at US\$120 DMT during January and strong pricing achieved on standard grade product.

Atlas finalised three term contracts for a combined 2.2Mtpa during the December 2012 Quarter with two Chinese steel mills and a major international trading house to further strengthen its reliable customer base. During the December 2012 Quarter, the Company also delivered a cargo to a customer outside China and will continue pursuing new marketing opportunities.

Post quarter end contracts for a further 2.7Mt of product have been agreed for delivery later in 2013 to a combination of existing and new contracting parties.

PROJECTS – HORIZON 1

Atlas' has now expanded its North Pilbara production rate to 8Mtpa, increasing to 10Mtpa by June 2013 and targeting 12Mtpa by December 2013. Atlas remains on track to export between 7.2 and 7.7Mt in the 2013 financial year.

Atlas incurred \$66M on expansion works during the December 2012 Quarter.

Mt Dove

In December 2012, production commenced at Atlas' third Pilbara iron ore mine, Mt Dove, located 65km south of Port Hedland in WA.

The first blast at the Mt Dove Mine occurred on 28 October 2012, with first ore mined in November 2012. High grade production has commenced and truck haulage to Port Hedland commenced on 14 January 2013. The Mt Dove product is being hauled via the Great Northern Highway to the Utah Point Port facility, and will contribute to the enhancement of Atlas' North Pilbara blending opportunities.

Abydos

During the December 2012 Quarter pre-strip activity commenced at the Abydos mine, with the commencement of mining and the site access earthworks. Haulage and shipping is scheduled to commence from June 2013 at a rate of 2-3Mtpa.

**Utah Point Yard 2 Expansion**

During the December 2012 Quarter, works continued on the development of Atlas' port facilities in Port Hedland. The Utah Point Yard 2 expansion will increase the Company's export capacity over the remainder of the financial year, enabling these facilities to accommodate the additional tonnage as production increases. The works are being carried out in a phased manner with the bulk earthworks for the initial stage concluded on schedule during December 2012.

Mt Webber

The Mt Webber study continued during the period, focusing on a staged development, initially to 3Mtpa of DSO and then expanding to 6Mtpa. The project will initially use conventional truck haulage, targeting first production in December 2013.

PROJECTS – HORIZON 2**McPhee Creek**

Revised resource estimation and mine planning work was carried out in the December 2012 Quarter with a resource and reserve update expected to be finalised and released by 31 January 2013. This update will feed into the feasibility study currently underway, targeting conclusion during the next 12 months.

SE Pilbara

Atlas continues to progress its SE Pilbara development strategy. Atlas received environmental approvals for the Davidson Creek Hub and associate rail spurs during the period.

Rail

The East Pilbara Independent Rail Study being carried out jointly by Atlas, Aurizon (formerly QR National) and Brockman Mining continued during the December 2012 Quarter, concluding in the March 2013 Quarter. The parties have commenced preliminary planning regarding the potential scope of the next stage of study seeking to deliver an independent multiuser rail solution and port infrastructure operation.

Port - North West Infrastructure

Atlas holds a 63% interest in North West Infrastructure (NWI) which has rights to 50Mtpa of export capacity at Port Hedland and is progressing its plans to develop a stockyard facility in Boodarie and berths in South West Creek at Port Hedland.



EXPLORATION AND RESOURCE DEVELOPMENT

During the December 2012 Quarter Atlas completed 218 drill holes for a total of 17,765 metres. Initially at the Hickman, Western Creek and Earraheedy projects; and subsequently at Wodgina, Wodgina South and Abydos in line with the Company's increased focus on Horizon 1 and near mine opportunities. Horizon 1 focussed drilling accounted for 45% of the total drilling during the quarter. During the December 2012 Quarter Atlas incurred \$4.2M on exploration and evaluation (expensed), \$3.6M on resource development (capitalised), and \$4.2M on studies (\$4.0M capitalised).

In the March 2013 Quarter the focus on the North Pilbara will continue once drilling activities recommence on 1 March 2013, with RC drilling planned in close proximity to current operations at Wodgina and Pardoo, as well as greenfields exploration at Corunna Downs.

