



## Summary

- **2 million wet metric tonnes (wmt) shipped in the March Quarter**
- **C1 cash cost of A\$41/wmt FOB; Full cash cost of A\$62/wmt CFR**
- **Average realised price of A\$59/wmt CFR, inclusive of option premiums and negative provisional pricing adjustments**
- **Net cash utilised by operations of A\$6m in the March Quarter, after interest and financial instruments**
- **Cash on hand of A\$64m at 31 March plus A\$14m in reserve account (A\$71m and A\$34m respectively at 31 December 2017)**
- **Term Loan B reduced to A\$83m at 31 March exchange rate after A\$20m repayment during the Quarter**
- **Atlas entered into an off-take agreement with Sinosteel Australia for up to 1.5mt of lithium DSO; lithium crusher mobilised to Mt Dove**
- **First manganese exports shipped subsequent to Quarter-end**
- **Subsequent to Quarter-end, Atlas and Mineral Resources (ASX: MIN) announced proposal to combine by scheme of arrangement, subject to Atlas shareholder approval and other conditions**

Atlas Managing Director Cliff Lawrenson said the March 2018 Quarter's performance was impacted by a series of adverse market conditions.

"We were squeezed by a combination of factors including the impact of the significant ongoing discounts applied to lower-grade iron ore, the impact of provisional pricing estimates after the rapid fall in forward prices late in the quarter and higher unit operating costs stemming from our reduced production volumes," Mr Lawrenson said.

"We have sought to offset these difficult conditions by keeping costs tight wherever possible and upgrading the quality of our final product."

Mr Lawrenson said Atlas made further progress in its efforts to diversify its revenue base during the Quarter.

“As part of this, the Company is on track to export lithium DSO before the end of this financial year and we shipped our first manganese exports in April.”

## Quarterly – Key Metrics

	March 2018 Quarter	December 2017 Quarter	Variance Quarter
Ore tonnes shipped (m wmt)	2.0	2.2	(0.2)
C1 cash cost (A\$/wmt FOB)	\$41	\$38	(\$3)
Full cash cost (A\$/wmt CFR China)	\$62	\$59	(\$3)
Depreciation & Amortisation (A\$/wmt)	\$9	\$7	(\$2)
Net Atlas CFR Sale Price (A\$/wmt)	\$59	\$58	\$1
Development Capital (A\$m)	\$1.7	\$1.4	(\$0.3)

## Operations

Table 1 - Production	March 2018 Quarter (wmt)	December 2017 Quarter (wmt)	Variance Quarter (wmt)	Variance Quarter (%)
Ore Mined*	2,054,207	2,265,388	(211,181)	(9%)
Ore Processed	2,093,699	2,250,445	(156,746)	(7%)
Haulage to Port	1,920,006	2,377,116	(457,110)	(19%)

\*Includes intra-mine tonnes

Table 2 – Inventory and Shipping	March 2018 Quarter (wmt)	December 2017 Quarter (wmt)	Variance Quarter (wmt)	Variance Quarter (%)
Final Product Stock at site	170,500	319,148	(148,648)	(47%)
Final Product Stocks – Port	234,470	302,779	(68,309)	(23%)
<b>Shipping</b>				
Ore Shipped (Wet)	1,988,314	2,197,486	(209,172)	(10%)
Ore Shipped (Dry)	1,870,251	2,085,320	(215,069)	(10%)

**Note 1:** Please see Appendix 1 for further details of production outputs by mine and inventory.

Atlas shipped 2.0 million wmt (wet metric tonnes) for the March 2018 Quarter, comprising 0.9 million wmt of Fines and 1.1 million wmt of Lump. Sales volumes for the quarter were lower than the previous quarter due to wet weather and the closure of the Abydos mine.

C1 cash costs increased from the previous quarter due to increased waste movements while developing new mining areas at Mt Webber, a longer average trucking distance to the port following the closure of the Abydos mine and lower volumes impacting fixed cost dilution.

Full cash costs were affected by the increased C1 cash costs noted above, with freight costs remaining elevated as in the previous quarter.

## Marketing and Hedging

The benchmark Platts 62% Fe IODEX averaged US\$74/dmt (dry metric tonne) in the March 2018 Quarter compared with US\$66/dmt in the December 2017 Quarter.

Atlas achieved an average price after option premiums and provisional pricing adjustments of A\$59/wmt in the March 2018 Quarter (December 2017 Quarter: A\$58/wmt).

While Atlas saw some pricing benefit from its improved grade product, its received price for the Quarter continued to be impacted by ongoing elevated discounts and the strengthening of the Australian dollar (US\$0.79 v US\$0.77). The March 2018 Quarter received price has been significantly impacted by the rapid fall in pricing late in the Quarter, which affects provisional pricing for cargos loaded in this Quarter but priced in the June 2018 Quarter.

