24 February 2014

Appendix 4D

Atlas Iron Limited

ABN 63 110 396 168

Half-Year Report

Results for announcement to the market
for the half-year ended 31 December 2013

	2013 $'000	2012 $'000	Movement %
Revenue from ordinary activities	588,214	288,261	104.1%
Gross profit	129,295	26,305	391.5%
Underlying profit / (loss) after tax attributable to shareholders (Non-IFRS)*	61,150	(10,390)	N/A
Profit / (loss) after tax attributable to shareholders (Statutory)	73,672	(256,044)	N/A

* The comparative disclosure has been restated for the MRRT benefit to conform to current period presentation.

Dividend Information	Amount per Ordinary share (cents)	Franked amount per Ordinary share (cents)
Dividends paid in period	3.0	0.0
Proposed dividend in relation to this period	-	-
Record date for determining entitlements to the dividend	-	
Payment date of proposed dividend	-	

NTA Backing	31 Dec 2013	31 Dec 2012
Net tangible assets per security	$1.67	$1.60

Change in Control

There have been no entities over which the Company has gained or lost control during the period.

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Associates and Joint Ventures

Atlas holds interests in the following associates and joint ventures:

Name of Entity	Interest % at 31 Dec 2013
Centaurus Metals Limited	19.58%
Mt Webber Joint Venture	70.00%
Daltons Iron Ore Joint Venture	100.00%*
North West Infrastructure	63.00%
Kalamazoo Resources Pty Limited	25.10%

* The Group has 100% interest in the Daltons JV mining rights, however retains a 75% interest in other minor tenements with the JV Partner (December 2012: 100%).

The Group has a minority interest in several other joint ventures in which it is free-carried.

Previous Corresponding Period

The previous corresponding period is the half-year ended 31 December 2012.

Commentary on Results for the Period

A commentary on the results for the period is contained within the financial statements that accompanies this announcement.

Underlying Profit / (Loss) is a non-IFRS measure that Atlas uses internally to measure the operational performance and allocate resources.

Underlying Profit / (Loss) is derived from Total Income attributable to owners of Atlas adjusted as follows:

- The amounts reported as "Business Combination Expenses" are eliminated
- Impairment losses are eliminated
- Other acquisition-related effects (primarily any gain or loss on re-measurement at fair-value of existing interests at the acquisition date) are eliminated
- Amounts relating to the Mineral Resources Rent Tax (MRRT) are eliminated.

Underlying Profit / (Loss) is not audited.

A numerical reconciliation between the underlying profit / (loss) and the statutory net profit / (loss) attributable to owners of Atlas is as follows:

	31 Dec 2013 $'000	31 Dec 2012 $'000
Underlying profit / (loss) after tax (Non-IFRS)	**61,150**	**(10,390)**
Impairment charges	(906)	(454,886)
Other acquisition-related effects	-	1,173
Tax effect of the above adjustments	272	196,667
MRRT benefit	13,156	11,392
Statutory net profit / (loss) after tax	**73,672**	**(256,044)**

It is recommended that the half-year financial statements are read in conjunction with the Annual Financial Report of Atlas Iron Limited as at 30 June 2013 together with any announcements made by Atlas in accordance with its continuous disclosure obligations arising under the *Corporations Act 2001*.

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Atlas Iron Limited

ABN 63 110 396 168

Half-Year Financial Report

For the half-year ended 31 December 2013

This condensed consolidated half-year financial report does not include all the notes of the type normally included in an annual financial report. Accordingly, this report is to be read in conjunction with the Annual Report for the year ended 30 June 2013 and any public announcements made by Atlas Iron Limited during the half-year in accordance with the continuous disclosure requirements of the *Corporations Act 2001*.

Contents

Directors' Report

The directors of Atlas Iron Limited (the Company or Atlas) present their report together with the consolidated financial report of Atlas Iron Limited and its subsidiaries (the Group) for the half-year ended 31 December 2013.

DIRECTORS

The following persons were directors of the Company during the half-year and up to the date of this report (unless otherwise stated):

Non-executive	**Period of directorship**
Mr David Flanagan	Non-executive Chairman since 2012 (Director since 2004)
Mr David Hannon	Director since 2004
Mr David Smith	Director since 2009
Ms Sook Yee Tai	Director since 2010
Mr Jeff Dowling	Director since 2011
Ms Kerry Sanderson AO	Director since 2012
Mr Geoffrey Simpson	Director since 2012

Executive	
Mr Ken Brinsden	Managing Director since 2012
Mr Mark Hancock	Executive Director – Commercial since 2012

OPERATING AND FINANCIAL REVIEW

The Operating and Financial Review should be read in conjunction with the half-year financial statements, the consolidated annual financial report of the Company as at 30 June 2013 and for the year then ended and considered together with any public announcements made by the Company during the half-year ended 31 December 2013 in accordance with continuous disclosure requirements of the *Corporations Act 2001*.

Our strategy

Atlas' purpose is to deliver mineral products that create value for our shareholders, people, customers and the communities we operate within.

Our strategy is to develop an expanding Pilbara production base, consistent with globally competitive mining operations, and to pursue profitable growth opportunities consistent with this through:

- Expanding our resources through our exploration and resource development activities, supported by acquisitions and joint ventures where appropriate,
- Optimising our near term production to maximise profitability,
- Maintaining and enhancing our options for growth by putting in place infrastructure solutions (port and rail) to support the development of our Horizon 2 assets and improve efficiency of Horizon 1 assets, and
- Developing customer and market focused solutions.

Directors' Report (continued)

The Atlas Values of *Work Safely, Do the Right Thing, Strive for Business Excellence, Work as a Team, Think Win-Win and Indomitable Spirit* are the backbone of everything that we do and underpin our strategy.

Paramount to Atlas maintaining our growth strategy is a safe workplace and a culture of safety first. Whilst growing from our exploration roots, Atlas has strived to continually improve our underlying safety performance. Today the Company has a Lost Time Injury Frequency Rate below the metalliferous surface mining standard in Western Australia, however we believe we can always improve as we strive for zero injuries. Every employee at Atlas – and contractors working at Atlas' workplaces - is empowered to challenge any colleague, irrespective of their position, if they think safety is being compromised.