CORPORATE

During the December 2012 Quarter, and following a review of its production plan and other productivity initiatives, Atlas provided a revised shipping guidance of 7.2Mt to 7.7Mt in FY13. Atlas also lowered its operating cost guidance for FY2013 to A\$46-\$50 a tonne.

A wide ranging cost review initiated by Atlas concluded that certain long-term exploration and evaluation activity could be deferred with resource/reserve development a higher priority in the short to medium term to deliver the Company's medium term mining plans. The review resulted in a reduction of approximately 27 full time positions across Atlas' business with the majority of these positions attributable to exploration and evaluation activities.

Horizon 1 funding put in place

On 10 December 2012, Atlas completed a USD\$325M financing package, ensuring Atlas remains firmly on track to meet its Pilbara iron ore production target of 12Mtpa by December 2013.

The package, comprising of a US institutional Term Loan B offering to USD\$275M and an undrawn AUD\$50M three-year "covenant light" revolving 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

During the December 2012 Quarter, Atlas acquired from Gondwana Resources Limited its interest in exploration licence E45/3437 (referred to as Trigg Hill) located in the Pilbara, Western Australia for \$1.3M 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).

Shaw River Manganese Limited

Atlas holds a 53.4% strategic interest in Shaw River, a manganese exploration and development company (see Shaw River's website: www.shawriver.com.au for further details).

***Magnetite Project - Ridley***

Successful commencement of production from the Karara Magnetite Project (Gindalbie Metals – GBG: 50%) has increased interest in the Ridley Project, which has the size and location to be a significant source of long term, high quality iron ore supply.

Dividend & Dividend Reinvestment Plan

Following approval of amendments to its Constitution at the 2012 Annual General Meeting on 31 October 2012 (2012 AGM), Atlas declared an unfranked dividend of 3 cents per share for the 2012 financial year (FY 2012).

Shareholders who elected to participate in the Dividend Reinvestment Plan which was activated for the FY2012 Dividend, received Atlas shares at an issue price of \$1.36 per share, a 2.5% discount to the daily VWAP (volume weighted average price) for the previous five business days immediately after the record date of 22 November 2012.

A total of 4,912,416 shares were placed pursuant to the Atlas Dividend Reinvestment Plan and \$20M was paid in cash dividend.

