Record Production and Tight Cost Control Drive Strong Increase in Underlying Earnings and Operating Cash Flow

FY2014 Key Results

- Record exports of 10.9Mt (7.4Mt FY13)
- Record revenue of $1.1B (up 58%)
- Net operating cashflow: $289.2M (up 104%)
- Underlying EBITDA*: $248M ($113M FY13)
- Statutory profit after tax: $14.3M ($245M loss FY13)
- Full-year dividend of 2 cents per share
- $264M cash in bank as at 30 June 2014, after investing $388M predominantly in new mines and production infrastructure
- Mt Webber Stage 1 in production, Stage 2 under construction
- FY15 guidance: shipments of 12.2-12.8Mt; C1 cash costs of $47-$50/t
- FY15 capital investment forecast to be $125M ($372M FY14) as Horizon I development programs completes
- Webcast Details: Investors can listen to the analysts' briefing call via webcast, which starts at 9.00am EST (7.00am WST) today. Please use the link following http://www.brrmedia.com/event/125562/ken-brinsden-managing-director

Atlas Iron Limited (**Atlas**) (ASX:AGO) is pleased to announce that it's underlying EBITDA* more than doubled to $247.8M in the year to 30 June 2014 on the back of a 47% increase in iron ore shipments.

The result highlights the strong cash-generating capacity of Atlas' Pilbara operations, with net operating cashflow rising by 104% to $289.2M in a subdued iron ore pricing environment.

Although the average price received by Atlas in FY14 was US$98.10/t including value fines (US$104.90/t FY13) the net operating cash flow for the second half of FY14 was strong at $83.3M despite the high Australian dollar, with the average price received by Atlas over the second half of US$86.29/t. This enabled Atlas to finish the year with $264.2M cash on hand even with investing $388.4M largely in mine and infrastructure development. With Atlas planning to have completed the Stage 2 expansion at Mt Webber by 31 December 2014, Atlas will have substantially completed its Horizon I capital expenditure program.

The strong cash generation of the past financial year and the impending wind down of the Horizon I capital expenditure program has enabled Atlas to declare a 2 cents per share dividend.

Atlas' emphasis on cost control saw C1 cash costs total $51/t, within the previously provided guidance range of $49-$52/t. All-in delivered cash costs to China were A$76.80/WMT, in line with the FY13 all-in cash costs of

A$76.40WMT despite increases in ore distances hauled during FY14. Further cash cost savings are anticipated during FY15.

Underlying EBITDA* rose from $113M in FY13 to $247.8M in FY14. Non-cash charges, including $208M in depreciation and amortisation expenses and $25M in one-off impairment and restructure costs (see ASX release dated 22 August 2014) resulted in an after-tax profit of $14.3M compared with a $245.1M loss in the previous year.

Atlas shipped a record 10.9Mt in the year, up 47% on the 7.4Mt shipped during FY13. This increased revenue by 58% to a record $1.1B.

Atlas Managing Director, Ken Brinsden said the Company had performed strongly in the face of lower iron ore prices.

"The combination of record production and a tight focus on cost control has underpinned a substantial increase in cash generation," Mr Brinsden said. "Our operations have met or exceeded all production and cost targets, with further gains forecast for this financial year. We are also set to benefit from the completion of our Horizon I investment program, which will see development investment fall to $125M in FY15 from $372M in FY14. This will mark a key milestone in Atlas' development, delivering a sustainable production rate of 12Mtpa at an internationally competitive cost."

The production growth was driven by the ramp-up of the Abydos mine and increased output at Wodgina. Stage 1 of the Mt Webber mine started production in July 2014 and Stage 2 is now under construction, with first production scheduled for the December quarter 2014.

Atlas is forecasting shipments of 12.2-12.8Mt this financial year with a further reduction in full-year C1 cash costs to $47-$50WMT FOB. This reflects a host of planned savings, including a "pit-to-port" cost reduction program. These various measures are expected to generate total savings of $50-80M by June 2015, of which some initiatives are already well underway.