Performance Indicators

Management and the board use a number of financial and operating performance indicators to measure performance over time against our overall strategy. Selected performance indicators are summarised below:

		31-Dec-13 000's	31-Dec-12 000's
Revenue	$	588,214	288,261
Tonnes sold	WMT	5.11	3.34
Average price per tonne received CFR (including Value Fines)	$US / DMT	115.60	98.50
Underlying cash gross margin*	$	226,667	69,978
Underlying EBITDA *	$	200,325	19,791
Underlying profit/(loss) after tax *	$	61,150	(10,390)
Reserves **	tonnes	506,800	499,000
Resources **	tonnes	1,171,610	1,099,620

* The underlying basis is a non-IFRS measure that in the opinion of the Atlas' directors provides useful information to assess the financial performance of the Company. A reconciliation between statutory results and underlying results is provided in "Underlying cash gross margin" section below. These non-IFRS measures are unaudited.

** 2012 See ASX announcement 'Reserve-Resource Update' of 5 February 2013 for further details
2013 See ASX announcement 'Reserve-Resource Update' of 24 July 2013 for further details

Operating Results

The key financial indicators used by Atlas are revenue, underlying cash gross margin, underlying EBITDA and underlying profit/(loss) after tax. Refer above for a summary of key financial indicators.

Revenue increased by 104.1% to $588.2 million for the half-year ended 31 December 2013 as compared to the previous corresponding period. This increase resulted from a 53.0% increase in tonnes shipped and a 17.4% increase in realised price ($US/DMT) received.

During the half-year, Atlas signed a number of new offtake agreements, with up to 7.9 million tonnes contracted for calendar year 2014 to a mixture of new and existing customers.

Directors' Report (continued)

Underlying cash gross margin

The following table reconciles underlying cash gross margin to statutory profit/(loss) after tax:

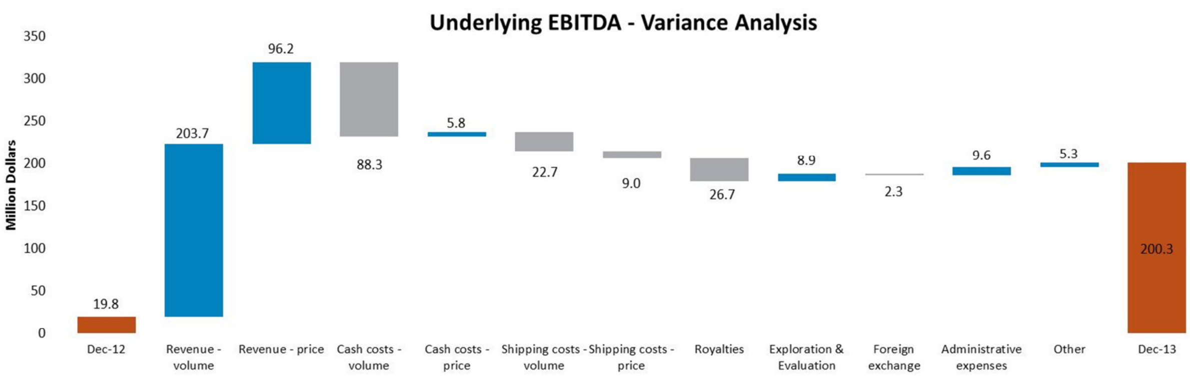
	31-Dec-13 $ 000's	31-Dec-12 $ 000's
Underlying cash gross margin*	**226,667**	**69,978**
Unwind of port prepayment included in operating costs	(2,209)	(4,602)
Exploration and evaluation expense	(5,243)	(14,109)
Other income	1,140	803
Gain/(loss) on sale of assets	743	(276)
Gain/(loss) on listed investments	255	(1,307)
Administrative expenses	(16,992)	(26,576)
Share of loss of Associates & JVs (net of impairment)	(892)	(3,298)
Loss on foreign exchange	(3,144)	(822)
Underlying EBITDA *	**200,325**	**19,791**
Depreciation and amortisation	(97,386)	(41,712)
Underlying EBIT *	**102,939**	**(21,921)**
Net finance (expense)/income	(13,263)	6,735
Underlying profit/(loss) before tax *	**89,676**	**(15,186)**
Underlying tax (expense)/benefit*	(28,526)	4,796
Underlying profit/(loss) after tax *	**61,150**	**(10,390)**
Impairment expense net of tax	(634)	(258,219)
MRRT benefit	13,156	11,392
Net impact of business combinations	-	1,173
Statutory profit/(loss) after tax	**73,672**	**(256,044)**

* The underlying basis is a non-IFRS measure that in the opinion of the Atlas' directors provides useful information to assess the financial performance of the Company. These non-IFRS measures are unaudited.

The underlying cash gross margin increased by 223.9% to $226.7 million due to higher tonnes sold, higher realised unit prices received and lower cash costs per tonne for the half-year.

Underlying EBITDA and EBIT

The following graph shows a comparison of underlying EBITDA for the half-year ended 31 December 2013 compared to the prior year corresponding period:



Directors' Report (continued)

Expenditure on exploration and evaluation decreased by $8.9 million from the previous corresponding period due to reduced expenditure on longer dated projects and a more mature exploration portfolio, enhancing underlying EBITDA and underlying EBIT for the half-year.

There was a continued focus on reducing costs during the half-year resulting in a decrease in administrative costs of $9.6 million compared to the previous corresponding period.

Depreciation and amortisation costs increased to $97.4 million. This increase resulted from higher tonnes sold, the relatively short mine life of Mt Dove, along with higher non-cash costs per tonne, due primarily to changes in closure provisions for Atlas' North Pilbara mine portfolio, updated estimates of future stripping costs at Wodgina and sterilised reserves at Pardoo.

Statutory and underlying profit/(loss) after tax

Underlying profit after tax increased from the previous corresponding period to $61.2 million due to the factors noted above partially offset by higher financing costs, resulting from the new debt financing raised during the prior year corresponding period.

The statutory profit after tax for the half-year of $73.7 million was significantly higher than the previous corresponding period due to write-downs of $454.9 million ($258.2 million net of tax) in asset values of undeveloped Horizon 1 and 2 exploration project areas and non-core tenements in the prior year corresponding period. Refer to Note 7 of the half-year financial statements for more details.