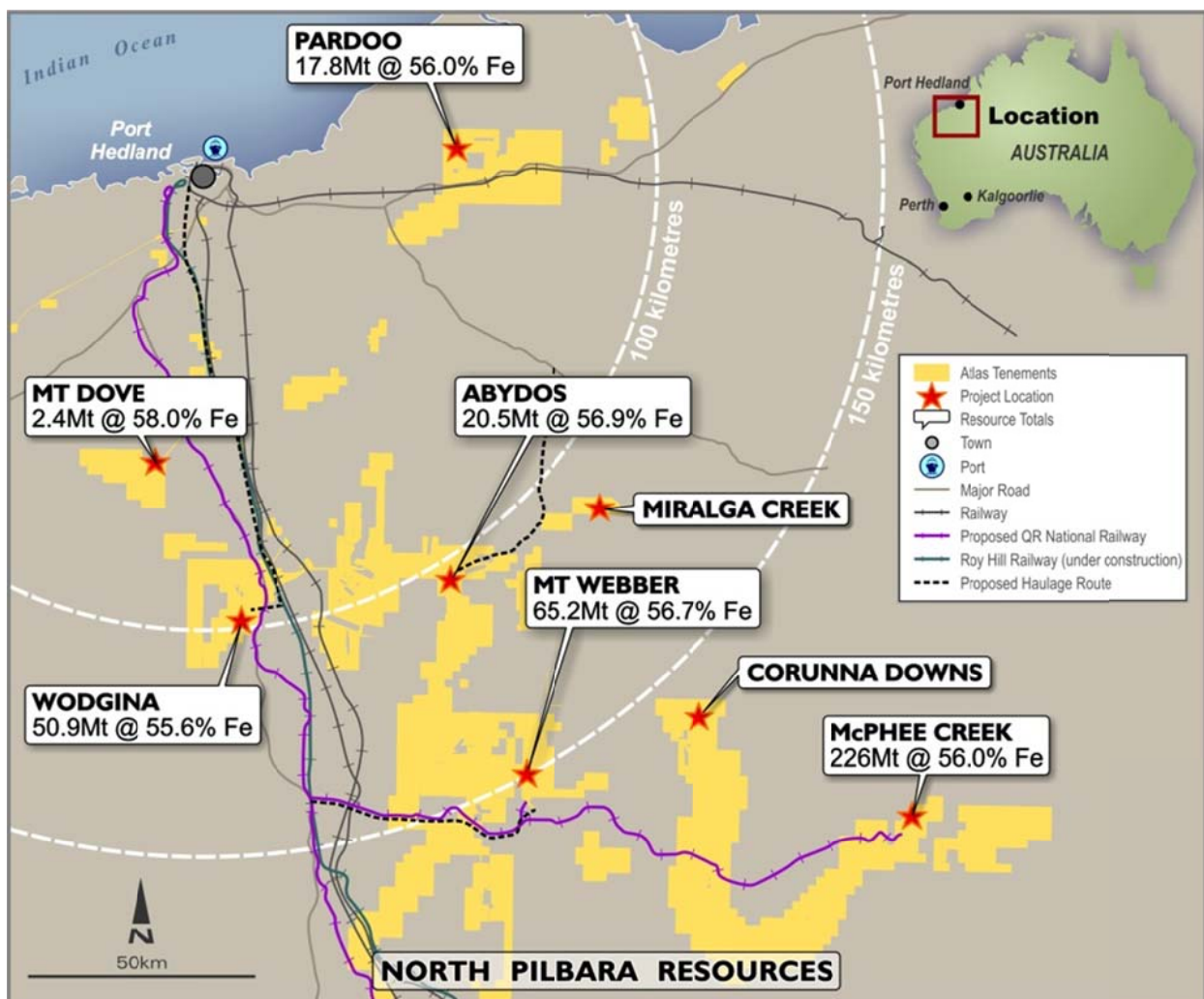


FIGURE 1: North Pilbara Projects



CORPORATE PROFILE

Directors

David Flanagan,	Non-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 31 December 2012

909,718,409 ordinary shares

Unlisted Options as at 31 December 2012

14,015,000 Unlisted Options

Substantial Shareholders as at 31 December 2012

Schroder Investment Management Australia:	77.60M shares
IMC Group:	66.75M shares
Blackrock Investment Management:	48.98M shares

Reporting Calendar

Resource and Reserve Update:	by 31 January 2013
Half Year Accounts:	26 February 2013
March 2013 Quarterly Report:	24 April 2013



Appendix 1 – Mine Production at Pardoo and Wodgina

Table A: Mine Production – Pardoo				
	December 2012 Quarter (t)	September 2012 Quarter (t)	Variance Quarter (t)	Variance Quarter (%)
Ore Tonnes Mined ¹	341,837	324,535	17,302	5%
Ore Tonnes Processed	347,171	325,838	21,333	7%
Haulage to Port	373,548	345,222	28,326	8%

Table B: Mine Production – Wodgina				
	December 2012 Quarter (t)	September 2012 Quarter (t)	Variance Quarter (t)	Variance Quarter (%)
Ore Tonnes Mined ¹	1,472,871	1,219,364	253,507	21%
Ore Tonnes Processed	1,394,043	1,316,873	77,170	6%
Haulage to Port	1,443,296	1,322,065	121,231	9%

Note 1: Ore Tonnes Mined represents ore tonnes delivered to Run-of-Mine (ROM) at the Plant.