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

Dividend timetable

Record Date for dividend	12 September 2014
Last date for receipt of election notice for participation in Dividend Reinvestment Plan	15 September 2014
Payment date of dividend	6 October 2014
Issue date of shares under Dividend Reinvestment Plan	10 October 2014

Dividend Reinvestment Plan

Atlas operates a Dividend Reinvestment Plan (**DRP**) which allows eligible shareholders to elect to invest dividends in ordinary shares in Atlas which rank equally with Atlas' quoted shares. The issue price for shares under the DRP will be calculated at a 2.5% discount to the daily VWAP of Atlas' shares 5 business days immediately after the Record Date. The DRP for the FY2014 dividend is not being underwritten.

Shareholders will be able to participate in the DRP either in full or in part at their election. Shareholders wishing to register for the DRP or update their election can do so by completing and returning a DRP Election Form prior to 15 September 2014.

A DRP Election Form is available by contacting Computershare Investor Services Pty Limited:
Within Australia: 1300 850 505
Outside Australia: +613 9415 4000
Facsimile: +613 9473 2500

Alternatively shareholders can update their details directly online at http://www.computershare.com.au/investor

ATTACHMENTS
Annual Report 2014 and Appendix 4E

ATLAS IRON LIMITED

30 JUNE 2014 APPENDIX 4E
RESULTS FOR ANNOUNCEMENT TO THE MARKET

This Preliminary Final Report for Atlas Iron Limited and its subsidiaries (Atlas) (ASX Code: AGO) is provided to ASX under ASX Listing Rule 4.3A

Results for announcement to the market

		% Change		**Amount**
Total iron ore shipments	Up	47	To	10.9wmt
Sales revenue	Up	58	To	$1,098 million
Gross profit	Down	4	To	$90 million
Underlying profit before tax (Non-IFRS)		From a loss last year	To	$15 million
Underlying profit after tax attributable to shareholders (Non-IFRS)		From a loss last year	To	$9 million
Statutory net profit after tax		From a loss last year	To	$14 million
Statutory net profit after tax attributable to members		From a loss last year	To	$17 million
Final dividend per share	Down	33%	(unfranked)	2 cents per share
Record date for final dividend				12 September 2014

The preliminary Financial Report (Appendix 4E) and audited financial statements for the year ended 30 June 2014 are attached.

The Annual General Meeting will be held on 29 October 2014.

	Current Reporting Period	Previous Corresponding Period
	Year ended 30 June 2014	Year ended 30 June 2013
	A$millions	A$millions
Revenue from ordinary activities	1,098	695
Gross profit	90	94
Net loss before tax	(10)	(457)
Net profit/(loss) after tax from ordinary activities	14	(245)
Net profit/(loss) after tax attributable to members	17	(242)
Net cash flows from operating activities	289	142

Dividend

Atlas intends to pay an unfranked dividend of 2 cents per share (see details below).

Dividend Information	Amount per Ordinary share (cents)	Franked amount per Ordinary share (cents)
Dividends paid in period (paid September 2013)	3.0	-
Proposed dividend in relation to this period	2.0	-
Record date for final dividend	12 September 2014	
Last date for receipt of election notice for Dividend Reinvestment Plan	15 September 2014	
Payment date of proposed dividend	6 October 2014	
Issue date of shares under Dividend Reinvestment Plan	10 October 2014	
Conduit foreign income	Nil	

Dividend Reinvestment Plan

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The DRP for the FY2014 Dividend is not being underwritten.

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Facsimile: +613 9473 2500

Alternatively shareholders can update their details directly online at:

http://www.computershare.com.au/investor

Net Tangible Asset Backing

	30 June 2014	30 June 2013
Net Tangible Asset Backing	$1.61	$1.62

Net tangible asset backing per share has been calculated by dividing the net tangible assets by the closing number of ordinary shares on issue.

Change in Control

There were no entities over which the company has gained or lost control during the period.

Associates and Joint Ventures

Atlas holds interests in the following associates and joint arrangements:

Name of Entity	Interest % at 30 June 2014
Centaurus Metals Limited	20.97%
Mt Webber Joint Venture*	70.00%
Daltons Iron Ore Joint Venture*	100.00%
North West Infrastructure	63.00%
Kalamazoo Resources Pty Ltd	25.10%

* The Mt Webber project consists of the Mt Webber joint operation and the Dalton's Iron Ore Joint Venture. The Group has 100% interest in the Daltons JV mining rights, however retains a 75% interest in other minor tenements with the JV partner.