Cash flow from operations

The following table reconciles underlying EBITDA to cash flow from operations:

	31-Dec-13 $ 000's	31-Dec-12 $ 000's
Underlying EBITDA*	**200,325**	**19,791**
Working capital movements		
Inventory	(20,062)	(15,116)
Debtors and other assets	9,285	(7,194)
Creditors and other liabilities	4,502	(15,082)
Interest received	4,698	9,655
Share of JV and associates losses	892	3,298
Share Based Payments	975	243
Loss on foreign exchange	3,144	822
Business combination expense	-	(1,173)
(Gain)/loss on listed investments	(255)	1,307
Other non-cash items	2,418	(1,867)
Cash flow from operations	**205,922**	**(5,316)**

* The underlying basis is a non-IFRS measure that in the opinion of the Atlas' directors provides useful information to assess the financial performance of the Company. A reconciliation between statutory results to underlying results is provided in "Underlying cash gross margin" section above. These non-IFRS measures are unaudited.

Cash flow from operations increased to $205.9 million compared to the previous corresponding period predominantly due to an increase in underlying EBITDA of $180.5 million and an improved working capital position.

Directors' Report (continued)

Cash cost per tonne

Cash costs per tonne were consistent with the prior year corresponding period of $48.4 per tonne.

Shipping

The following table summarises tonnes sold (WMT) by Atlas:

	31-Dec-13 WMT millions	31-Dec-12 WMT millions
Atlas Fines	4.27	2.77
Value Fines	0.84	0.57
TOTAL	**5.11**	**3.34**

Tonnes shipped increased by 53.0%, compared to the previous corresponding period, to 5.1 Mt, driven by the opening of the Abydos mine and the production at Mt Dove.

Operations

The following table summarises key operational indicators used by Atlas to measure performance:

	31-Dec-13 WMT millions	31-Dec-12 WMT millions
Ore mined - delivered to ROM	5.23	3.55
Ore processed	5.54	3.38
Ore hauled	5.34	3.48

Atlas recorded another half-year of record production achieved through, a solid half-year of production at the Wodgina and Pardoo mines, coupled with the opening of Mt Dove late in the prior year corresponding period and the opening of the Abydos mine in August 2013.

Development

The following table summarises expenditure on significant development projects during the half-year:

	31-Dec-13 $ 000's	31-Dec-12 $ 000's
New Mine Development	89,531	41,554
Infrastructure Development	11,741	35,032
Existing Mine Expansion	4,846	15,719

The above table excludes corporate allocations and mining pre-strip costs.

At the same time as meeting targets for production and shipping, Atlas has built the capacity within its workforce to develop its new projects and achieve its Horizon 1 targets. During the half-year, Atlas:

– completed development, commissioned and opened the Abydos mine, with first haulage of product in August 2013
– completed development commissioning of Utah Point Yard 2, which complements Atlas' existing Yard 1 rights to meet export capacity requirements. The Utah Point Yard 2 expansion increases the Company's export capacity, enabling these facilities to accommodate the additional tonnage as production increases
– commenced the development of the Mt Webber mine.

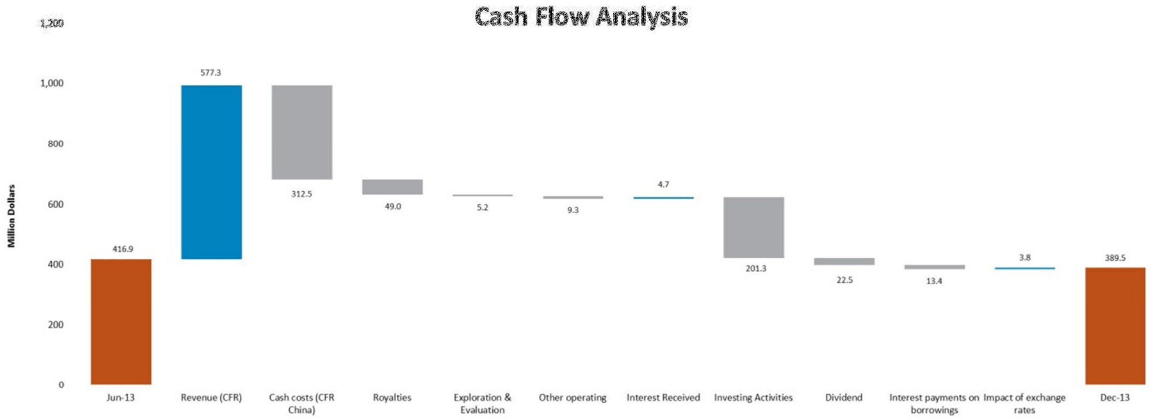
Directors' Report (continued)

Financial Position
The following table summarises significant statement of financial position amounts:

	31-Dec-13	30-Jun-13
	$ 000's	$ 000's
Cash	389,498	416,922
Inventories	82,812	46,150
Mine and reserve development costs	502,492	424,624
Mining tenements capitalised	757,741	764,704
Debt facilities used	(315,690)	(304,716)

Cash

At the end of the financial half-year, Atlas had $389.5 million in cash and cash equivalents. The following graph outlines the cash inflows and outflows during the half-year:



Inventory

Atlas has invested heavily in inventory during the half-year, increasing inventory stockpiles by 79.4% to $82.8 million. This increase in inventory is due to the build-up of stockpiles at Abydos as the mine became operational, delays in shipping due to Tropical Cyclone Christine (in late December 2013) and acceleration of mining at Pardoo in order to minimise fixed mining costs.

Mine and reserve development costs

The net increase in mine and reserve development costs of $77.9 million reflects significant project development activity ($176.7 million of additions), particularly at Mt Webber and Abydos, partly off-set by amortisation ($98.9 million). In addition, mine and reserve development costs include additions of $34.6 million in capitalised pre-strip and $13.2 million in reserve development drilling.

Debt facilities used

The increase in debt facilities used relates predominantly to movements in foreign exchange.

Directors' Report (continued)

Liquidity

Net operating cash flows, disposal of non-core assets and funding from equity and debt markets are Atlas' main sources of cash. These cash flows have been fundamental to the Company's ability to fund its existing operations and grow a pipeline of projects. In line with its strategy, the Company has grown its business significantly through acquisition and development of projects.