Atlas continues to hedge a portion of its forward production to assist in managing risk related to iron ore price volatility. At the date of this report, Atlas has hedged a portion of its June 2018 Quarter priced cargos as follows:

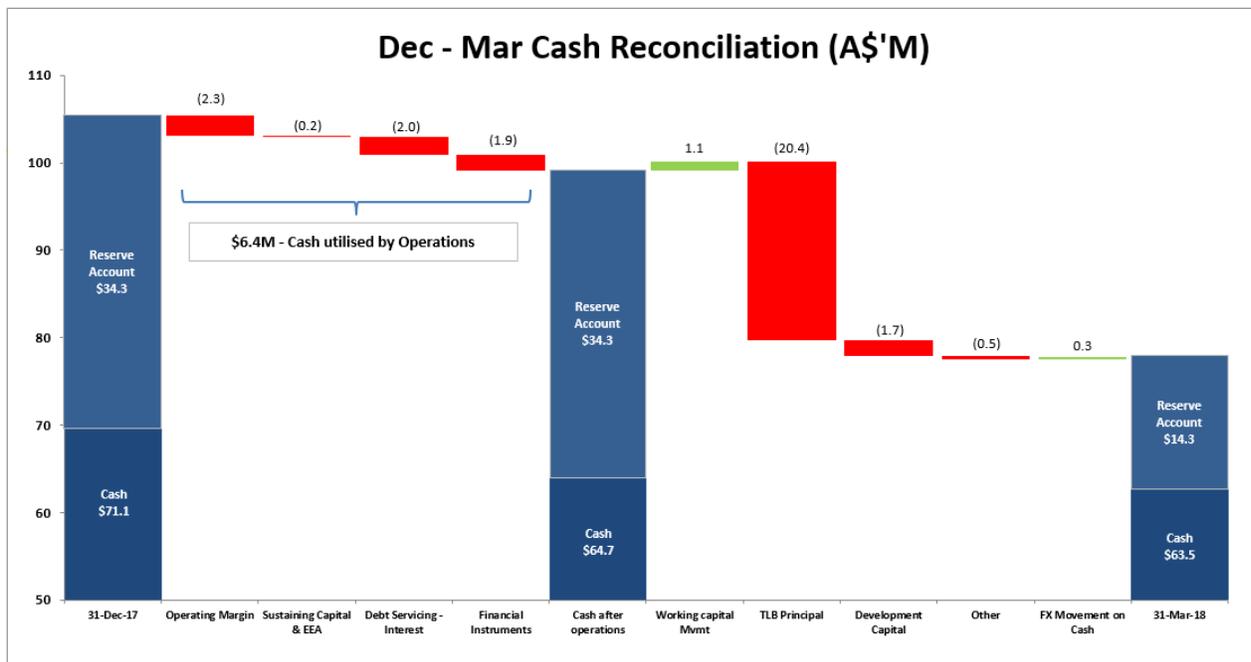
- Bought Put options for approximately 1.0 million dmt of Atlas equivalent product at an average 62% Fe equivalent level of US\$68/dmt; and
- Sold Call options for approximately 0.5 million dmt of Atlas equivalent product at an average 62% Fe equivalent level of US\$81/dmt.

## Financial Position Summary

Cash as at 31 March 2018 was A\$64 million plus A\$14 million in the Reserve Account (31 December 2017: A\$71 million cash on hand plus A\$34 million in the Reserve Account). During the Quarter, Atlas withdrew A\$20 million from the Reserve Account to pay A\$22 million in interest and principal loan repayments.

The AUD equivalent of the outstanding USD term loan was A\$83 million as at the 31 March 2018 exchange rate of US\$0.77/AU\$.

Cash movements for the Quarter are summarised in the graph below:



## Lithium

During the Quarter, Atlas signed an off-take agreement with Sinosteel Australia Pty Ltd for the export of lithium direct shipping ore (DSO) sourced from the Pilgangoora Lithium Project, owned by Pilbara Minerals Limited (ASX: PLS) (see ASX Announcement dated 2 March 2018).

Atlas will sell up to 1.5 million tonnes of lithium DSO to Sinosteel over a 15-month period on a fixed priced basis. As part of the arrangement, Sinosteel advanced funds for pre-payments made by Atlas to Pilbara Minerals for lithium DSO mine development costs.

With conditions precedent to the arrangements with Pilbara Minerals and Sinosteel now satisfied, Atlas has mobilised a second crusher to Mt Dove in preparation for the commencement of lithium DSO exports in the June 2018 Quarter.

During the Quarter, Atlas carried out further work to finalise a drill program designed to target lithium enrichment at its 100% owned Pancho lithium prospect.

Joint venture drilling of the Cisco Lithium Prospect, funded by Pilbara Minerals, is scheduled to start in the June 2018 Quarter. Atlas owns a 49% interest in the Cisco Joint Venture (see ASX release dated 29 March 2017).

Altura Mining Limited (ASX: AJM) has confirmed that it is on track to meet its target of first sales of lithium concentrate from its Pilgangoora Project in the June 2018 Quarter (see Altura's ASX Announcement dated 20 February 2018).