Commentary on Results for the Period

A commentary on the results for the period is contained within the financial statements that accompany 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 profit attributable to owners of Atlas Iron adjusted as follows:

- Impact of business combinations;
- Impact of restructuring (including onerous lease);
- Impairment losses; and
- Amounts relating to the Mineral Resources Rent Tax (MRRT).

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 Iron is as follows:

	30 June 2014 $'000	**30 June 2013 $'000**
Underlying profit/(loss) after tax (Non-IFRS)	**8,573**	**(73,193)**
Disposal group held for sale impairment net of tax[1]	(7,633)	-
Impairment of associate net of tax[1]	(7,000)	-
Restructuring costs net of tax	(5,435)	-
Impairment of tenements net of tax[1]	(3,178)	(259,982)
Net impact of business combinations	-	1,173
MRRT	28,925	86,930
Statutory net profit/(loss) after tax	**14,252**	**(245,072)**

1. The statutory profit after tax for the year was impacted by restructuring costs and impairments of $18.8 million ($18.5 million net of tax) on disposal group held for sale, investment in associate, non-core tenements. The prior year statutory loss after tax was impacted by write-downs of $458.1 million ($260.0 million net of tax) in asset values of undeveloped Horizon 1 and 2 exploration project areas and non-core tenements.

Status of Audit

This Preliminary Final Report is based on accounts that have been audited.

This Preliminary Final Report is to be read in conjunction with the attached financial statement for the year ended 30 June 2014, together with any public announcements made by Atlas Iron during the year 30 June 2014 in accordance with the continuous disclosure obligations under the *Corporation Act 2001*.

Previous corresponding period

The previous corresponding period is the year ended 30 June 2013.

Further enquiries, please contact:

Ken Brinsden, Managing Director +61 8 6228 8000

Brian Lynn, Chief Financial Officer

iron spirit

2014 **ANNUAL REPORT**

ATLAS IRON LIMITED
ABN 63 110 396 168

Atlas Iron Limited *(Atlas or Company)* is an independent Australian iron ore company, mining and exporting Direct Shipping Ore *(DSO)* from its operations in the Northern Pilbara region of Western Australia. Since listing on the ASX in late 2004, Atlas has grown rapidly to become one of Australia's leading mid-tier iron ore exporters.

Atlas' operations are focused onthe Pilbara region of Western Australia, where the Company has grown its Reserve and Resource assets through exploration activities, as well as the acquisition of other mining operations in strategic locations.

Since its establishment, Atlas has commenced five mines in the Pilbara region, increasing its exports year on year since it started production in 2008.

Atlas is proud of its reputation as an ethical Company with a dynamic, can-do attitude. In every situation, from large corporate negotiations to face-to-face dealings with the local community, Atlas and its people strive to achieve win-win outcomes for the benefit of all parties.

Through its operations, Atlas is responsible for around 1,000 jobs, directly and indirectly, making a significant contribution to the state and national economy and local communities.

OUR VALUES

Work safely

We consider the safety aspect of everything we do. Employees own their own safety and wellbeing, in and out of work.

Do the right thing

We are honest and fair in all our dealings and courageous in making hard decisions that support our business goals. Our decisions and actions will make our families proud.

Strive for business excellence

We challenge ourselves to be efficient and effective with available resources. We seek improvement and embrace change.

Work as a team

Working together to meet challenges and develop solutions, we actively engage and support our people and understand and value the contribution of others.

Think win-win

The people and organisations we engage with will benefit fairly. We give every opportunity a go and think long-term with respect to the relationships we cultivate and nurture.

Indomitable spirit

Our people are resilient. We approach challenges with courage and passion.

OUR VISION

To build a truly great Australian company that is a fantastic place to work, makes the world a better place and delivers outstanding returns for shareholders.

A company our families are all proud of.