Following is a summary of key sources and uses of cash. A full statement of cash flow is contained in the half-year financial statements:

	31-Dec-13 $ 000's	31-Dec-12 $ 000's
Cash generated from operations	206,467	(1,752)
Interest received	4,698	9,655
Exploration and evaluation expenditure payments	(5,243)	(13,219)
Net operating cash flows	**205,922**	**(5,316)**
Net (payments)/proceeds from disposal of property, plant and equipment and intangible assets	(15,828)	3,237
Payments for mine development and reserve development	(176,675)	(139,508)
Stamp duty paid	-	(48,900)
Other	(8,816)	(8,059)
Net investing cash flows	**(201,319)**	**(193,230)**
Proceeds from issue of shares (net of costs)	-	96
Dividends paid	(22,490)	(20,430)
Interest on borrowings	(13,560)	-
Net proceeds/(payments) of borrowings	189	237,140
Net financing cash flows	**(35,861)**	**216,806**
Net (decrease)/increase in cash and cash equivalents	**(31,258)**	**18,260**

Cash generated from operations of $206.5 million has increased from the previous corresponding period, predominately due to higher tonnes sold, increasing commodity pricing, partly offset by investment in stockpiles.

Exploration and evaluation expenditure payments reduced by 60.3% from the previous corresponding period due to a more mature exploration portfolio and reduced expenditure on longer dated projects.

During the half-years ended 31 December 2013 and 31 December 2012, Atlas invested heavily in development. In addition to the project development (discussed above in "Development"), during the half-year ended 31 December 2013, Atlas paid $34.6 million on pre-stripping and $6.2 million on reserve development.

Atlas paid a 3 cents per share dividend in both the 31 December 2013 and 31 December 2012 half-years.

During December 2012 Atlas drew down its term loan. Interest of $13.6 million on this loan was paid during the half-year ended 31 December 2013.

Atlas continues to have substantial cash reserves as a result of drawing down its term loan and has utilised export finance on certain shipments in the half-year and the prior half-year.

Factors and Business Risks that affect Future Performance

Atlas operates in a changing environment and is therefore subject to factors and business risks that will affect future performance. Factors and business risks that affect future performance have remained consistent with

Directors' Report (continued)

those discussed in the Operating and Financial Review included in the consolidated annual financial report of the Company as at 30 June 2013 and for the year then ended.

Commodity prices / changes in demand and supply
Atlas is exposed to fluctuations in iron ore price.

The following table shows the average prices based on Platts 62% Fe and freight (CFR) to China:

	31-Dec-13 US$ / DMT	31-Dec-12 US$ / DMT
62% CFR	133.7	117.7
Average price per tonne received CFR (including Value Fines)	115.6	98.5

The price received by Atlas is adjusted for Fe grade and quality.

Exchange Rates
Atlas is exposed to fluctuations in the US dollar as our sales are denominated in US dollars. The Company borrows money and holds a portion of cash in US dollars, which provides a partial natural hedge.

The following table shows the average USD/AUD exchange rate:

	31-Dec-13 $	31-Dec-12 $
USD/AUD	0.8948	1.0384

SUBSEQUENT EVENTS

No matters have arisen since 31 December 2013, which have significantly affected, or may significantly affect the operations of the Group, the results of those operations, or the state of affairs of the Group in subsequent financial years.

AUDITOR'S INDEPENDENCE DECLARATION

The Auditor's Independence Declaration to the directors of the Company is set out on page 11 and forms part of the Directors' Report for the half-year ended 31 December 2013.

ROUNDING OFF OF AMOUNTS

The Company is a company of the kind referred to in ASIC Class Order 98/0100, dated 10 July 1998, and in accordance with that Class Order amounts in the directors' report and the half-year financial report are rounded off to the nearest thousand dollars, unless otherwise indicated.

This report is signed in accordance with a resolution of the directors of the Company.

Ken Brinsden
Managing Director
Perth, 24 February 2014

Auditor's Independence Declaration

Lead Auditor's Independence Declaration under Section 307C of the Corporations Act 2001

To: the directors of Atlas Iron Limited

I declare that, to the best of my knowledge and belief, in relation to the review for the half-year ended 31 December 2013 there have been:

(i) no contraventions of the auditor independence requirements as set out in the *Corporations Act 2001* in relation to the review; and

(ii) no contraventions of any applicable code of professional conduct in relation to the review.

KPMG

R Gambitta
Partner

Perth
24 February 2014

Directors' Declaration

The directors of Atlas Iron Limited declare that:

(i) in the directors' opinion, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable; and

(ii) in the directors' opinion, the attached financial statements and notes thereto are in accordance with the *Corporations Act 2001*, including compliance with AASB 134 *Interim Financial Reporting* and giving a true and fair view of the financial position and performance of the Group.

Signed in accordance with a resolution of the directors made pursuant to s.303(5) of the *Corporations Act 2001*.

Ken Brinsden
Managing Director
24 February 2014

Independent auditor's review report to the members of Atlas Iron Limited

We have reviewed the accompanying half-year financial report of Atlas Iron Limited, which comprises the consolidated statement of financial position as at 31 December 2013, consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the half-year ended on that date, notes 1 to 16 comprising a summary of significant accounting policies and other explanatory information and the directors' declaration of the Group comprising the company and the entities it controlled at the half-year's end or from time to time during the half-year.

Directors' responsibility for the half-year financial report

The directors of the company are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the half-year financial report that is free from material misstatement, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the Group's financial position as at 31 December 2013 and its performance for the half-year ended on that date; and complying with Australian Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As auditor of Atlas Iron Limited, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Independence

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*.