Atlas holds a 5% gross sales royalty over M45/1231, which is one of the two Mining Leases over the Altura Pilgangoora Project area. Atlas understands that mining will be initially focused on M45/1230, which is not subject to the Atlas royalty.

## Manganese

During the Quarter, Atlas signed a deal with Horseshoe Manganese to purchase up to 100,000 tonnes of crushed manganese over a four-month period (see ASX Announcement dated 12 March 2018). Atlas agreed to purchase the manganese as it reaches the north Pilbara and load it into a dedicated hold of vessels chartered for iron ore. Atlas' first export of manganese sailed subsequent to Quarter- end.

## Development

Atlas continued to progress the Corunna Downs Project during the Quarter and is pleased to advise that it has secured all approvals required from the Commonwealth departments. The Company continues to liaise with State departments in relation to final approvals for mining.

## Corporate

Subsequent to Quarter-end, Atlas announced that it had reached agreement with Mineral Resources Limited (MRL) (ASX: MIN) to combine by way of scheme of arrangement (see ASX Announcement dated 9 April 2018). Pursuant to the scheme, MRL will offer Atlas shareholders 1 MRL share for every 571 Atlas shares held at the record date.

The Scheme is subject to a number of conditions precedent, including Atlas shareholder and Court approvals. Information relating to the Scheme, an independent expert's report on whether the Scheme is in the best interests of Atlas shareholders, the reasons for the Atlas Directors' unanimous recommendation in favour of the Scheme, and details of the Scheme meeting are expected to be sent to Atlas shareholders in June 2018.

Atlas shareholders will be given the opportunity to vote on the Scheme at a meeting expected to be held in July 2018. Subject to the conditions of the Scheme being satisfied, the Scheme is expected to be implemented in August 2018.

Separate to the Scheme, Atlas and MRL also announced an Alliance Agreement that provides a framework for the parties to pursue existing and future commodity opportunities (see ASX Announcement dated 9 April 2018). Under the Alliance Agreement, MRL has advanced A\$4 million of working capital to an Atlas-controlled vehicle responsible for managing lithium and manganese opportunities.

The Alliance Agreement and the Scheme are not inter-conditional.

**Investor Enquiries:**

**Atlas Iron Limited**

Company Secretary +61 8 6228 8000

**Media Enquiries:**

Read Corporate +61 8 9388 1474

Nicholas Read +61 419 929 046

Paul Armstrong +61 421 619 084

## Glossary

All costs are unaudited and quoted in Australian dollars unless otherwise stated.

**Full cash costs** includes C1 Cash Costs, royalties, freight, corporate and administration, exploration and evaluation, interest expense, contractor profit share and sustaining capital expenditure, but excludes depreciation and amortisation, one-off restructuring costs, suspension and ramp up costs of operating mine sites, and other non-cash expenses. C1 Cash Costs are inclusive of contractors and Atlas' costs including Contractor Rate Uplift. Full cash costs are derived from unaudited management accounts.

**wmt** means Wet Metric Tonnes. All tonnes referred to in this document are Wet Metric Tonnes unless otherwise stated.

**dmt** means Dry Metric Tonnes.

**dmtu** means Dry Metric Tonne Units

**mtpa** means million tonnes per annum

# Corporate Profile

## Directors

Eugene I Davis	Non-Executive Chairman
Cliff Lawrenson	Managing Director, Chief Executive Officer
Hon. Cheryl Edwardes AM	Non-Executive Director
Alan Carr	Non-Executive Director
Daniel Harris	Non-Executive Director

## Company Secretary

Bronwyn Kerr	Company Secretary and General Counsel
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## Executive Management

Chris Els	Chief Financial Officer
Jeremy Sinclair	Chief Operating Officer
Mark Hancock	Chief Commercial Officer

## Registered Office and Head Office

Level 17, 300 Murray Street, Perth WA 6000

Website: [www.atlasiron.com.au](http://www.atlasiron.com.au)

Twitter: @Atlas\_Iron

## Appendix 1: Mine Production by Location and Inventory

### Mine Production Mt Webber

	March 18 Quarter (wmt)	December 17 Quarter (wmt)	Variance Quarter (t)	Variance Quarter (%)
Ore Mined <sup>1</sup>	2,054,207	2,240,488	(186,281)	(8%)
Ore Processed	2,093,699	2,017,230	76,469	4%
Haulage to Port	1,920,006	2,079,490	(159,484)	(8%)

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

### Inventory

	March 18 Quarter (wmt)	December 17 Quarter (wmt)	Variance Quarter (t)	Variance Quarter (%)
Run-of-Mine Ore at site	441,381	473,280	(31,899)	(7%)
Final Product Stock at site	170,500	319,148	(148,648)	(47%)
Final Product Stocks - Port	234,470	302,779	(68,309)	(23%)

Note: All percentages in Appendix 1 are rounded