This year has been one of key achievements in Atlas' path to future growth. Significant investment in our Horizon 1 assets saw the operational commencement of the Abydos and Mt Webber Mines. Mt Webber highlights our ability to deliver mines rapidly and efficiently. These developments and Atlas' expectation that it can deliver an innovative Pilbara infrastructure solution will form the foundation of the Company over the next decade.

a year of high*lights*

NPAT of $14 million

33% of our diverse merit-based workforce are women

UNDERLYING EBITDA of $248 million
up 119% on FY2013

Cash operating cost of $51 per tonne (wet basis, FOB and excluding royalties) within the guidance range of $49 – $52

Significant capital investment of $372 million in Horizon 1 and Horizon 2 assets provides strong platform for future growth

300 direct employees

Abydos and Mt Webber mines commence operations

Mt Webber stage 1 completed with stage 2 well under way will lift Mt Webber production to 6Mtpa

Record shipments of 10.9Mt (WMT),
up 47% on FY2013 and exceeding full year guidance

Continued improvement in safety performance

78 community groups assisted

900 additional indirect employees

Record revenue of $1.098 billion, 58% increase on FY2013

2,232 hours volunteered by Atlas staff

Utah Point Stockyard 2 commissioned & officially opened

Payment of dividend continues (2 cents per share), including dividend reinvestment plan

Outstanding exploration success at Corunna Downs and Miralga Creek

The Company is only ten years young, but it has achieved so much in those ten years, making a significant contribution to the local communities in which we operate, the state and the nation, with greater contributions to be made in the years ahead.

Message from the Chairman

This year has been one of key achievements in Atlas' path to future growth. Significant investment in our Horizon 1 assets saw the operational commencement of the Abydos and Mt Webber Mines. Mt Webber highlights our ability to deliver mines rapidly and efficiently. These developments and Atlas' expectation that it can deliver an innovative Pilbara infrastructure solution will form the foundation of the Company over the next decade.

The Company is only ten years young, but it has achieved so much in those ten years, making a significant contribution to the local communities in which we operate, the state and the nation, with greater contributions to be made in the years ahead.

While there have been some challenging issues facing the Company, many of which are beyond our direct control, we have relentlessly pursued our strategy of growing the business through innovative solutions, ensuring our sustainability and seizing new opportunities to deliver value to our shareholders.

This year, we have again surpassed the previous year's performance in mining, shipping and revenue.

Atlas shipped 10.9 million tonnes for the year, nearly fifty percent more than we did in 2013 and close to double what was shipped in 2012. Since we made our first shipment of product from our Pardoo mine in December 2008, Atlas has shipped over 30 million tonnes. Our shipments during 2014 represent one third of our total shipments, showing Atlas has gone from strength to strength since we commenced our first mine in 2008.

The Pardoo mine is close to the heart of Atlas, as our first mine and the bedrock of our growth strategy.

During the year, we placed Pardoo on care and maintenance after exporting over seven million tonnes from this mine. When we first commenced Pardoo, we expected it had a limited reserve base, but typical of the aspirational spirit of Atlas, we were able to extend the mine life of Pardoo, and produced over seven million tonnes. Our Mt Dove mine also completed production, consistent with our plans.

Despite the closure of these mines, we are confident of continuing to increase shipments, with Abydos now in full production and Mt Webber stage 1 in the process of ramping up production. Abydos and Mt Webber will more than replace the production previously contributed by Pardoo and Mt Dove.

On the back of our record shipments, Atlas exceeded revenue of $1 billion, for the first time. This is the result of a lot of hard work by everyone in the business, including our contractors, whom we consider to be part of the Atlas team.

The generation of strong cash flow over recent years has enabled us to reinvest to continue to grow our business, revenue and earnings capacity in future years.

Atlas has declared a statutory profit after tax of $14 million. This result was impacted by impairments and losses of $25.6 million, arising from the write down of asset values pertaining to Atlas' interest in Centaurus Metals Limited, the divestment of Atlas' interest in Shaw River Manganese Limited, relinquishment of non-core tenements and restructuring costs. The Company achieved underlying EBITDA[1] of $248 million, a 119% increase compared to the previous year, demonstrating we are a financially sound business.

While there is no doubt our results have been impacted by price volatility in the second half of the financial year, I believe our shareholders have every right to be excited about the future prospects of Atlas, just as they should be proud of our short history as we celebrate our tenth anniversary this year.

Since listing in 2004, we commenced our first mine at Pardoo in 2008 and made our first shipment in December that year, just as the global financial crisis hit. Since then, we have commenced four other mines at Wodgina, Mt Dove, Abydos and Mt Webber.

