ASX Announcement **25 February 2014**

Mt Webber expansion to 6Mtpa approved, operating costs to fall significantly

HIGHLIGHTS

- **Life-of-mine operating costs of A$49-51 / WMT (nominal, FOB ex Royalties)**
- **Industry leading capital development intensity of only A$35/annualised tonne**

Atlas Iron Limited (ASX: AGO) is pleased to announce that Atlas' Board has approved development of the Mt Webber Stage 2 project, which will double production at Mt Webber to 6Mtpa.

First export of Stage 1 product remains on track for the June 14 quarter, with the expanded production rate of 6Mtpa expected to be achieved by the end of the December 14 quarter. Very pleasingly, life of mine operating costs are now expected to be in the range of $49-51 / WMT (on a nominal basis), which represents a significant reduction from the $56 / WMT originally estimated for the Stage 1 project. The extremely competitive operating costs are driven by a strip ratio of 0.3:1, the economies of scale achieved on longer haulage distances and general mining economies of scale. There is the potential to reduce these costs further in the future via access to rail.

Atlas is also pleased to advise that the combined stages of the Mt Webber project are estimated to cost an aggregate $212M*, inclusive of road upgrades.

Atlas Managing Director, Ken Brinsden said, "Mt Webber is a highly capital efficient mine, with the completed feasibility study determining a combined cost of Stages 1 and 2 being $212M for 6Mtpa, representing approximately $35 per annualised tonne of production, clearly well below industry norms. This capital cost is inclusive of a substantial contribution towards regional road upgrades, which will benefit Pilbara road users for years to come."

"Atlas has a track record of delivering new mines in a cost effective, timely manner and the completion of the second stage of Mt Webber will fulfil the Company's original Horizon 1 vision, with further material opportunities in the pipeline".

"We continue to have exciting prospects in the vicinity of our existing mines, with Corunna Downs and Miralga Creek continuing to impress. Following Atlas' strong half year performance, the Company is extremely well placed to grow our cash flow and create shareholder value, while we work to unlock the value of our Horizon 2 prospects", he added.

*Gross Mine Capex – partially funded by Atlas JV Partner Altura Mining Ltd, under JV terms

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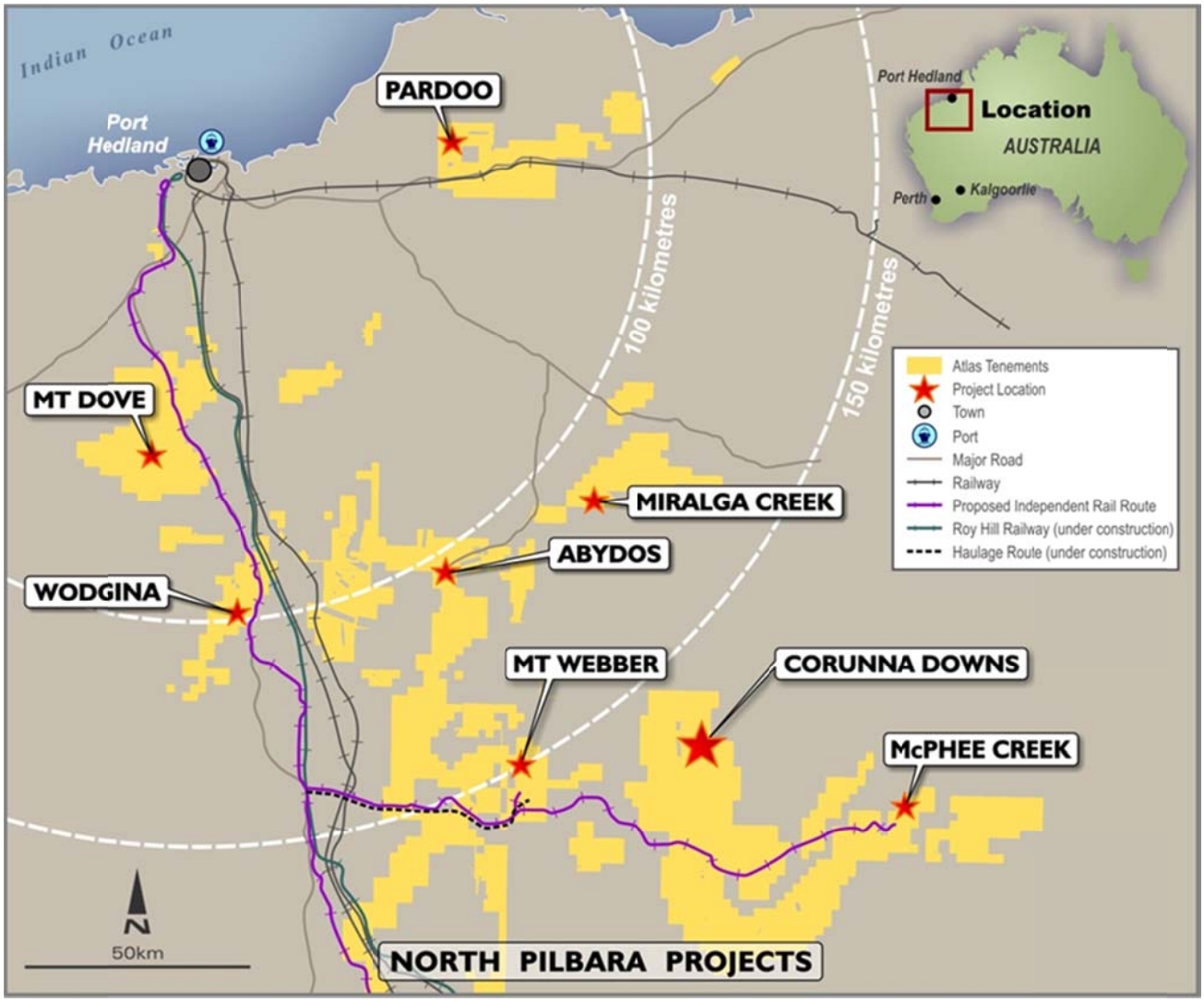

Atlas' North Pilbara Project Portfolio, Including Mt Webber