Independent Auditor's Report (continued)

Conclusion

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of Atlas Iron Limited is not in accordance with the *Corporations Act 2001*, including:

(a) giving a true and fair view of the Group's financial position as at 31 December 2013 and of its performance for the half-year ended on that date; and

(b) complying with Australian Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

KPMG

R Gambitta
Partner

Perth
24 February 2014

Consolidated Statement of Profit or Loss and Other Comprehensive Income

HALF-YEAR ENDED 31 DECEMBER 2013

	Notes	31 Dec 2013 $'000	31 Dec 2012 $'000
Revenue		588,214	288,261
Operating costs	6	(458,919)	(261,956)
Gross profit		**129,295**	**26,305**
Other income		1,140	803
Exploration and evaluation expense		(5,243)	(14,109)
Impairment loss	7	(906)	(454,886)
Share of loss of equity accounted investees		(892)	(3,298)
Gain/(loss) on listed investments		255	(1,307)
Net foreign exchange loss		(3,144)	(822)
Loss on control of subsidiary		-	(218)
Gain on bargain purchase of subsidiary	4	-	1,391
Depreciation and amortisation		(2,223)	(2,641)
Gain/(loss) on sale of property, plant and equipment		743	(276)
Administrative expenses		(16,992)	(26,576)
Results from operating activities		**102,033**	**(475,634)**
Finance income	8	5,519	8,337
Finance expense	8	(18,782)	(1,602)
Net finance (expense)/income		**(13,263)**	**6,735**
Profit/(loss) before income tax		**88,770**	**(468,899)**
Tax (expense)/benefit	15	(15,098)	212,855
PROFIT/(LOSS) FOR THE HALF-YEAR		**73,672**	**(256,044)**
Other comprehensive income			
Items that may be classified subsequently to profit and loss			
Foreign currency translation differences – foreign operations		(40)	(1,903)
Share of associates' movements in foreign currency translation reserve		109	446
Other comprehensive income/(loss) for the half-year		69	(1,457)
TOTAL COMPREHENSIVE INCOME/(LOSS) FOR THE HALF-YEAR ATTRIBUTABLE TO OWNERS OF THE GROUP		**73,741**	**(257,501)**
Profit/(loss) attributable to:			
Owners of the parent		74,989	(254,720)
Non-controlling interest		(1,317)	(1,324)
		73,672	**(256,044)**
Total comprehensive income/(loss) attributable to:			
Owners of the parent		75,244	(255,163)
Non-controlling interest		(1,503)	(2,338)
		73,741	**(257,501)**
Earnings/(loss) per share			
Basic earnings/(loss) per share (cents per share)		8.1	(28.3)
Diluted earnings/(loss) per share (cents per share)		8.0	(28.3)

The above Consolidated Statement of Profit or Loss and Other Comprehensive Income is to be read in conjunction with the accompanying notes.

Consolidated Statement of Financial Position

AT 31 DECEMBER 2013

	Notes	31 Dec 2013 $'000	30 Jun 2013 $'000
CURRENT ASSETS			
Cash and cash equivalents		389,498	416,922
Trade and other receivables		32,052	37,896
Prepayments	9	20,045	29,703
Other financial assets		6,448	3,316
Inventories		82,812	46,150
TOTAL CURRENT ASSETS		**530,855**	**533,987**
NON-CURRENT ASSETS			
Other receivables		65,654	53,378
Prepayments	9	33,930	34,608
Investment in equity accounted investees		38,632	39,415
Property, plant and equipment		101,197	93,887
Intangibles		138,609	141,054
Mine development costs		480,599	413,754
Evaluation expenditure - reserve development		21,893	10,870
Mining tenements capitalised		757,741	764,704
Deferred tax asset		49,728	83,619
TOTAL NON-CURRENT ASSETS		**1,687,983**	**1,635,289**
TOTAL ASSETS		**2,218,838**	**2,169,276**
CURRENT LIABILITIES			
Trade and other payables		161,663	166,288
Interest bearing loans and borrowings	10	14,506	12,668
Employee benefits		3,842	3,491
Provisions		12,097	19,080
TOTAL CURRENT LIABILITIES		**192,108**	**201,527**
NON-CURRENT LIABILITIES			
Trade and other payables		-	1,311
Interest bearing loans and borrowings	10	285,692	274,770
Employee benefits		475	369
Provisions		46,421	30,576
Deferred tax liability		29,648	48,571
TOTAL NON-CURRENT LIABILITIES		**362,236**	**355,597**
TOTAL LIABILITIES		**554,344**	**557,124**
NET ASSETS		**1,664,494**	**1,612,152**
EQUITY			
Share capital	11	1,989,571	1,984,654
Reserves	12	30,245	29,015
Accumulated losses		(360,622)	(408,320)
TOTAL EQUITY ATTRIBUTABLE TO THE OWNERS OF THE PARENT		**1,659,194**	**1,605,349**
Non-controlling interest		5,300	6,803
TOTAL EQUITY		**1,664,494**	**1,612,152**

The above Consolidated Statement of Financial Position is to be read in conjunction with the accompanying notes.

Consolidated Statement of Changes in Equity

HALF-YEAR ENDED 31 DECEMBER 2013

	Share capital	Share-based payments reserve	Foreign currency translation reserve	Associates' Reserve	Accumulated losses	Total	Non-controlling interest	Total equity
	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000
BALANCE AT 1 JULY 2013	**1,984,654**	**30,007**	**(188)**	**(804)**	**(408,320)**	**1,605,349**	**6,803**	**1,612,152**
Total comprehensive income for the half-year								
Profit/(loss) for the half-year	-	-	-	-	74,989	**74,989**	(1,317)	**73,672**
Total other comprehensive income/(loss)	-	-	146	109	-	**255**	(186)	**69**
Total comprehensive income/(loss) for the half-year, net of tax	**-**	**-**	**146**	**109**	**74,989**	**75,244**	**(1,503)**	**73,741**
Contributions by and distributions to owners of the Group								
Issue of ordinary shares related to dividend reinvestment plan	4,917	-	-	-	-	**4,917**	-	**4,917**
Share-based payment transactions	-	975	-	-	-	**975**	-	**975**
Payment of dividends	-	-	-	-	(27,291)	**(27,291)**	-	**(27,291)**
Total transactions with owners of the Company	**4,917**	**975**	**-**	**-**	**(27,291)**	**(21,399)**	**-**	**(21,399)**
BALANCE AT 31 DECEMBER 2013	**1,989,571**	**30,982**	**(42)**	**(695)**	**(360,622)**	**1,659,194**	**5,300**	**1,664,494**