As a result of our mining operations, we have contributed over $150 million in royalties to the Western Australian Government, in addition to over $120 million in other taxes. We are responsible for supporting over 1,000 jobs, directly and indirectly, making a strong contribution to communities in Port Hedland, Perth and in regional areas where many of our people live.

Atlas has pursued a business strategy that has seen successful mine developments that would not have otherwise occurred if it had been left to the major players. The state and national governments, and local communities, are significantly better off for Atlas' innovative strategy.

If not for Atlas' business strategy, the product we have exported would still be in the ground, the State would not have received the taxes we have paid, the community organisations would not have received the grants, sponsorship and volunteer hours we have contributed, the thousands of jobs over the years would not have been created and shareholders wouldn't have received $81 million in dividends. For that, our shareholders can be proud and we likewise appreciate the support of our shareholders for our business model.

On the back of our strong cash flow, the board is pleased to announce a dividend of 2 cents per share.

I pay tribute to my colleagues on the Board, who make an outstanding contribution to the strategic direction of Atlas, ensure our deliberations are robust and comprehensive and provide strong guidance to our leadership team. I thank our leadership team for delivering results and ensuring we are a respected iron ore exporter. I applaud our fantastic team at Atlas for their hard work, and for continuing to make Atlas the strong Company it is today. Finally, I thank our contractors who have been integral to our success and will be an important part of our future success.

David Flanagan
NON-EXECUTIVE CHAIRMAN

1. NON IFRS

It is the strong urbanisation in China which has been driving the relentless demand for iron ore and I remain confident it will continue in China for some time yet.

Managing Director's report

Atlas is now at a significant turning point.

After consecutive years of significant investment in growing our production, we are nearing the completion of our Horizon 1 development and are now poised to benefit from increased production and lower costs.

Our strategy has always been to grow our expanding Pilbara production base, while ensuring we remain cost competitive globally. I am pleased to report we have continued our Horizon 1 growth plans with the Abydos mine in full production, Mt Webber stage 1 ramping up to 3Mtpa, and Mt Webber stage 2 in construction. During the year, we also commissioned and opened Stockyard 2 at Utah Point, increasing our export capacity and carried out studies on McPhee Creek and other opportunities with pleasing results. By remaining focused on our strategy over recent years, we have laid the foundations for strong performances in the years ahead, with options for further growth.

Our primary focus is to run our Company safely. The safety of our people is paramount. While developing two new mines and a port stockyard and breaking our production records, we were able to significantly improve our safety performance, with our total reportable injury frequency rate improving 30% on the previous year. We also recorded an improved performance in the lost time injury frequency rate for the fourth consecutive year.

This is a great credit to everyone in the business, particularly our leaders who have been vigilant in having a safety first culture permeate the Company.

The development of Mt Webber marks the conclusion of our Horizon 1 capital expenditure program, which augurs well for cash flow in the forward years. The development of this mine has also enabled our joint venture partner, Altura Mining, to join the ranks of Pilbara iron ore producers, consistent with our value of seeking win-win solutions.

The development of the mine incorporated a significant contribution towards the upgrade of regional public roads, which will benefit Pilbara road users.

We have also continued our exploration activities and we have every reason to be enthusiastic about our results from drilling at Corunna Downs and Miralga Creek.

The exploration success at both of these locations demonstrate the North Pilbara is a very favourable location for iron ore exploration, and Atlas' significant land holding in the area is a strategic advantage in developing a substantial pipeline of resource opportunities. With our existing mines and the potential we are seeing at our exploration sites, coupled with our infrastructure agreement, I am very confident about our future.

Of course, in order to maintain our success, it is important we maintain our reputation as a reliable supplier with strong relationships with our customers. We have continued to receive strong interest in and demand for our products, having executed a number of contracts for both our standard fines and value fines products.

Our profitability has been impacted by the volatility in the price of iron ore, particularly during the second half of the year, and discounting of the headline price. In order that we remain globally competitive, we have focused on being cost conscious, driving a program of identifying cost-saving opportunities leading to reduced cost guidance of AUD$47-$50 per wet metric tonne C1 operating costs on an FOB basis for FY2015.

In May, we made our first shipment to India, the third country we have now exported to. This is an important development for Atlas, with India forecast to experience strong growth in urbanisation in the next few decades, just as we have seen in China over the past decade and more.