Appendix 2

COMPANY OUTLINE

Atlas first commenced exports from the Pardoo DSO project in the Pilbara 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. In December 2012, Atlas commenced production at its third DSO mine, Mt Dove and will be exporting at a rate of approximately 8Mtpa during the March 2013 Quarter. Atlas will bring a further two new mines into production in the North Pilbara (Abydos and Mt Webber) in the next 12 months to increase installed production capacity to 10Mtpa by June 2013 and targeting 12Mtpa by December 2013. With the addition of McPhee Creek and its South East Pilbara assets, Atlas is targeting to progressively expand its exports to a rate of up to 46Mtpa.

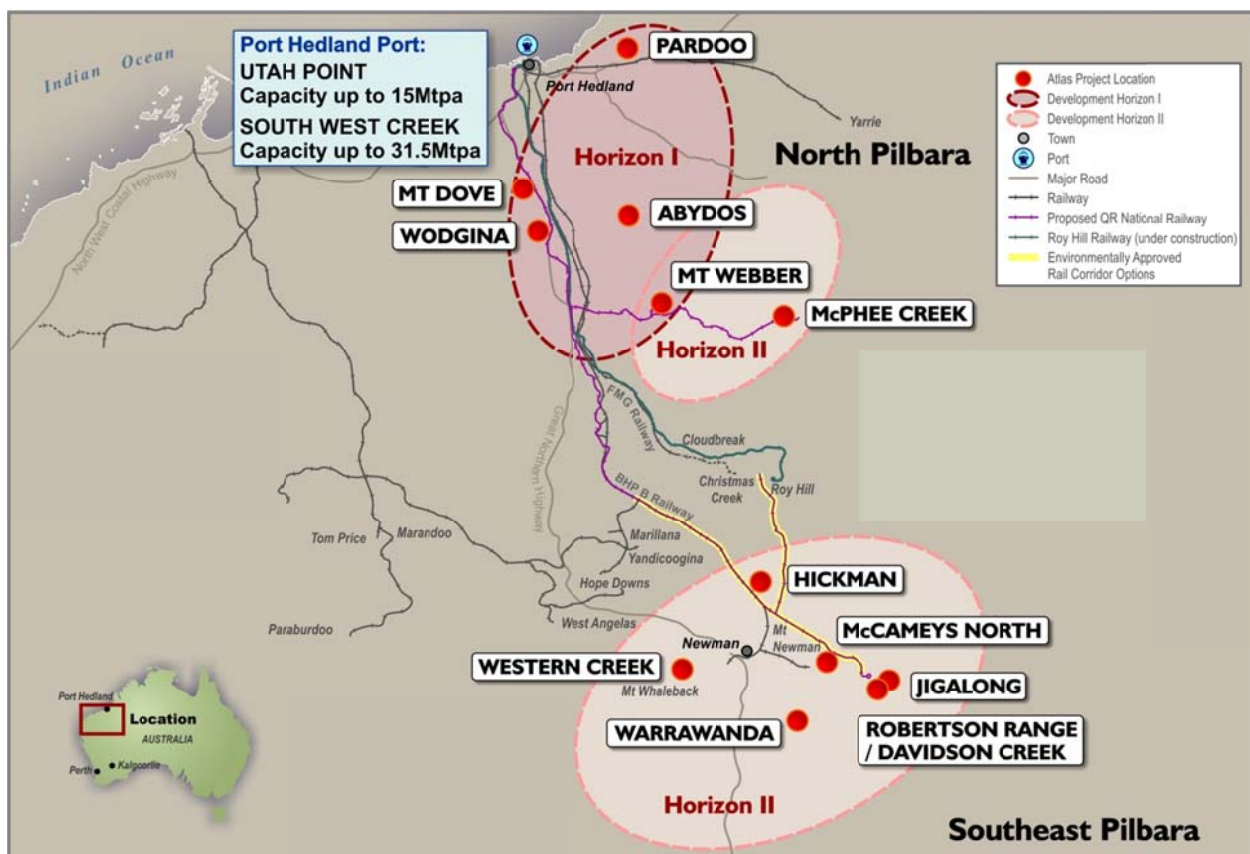


FIGURE 2 - Atlas: Pilbara Development Projects