HALF-YEAR ENDED 31 DECEMBER 2012

	Share capital	Share-based payments reserve	Foreign currency translation reserve	Associate's reserve	Accumulated losses	Total	Non-controlling interest	Total equity
	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000
BALANCE AT 1 JULY 2012	**1,977,877**	**28,900**	**-**	**(2,401)**	**(139,290)**	**1,865,086**	**-**	**1,865,086**
Total comprehensive income for the half-year								
Loss for the half-year	-	-	-	-	(254,720)	**(254,720)**	(1,324)	**(256,044)**
Total other comprehensive (loss)/income	-	-	(889)	446	-	**(443)**	(1,014)	**(1,457)**
Total comprehensive (loss)/income for the half-year, net of tax	**-**	**-**	**(889)**	**446**	**(254,720)**	**(255,163)**	**(2,338)**	**(257,501)**
Contributions by and distributions to owners of the Group								
Issue of ordinary shares related to dividend reinvestment plan	6,681	-	-	-	-	**6,681**	-	**6,681**
Issue of ordinary shares from exercise of options	335	-	-	-	-	**335**	-	**335**
Share issue costs	(239)	-	-	-	-	**(239)**	(209)	**(448)**
Share-based payment transactions	-	847	-	-	-	**847**	152	**999**
Payment of dividends	-	-	-	-	(27,144)	**(27,144)**	-	**(27,144)**
Change in ownership interests in subsidiaries								
Acquisition of subsidiary with non-controlling interest (Shaw River)	-	-	-	-	-	**-**	11,302	**11,302**
Reclassification of associate's reserve upon control	-	-	-	1,108	-	**1,108**	-	**1,108**
Total transactions with owners of the Company	**6,777**	**847**	**-**	**1,108**	**(27,144)**	**(18,412)**	**11,245**	**(7,167)**
BALANCE AT 31 DECEMBER 2012	**1,984,654**	**29,747**	**(889)**	**(847)**	**(421,154)**	**1,591,511**	**8,907**	**1,600,418**

The above Consolidated Statement of Changes in Equity is to be read in conjunction with the accompanying notes.

Consolidated Statement of Cash Flows

HALF-YEAR ENDED 31 DECEMBER 2013

	31 Dec 2013	31 Dec 2012
	$'000	$'000
CASH FLOWS FROM / (USED IN) OPERATING ACTIVITIES		
Cash receipts from customers	577,319	285,459
Payments to suppliers and employees	(370,852)	(287,211)
Interest received	4,698	9,655
Payments for expenditure on exploration and evaluation activities	(5,243)	(13,219)
NET CASH FLOWS FROM / (USED IN) OPERATING ACTIVITIES	**205,922**	(5,316)
CASH FLOWS FROM / (USED IN) INVESTING ACTIVITIES		
Payments for property, plant and equipment	(15,480)	(1,733)
Reimbursement for office fit-out	-	5,717
Payments for mine development	(170,509)	(117,823)
Payments for intangible assets	(348)	(747)
Payment for Wodgina expansion costs	-	(11,400)
Payment for reserve development costs	(6,166)	(10,285)
Payments for interests in equity accounted investees	-	(5,201)
Loan to joint ventures	(819)	(1,245)
Payments for the acquisition of tenements	-	(1,444)
Net proceeds/(payments) for financial assets	621	(460)
Acquisition of shares in controlled entities, net of cash acquired	-	(2,101)
Proceeds received from sale of tenements	318	-
Repayments by associated entities	-	515
(Payments for)/proceeds from bank guarantees	(4,143)	1,517
(Payments to)/proceeds from other entities	(4,793)	360
Stamp duty paid in relation to acquisition of tenements	-	(48,900)
NET CASH FLOWS USED IN INVESTING ACTIVITIES	**(201,319)**	(193,230)
CASH FLOWS (USED IN) / FROM FINANCING ACTIVITIES		
Proceeds from issues of ordinary shares and exercise of options	-	335
Share issue costs paid	-	(239)
Proceeds from Term Loan B (net of debt establishment costs)	-	272,073
Repayment of Term Loan B	(1,904)	-
Net proceeds/(repayment) of pre-export finance	2,093	(34,933)
Interest payments on borrowing facility	(13,560)	-
Dividends paid	(22,490)	(20,430)
NET CASH FLOWS (USED IN) / FROM FINANCING ACTIVITIES	**(35,861)**	216,806
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS	(31,258)	18,260
Cash and cash equivalents at 1 July	416,922	399,540
Effect of exchange rate changes on cash and cash equivalents	3,834*	2,047
CLOSING CASH AND CASH EQUIVALENTS	**389,498**	419,847

The above Consolidated Statement of Cash Flows is to be read in conjunction with the accompanying notes.

*Foreign exchange gain on USD cash at bank held in USD during the period.

Notes to the Consolidated Financial Statements

1. REPORTING ENTITY

Atlas Iron Limited ("Atlas" or "the Company") is a company limited by shares incorporated in Australia whose shares are publicly traded on the Australian Securities Exchange (ASX). The condensed consolidated half-year financial report of the Company as at 31 December 2013 and for the half-year then ended comprised the Company and its subsidiaries (together referred to as the "Group") and the Group's interest in associates and jointly controlled entities.

The Group's principal activities are the operation of the Pardoo, Mt Dove, Wodgina and Abydos iron ore mines and the development of the Mt Webber iron ore mine in the Pilbara region of Western Australia.

2. STATEMENT OF COMPLIANCE

The condensed consolidated half-year financial report is prepared in accordance with the *Corporations Act 2001* and AASB 134 *Interim Financial Reporting*.

This condensed consolidated half-year financial report does not include all of the information required for a full annual financial report, and should be read in conjunction with the consolidated annual financial report of the Company as at 30 June 2013 and for the year then ended and considered together with any public announcements made by the Company during the half-year ended 31 December 2013 in accordance with the continuous disclosure obligations of the *Corporations Act 2001*.

This condensed consolidated half-year financial report was approved by the Board of Directors on 24 February 2014.
The Company is of a kind referred to in ASIC Class Order 98/0100, dated 10 July 1998, and in accordance with that Class Order, amounts in the consolidated half-year financial statements have been rounded off to the nearest thousand dollars, unless otherwise stated.

3. BASIS OF PREPARATION

The condensed consolidated half-year financial statements have been prepared on a historical cost basis, except for derivative and other financial instruments that are measured at fair value. The condensed consolidated half-year financial statements are presented in Australian Dollars, which is the functional currency of its operations in Australia.

(i) Significant accounting policies

The accounting policies and methods of computation adopted in the preparation of the half-year financial report are consistent with those adopted and disclosed in the Company's 2013 annual financial report for the financial year ended 30 June 2013. These accounting policies are consistent with Australian Accounting Standards and with International Financial Reporting Standards, as issued by the International Accounting Standards Board.