It is the strong urbanisation in China which has been driving the relentless demand for iron ore and I remain confident it will continue in China for some time yet.

Forecasts predict China's urban population is expected to continue its substantial growth, as will India, over the next decade. This will require vast infrastructure in both countries and the Pilbara region will be a major source of supply for delivering on those demands.

As a small company, we have much to be proud of, punching above our weight when compared with some of the larger miners in the Pilbara. We believe there is reason to be confident about the future of the Company, as we enter our second decade of operations and our shareholders can be proud of what we have achieved, which has set the Company up for strong results in the years ahead.

They can be equally proud of our founder and chairman, Mr David Flanagan who was named 2014 Western Australian and Business Leader of the Year. David is an inspiration and mentor to everyone at Atlas and his achievements are important to driving a culture of success at Atlas.

We enjoy the benefits of being part of some great communities and therefore have a responsibility to be active and contributing community members. This goes beyond the taxes and royalties we pay to governments and involves us actively looking for opportunities to improve the quality of life for the people we share this special part of the planet with.

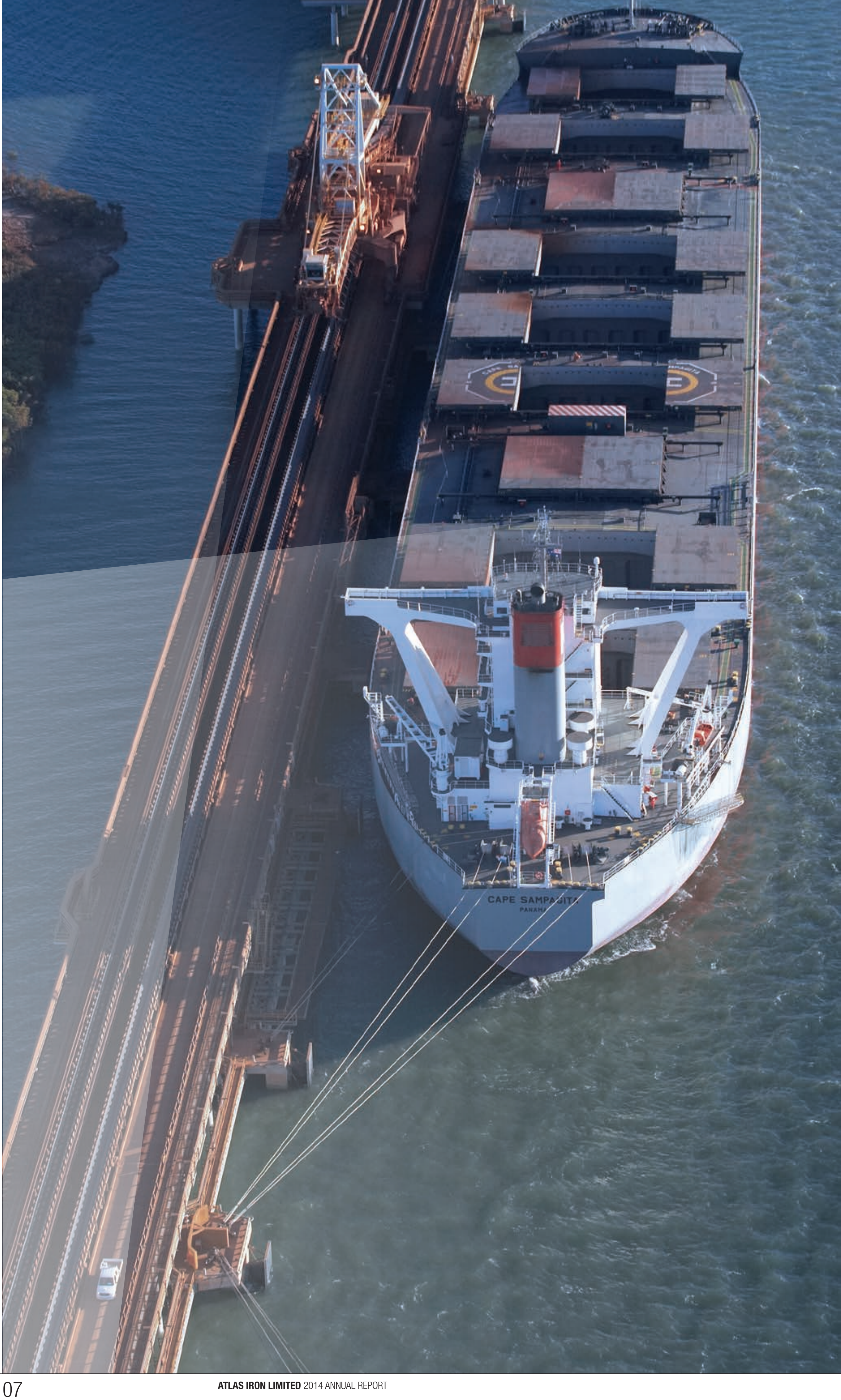
I am proud of the strong relationships we have established with various community organisations through our Community Partnership Program, Helping Hands grants, Philanthropic grants and our Community days, in which Atlas employees down tools and volunteer in the community. Our community involvement helps build a strong and vibrant culture, and we were particularly pleased to see one of our team, Aaron Sawmadal receive the Edie Hoy Poy Volunteer Award for Ethnic Communities at the 2014 Volunteer of the Year Awards.