The new and revised Standards and Interpretations applicable for the current half-year have not had a material impact or resulted in changes to the Group's presentation of, or disclosure in, its half-year financial statements.

(ii) Operating segments

The Group predominantly operates in the mineral exploration and extraction industry in Australia. For management purposes, the Group is organised into one main operating segment which involves the exploration and extraction of minerals in Australia. All of the Group's activities are interrelated and discrete financial information is reported to the Board (Chief Operating Decision Maker) as a single segment. Accordingly, all significant operating decisions are based upon analysis of the Group as one segment. The financial results from this segment are equivalent to the financial statements of the Group as a whole.

(iii) Estimates

The preparation of the condensed consolidated half-year financial report requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates.

In preparing these condensed consolidated half-year financial statements, the significant judgments made by management in applying the Company's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial report as at and for the year ended 30 June 2013.

(iv) Comparatives

Certain comparative disclosures have been reclassified to conform to current period presentation.

Notes to the Consolidated Financial Statements (continued)

4. ACQUISTION OF SHAW RIVER MANGANESE LIMITED

During the previous period, half-year ended 31 December 2012, the Group acquired control of Shaw River Manganese Limited ("Shaw River"). Shaw River is an entity involved in the exploration and development of manganese in Namibia, Ghana and the East Pilbara Manganese Region of Western Australia.

At 30 June 2012;

- the Group held 205,030,405 Shaw River shares which represented a 45.40% interest in Shaw River.

On 29 August 2012:

- the Group subscribed to 277,777,778 Shaw River shares at an issue price of 1.8 cents per Shaw River share for a total cash consideration of $5,000,000; consequently,
- the Group's total holding in Shaw River increased to 482,808,183 shares.

As a result, on 29 August 2012, the Group obtained control of Shaw River, by acquiring this additional equity and voting interests resulting in the Group holding 53.45% of Shaw River. This transaction was mutually exclusive to the initial transactions obtaining the equity interest of 45.40%. Therefore, in accordance with Australian Accounting Standards, the initial investment was re-measured to fair value as at the date on which control of Shaw River was obtained, thus resulting in a loss of $218,000.

The final accounting for the acquisition of Shaw River has been determined based on an independent valuation and internal review by management including assessment of the tax effect of this acquisition.

Identifiable assets acquired and liabilities assumed of Shaw River as at the date of acquisition, being 29 August 2012 were:

	FairValue
	$'000
Cash and cash equivalents	2,899
Trade and other receivables	4,833
Prepayments	122
Property, plant and equipment	1,146
Mining tenements capitalized	27,302
Trade and other payables	(1,864)
Interest bearing loans and borrowings	(3,653)
Employee benefits	(173)
Deferred tax liability	(8,165)
Provisions	(653)
Total net identifiable assets	21,794
Consideration transferred	
Other consideration (a)	4,101
Cash consideration (b)	5,000
Total consideration	9,101
Cash and cash equivalents acquired	(2,899)
Acquisition of subsidiary, net of cash acquired	6,202

- The fair value of the initial investment was based on the share price of Shaw River at 29 August 2012 of $0.02 per share.
- The value of the share subscription in relation to the capital raising is based on the offer price of $0.018 per share.

Notes to the Consolidated Financial Statements (continued)

4. ACQUISTION OF SHAW RIVER MANGANESE LIMITED (continued)

Transactions separate from the acquisition

In the period of ownership from 29 August 2012 to 31 December 2012 Shaw River contributed net finance costs of $116,000 and a net loss before tax of $2,845,000 to the Group's results. If the acquisition had occurred on 1 July 2012, management estimates that consolidated net finance income and consolidated loss for the period would have been materially consistent with the results presented in the statement of comprehensive income. In determining these amounts, management has assumed that the fair value adjustments, determined provisionally, that arose on the date of acquisition would have been the same if the acquisition had occurred on 1 July 2012.

Gain on bargain purchase

A gain on bargain purchase was recognised, as a result of the acquisition as follows (in $'000):

Total consideration	9,101
Less: fair value of identifiable assets	(21,794)
Add: Non-controlling interest on acquisition [(a)]	11,302
Gain on bargain purchase	**(1,391)**

(a) The non-controlling interest in Shaw River has been measured based on the fair value of net assets acquired at the acquisition date.

	31 Dec 2013	31 Dec 2012
	$'000	$'000
5. DIVIDENDS		
During the period Atlas Iron Limited made the following dividend payments:		
Dividends paid on ordinary shares:		
Final unfranked dividend for 2013: 3 cents per share paid on 20 September 2013 (2012: 3 cents per share paid on 6 December 2012).*	**27,291**	27,144

*Includes $4.9M (2012: $6.7M) of dividend settled via dividend reinvestment plan.

6. OPERATING COSTS

Mining and processing	118,516	77,755
Haulage	74,601	50,541
Port *	56,041	38,342
Shipping	65,563	33,895
Royalties	49,035	22,352
Depreciation and amortisation**	95,163	39,071
	458,919	261,956

* Port costs include the amortisation of contributions made to the Port Hedland Port Authority (Refer to note 9).

** Includes unwind of prepayments made under Wodgina long term infrastructure agreement (Refer to note 9).

Notes to the Consolidated Financial Statements (continued)

	31 Dec 2013 $'000	31 Dec 2012 $'000
7. IMPAIRMENT LOSS		
Undeveloped Horizon 1 and 2 exploration project areas	-	440,200
Non-core tenements	906	14,686
Impairment loss	**906**	454,886
Income tax benefit on impairment loss	(272)	(126,484)
MRRT benefit on impairment loss (net of income tax)	-	(70,183)
Impairment loss after tax	**634**	258,219

Undeveloped Horizon 1 and 2 exploration project areas

The recoverable amounts of the undeveloped Horizon 1 and 2 exploration project areas in the prior half-year were determined based on life-of-mine value in use calculations using cash flow projections from financial budgets and indicative mine plans covering the life of the mine based on current reserves. For certain project areas resource multiples are used, which are observed from external sources. The nominal post-tax discount rate applied to cash flow projections ranged between 11-12%. These project areas do not have goodwill allocated to them.

Non-core tenements

An impairment loss of $906,000 (2012: $14,686,000) has been recognised in relation to non-core tenements, which do not contain sufficient resources for the Company to pursue and have been, or are, in the process of being disposed or surrendered.

8. NET FINANCE (EXPENSE)/INCOME

	31 Dec 2013 $'000	31 Dec 2012 $'000
Interest income	4,728	7,826
Interest accretion	791	511
Finance Income	**5,519**	8,337
Interest expense – Term Loan B	(13,492)	(1,308)
Other finance expenses	(3,089)	(49)
Amortisation of debt establishment costs	(2,201)	(245)
Finance Expense	**(18,782)**	**(1,602)**

Notes to the Consolidated Financial Statements (continued)

	31 Dec 2013	30 Jun 2013
	$'000	$'000
9. PREPAYMENTS		
Current	20,045	29,703
Non-current	33,930	34,608
	53,975	64,311

An agreement was entered into with Port Hedland Port Authority to establish the Group as a foundation user of the Public Access port facility located at Utah Point. Gross contributions of $35,700,000 have been made by the Group. These contributions and interest will be recouped against port handling charges since the berth commissioning in September 2010 and will continue to be recouped on future tonnes shipped over the berth. In the current half-year, the Group recouped $2,209,000 (December 2012: $2,684,000). Disclosed within Prepayments – Current is the amount expected to be recouped within the next 12 months, being $5,809,000 (June 2013: $5,806,000).

A long term infrastructure agreement was entered into for the Wodgina operations. No contributions were made during the current period and the balance as prepayments as at 31 December 2013 is $31,008,800 ($9,076,000 Current and $21,932,800 Non-Current) and are amortised over the term of this agreement. An amortisation expense of $6,058,000 (December 2012: $8,267,000) was recognised during the current period.

10. INTEREST BEARING LOANS AND BORROWINGS

	31 Dec 2013 $'000	30 Jun 2013 $'000
Current		
Unsecured pre-export finance facility	11,433	9,703
Secured debt facility	3,073	2,965
	14,506	12,668
Non-current		
Secured debt facility	301,184	292,048
Borrowing costs	(15,492)	(17,278)
	285,692	274,770

During the period $1,904,407 of principal was repaid and $13,492,461 of interest was incurred on the Term Loan B.

11. SHARE CAPITAL

	31 Dec 2013 $'000	30 Jun 2013 $'000
915,496,000 (30 June 2013: 909,718,000) Ordinary fully paid shares	**1,989,571**	1,984,654

	Number of shares	**31 Dec 2013**
	'000	**$'000**
Movements in ordinary share capital		
Beginning of the financial period	909,718	1,984,654
Issued during the period – dividend reinvestment plan	5,778	4,917
End of the financial period	**915,496**	**1,989,571**

Notes to the Consolidated Financial Statements (continued)

	31 Dec 2013	30 Jun 2013
	$'000	$'000
12. RESERVES		
Share based payments reserve*	30,982	30,007
Foreign currency translation reserve**	(42)	(188)
Associates' reserve***	(695)	(804)
Total reserves	**30,245**	**29,015**

* The share based payment reserve is used to recognise the fair value of options/share rights issued.

** Exchange differences relating to the translation of the results and net assets of the Group's foreign operations from their functional currencies to the Group's presentation currency (i.e. Australian Dollars) are recognised directly in other comprehensive income and accumulated in the foreign currency translation reserve.

*** The associates' reserve mainly represents Atlas' share of the foreign currency translation reserve belonging to the associates.

13. SHARE OF LOSS OF EQUITY ACCOUNTED INVESTEES

Name of Entity	**Principal activity**		**Ownership Interest**		**Share of Profit/(loss)**	
			31 Dec 2013	**30 Jun 2013**	**31 Dec 2013**	**30 Jun 2013**
			%	**%**	**$'000**	**$'000**
Shaw River Manganese Limited	Mineral exploration	*	53.45	53.45	-	(704)
NWI Pty Limited	Port Development	Joint Venture	63.00	63.00	1,536	(2,091)
Centaurus Metals Limited	Iron Ore Exploration	Associate	19.58	19.58	(2,325)	(5,917)
Kalamazoo Resources Pty Ltd	Mineral Exploration	Associate	25.10	25.10	(103)	(150)
					(892)	**(8,862)**

* The Group obtained control of Shaw River Manganese Limited (Shaw River) by acquiring an additional 8.05% of the equity and voting interest on the 29th August 2012, increasing the Group's equity and voting interest to 53.45% which resulted in Shaw River becoming a subsidiary of Atlas. A share of its loss is recognised up until control was obtained. Details of the acquisition are outlined in Note 4.

Notes to the Consolidated Financial Statements (continued)

14. CONTINGENCIES AND COMMITMENTS

(a) Contingencies

The Company has bank guarantees predominantly related to security deposits representing cash backing for exploration and mining bonds, office bonds, bank guarantees and a credit card facility. The total bank guarantees on issue at period end are $35,650,000 (December 2012: $27,506,000).

(b) Expenditure commitments

During the period ended 31 December 2013, Atlas entered into new contracts in relation to mining and other services with the following non-cancellable expenditure commitments:

	31 Dec 2013	31 Dec 2012
	$'000	$'000
Non-cancellable expenditure commitments		
Not later than one year	16,940	17,239
Later than one year and not later than five years	-	-
More than five years	-	-
Aggregate expenditure contracted for at reporting date	**16,940**	**17,239**

Other expenditure commitments are consistent with those disclosed in Atlas' 30 June 2013 financial statements.

15. TAX (EXPENSE)/BENEFIT

The major components of the tax (expense)/benefit are:

Deferred income tax (expense)/benefit	(28,254)	131,280
Deferred MRRT benefit	18,794	116,536
Deferred income tax expense on MRRT	(5,638)	(34,961)
Total tax (expense)/benefit	**(15,098)**	**212,855**

Included in income tax expense is a benefit of $13,156,000 (2012: $81,575,000) related to the MRRT.

Included in deferred tax liabilities is $15,769,000 (30 June 2013: $28,925,000) related to the MRRT.

The Federal Government has announced its intention to repeal the MRRT, however at 31 December 2013 this has not been substantially enacted. Should the MRRT be repealed the net deferred tax liability of $15.8 million as at 31 December 2013 will be reversed as a credit to income tax expense.

16. SUBSEQUENT EVENTS

No matters have arisen since 31 December 2013, which have significantly affected, or may significantly affect the operations of the Group, the results of those operations, or the state of affairs of the Group in subsequent financial years.