We welcomed two new senior members during the year, Yasmin Broughton as General Counsel and Company Secretary, and Brian Lynn as Chief Financial Officer and they will be important members of the Atlas team as we continue to build the business.

Atlas is responsible for the employment of over 1,000 workers, directly and indirectly. Around 900 workers are employed by the contractors who undertake much of the operational work at our sites, and I thank our contractors for their work, which is important to Atlas achieving its strategic objectives.

I would like to thank the Board for their ongoing support. The Board ensures we leave no stone unturned as we drive a culture of business excellence, through their insightful scrutiny of our strategic development. I appreciate the great support we have had from Atlas' executive leadership team, particularly for their collaboration and for executing an ambitious and successful strategy and work program. Finally, I thank our staff members for their dedication and commitment to the ongoing success of this great Australian company – we would not be where we are today without the great work from each and every member of the Atlas team.

Ken Brinsden
MANAGING DIRECTOR



review of *operations*

Atlas' report on operations should be read in conjunction with the Directors Report and the Financial Statements.

Our strategy

Atlas' purpose is to deliver mineral products that create value for its shareholders, employees, customers and the communities in which the Company operates.

Atlas' strategy is to develop an expanding Pilbara production base, consistent with globally competitive mining operations, and to pursue profitable growth opportunities. Consistent with this philosophy, Atlas seeks to:

- **Produce 12.2 – 12.8Mtpa (WMT) for FY2015 from existing operations;**
- **Secure an infrastructure agreement with a third party, which will unlock growth opportunities for the Company;**
- **Expand the scale of production at Atlas; and**
- **Maintain a globally competitive cost base.**

Our performance

Atlas has had a very productive year, once again, breaking records in production, haulage, shipping and revenue.

The commencement of mining and ramp up in activities at Abydos has contributed to the record performances, demonstrating that Atlas can consistently produce and ship at a rate of 12Mtpa plus. The Company has completed development of stage 1 of its Mt Webber mine, with mining commencing in the second half of FY2014. Stage 2 of Mt Webber has commenced which will see this mine increase production to 6Mtpa (WMT) during the second half of FY2015.

During the year, Atlas' Utah Point Stockyard 2 facility was fully commissioned, and officially opened by the Minister for Transport, Hon Dean Nalder, MLA in May. The opening of Stockyard 2 at Utah Point has provided Atlas with increased flexibility and improved efficiency in Atlas' port operations.

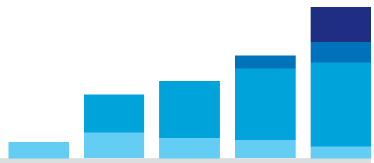
Shipping

During the year, Atlas entered a number of new contracts for varying durations, and with existing and new counterparties including a number of Chinese steel mills, trading houses and other international trading houses. Atlas also completed its first shipment to India, the third country the Company has exported to. 107 shipments were completed during the year.

Atlas' shipments consisted of 9.6Mt of Standard Fines (5.9Mt in FY2013) and 1.3Mt of Value Fines (1.5Mt in FY2013).

Tonnes shipped increased by more than 47%, compared to the prior year, to 10.9Mt, driven by increased production from Wodgina and the commencement of operations at Abydos. The contribution from Pardoo and Mt Dove reduced from the previous year as these operations wound down.

The following graph represents tonnes sold by Atlas, from each mine, for FY2010 to FY2014.

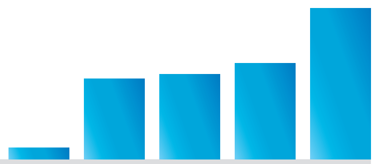


Annual Shipments		2010	2011	2012	2013	2014
Pardoo	*Tonnes*	1,163,614	1,833,644	1,462,070	1,289,880	844,314
Wodgina	*Tonnes*		2,755,627	4,105,656	5,206,305	6,057,086
Mt Dove	*Tonnes*				917,214	1,495,706
Abydos	*Tonnes*					2,523,702

Revenue

The following graph shows the growth in revenue at Atlas from FY2010 to FY2014.

Revenue from iron ore sales exceeded $1 billion for the first time, increasing by 57.9% to $1.098 billion for the year ended 30 June 2014, driven by a 47.3% increase in tonnes shipped to 10.9Mt, however the growth in shipping was offset by a softening in the price received, particularly during the second half of the year, which affected profitability over that period.



Annual Revenue	2010	2011	2012	2013	2014
$ Million	84.8	584.9	617.5	695.1	1,097.6

Operations

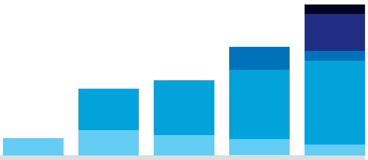
The following table summarises key operational indicators used by Atlas to measure performance:

Million Tonnes (WMT)	FY10	FY11	FY12	FY13	FY14
Ore mined	1.2	4.9	5.6	7.9	11.1
Ore processed	1.3	4.5	5.5	7.3	11.0
Ore hauled	1.2	4.5	5.5	7.4	11.1

Mining:

Mining increased by 41% to 11.1Mt compared to FY2013. Atlas' operations at Pardoo and Mt Dove wound down during the year. Production from those mines was replaced following the commencement of mining at Abydos (2.7Mt) at the beginning of FY2014 and at Mt Webber (0.68Mt) towards the end of FY2014. In addition, mining at Wodgina increased by 21.3% to 6.2Mt.

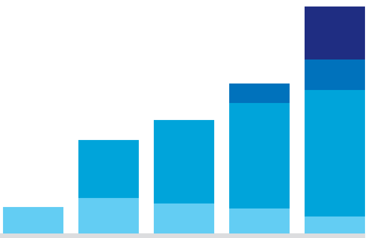
The below graph represents mining at each mine from FY2010 to FY2014.



Annual Mining		2010	2011	2012	2013	2014
Pardoo	*Tonnes*	1,251,908	1,845,469	1,479,526	1,209,097	795,281
Wodgina	*Tonnes*		3,035,842	4,022,072	5,087,019	6,170,967
Mt Dove	*Tonnes*				1,669,402	742,434
Abydos	*Tonnes*					2,733,008
Mt Webber	*Tonnes*					680,307

Processing:

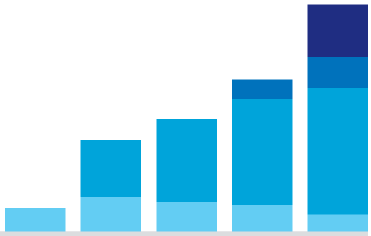
Processing increased by 51% compared to FY2013, driven mainly by a 20% increase at Wodgina, due to improved plant reliability, the commencement of processing at Abydos and the processing of remaining ore at Pardoo and Mt Dove. The completion of mining at Mt Dove was expedited in order to capitalise on using the facilities at Mt Dove to process additional ore from Wodgina.



Annual Processing		2010	2011	2012	2013	2014
Pardoo	*Tonnes*	1,278,101	1,715,160	1,449,405	1,208,373	823,170
Wodgina	*Tonnes*		2,810,488	4,042,798	5,126,242	6,155,880
Mt Dove	*Tonnes*				947,064	1,485,519
Abydos	*Tonnes*					2,555,479

Haulage:

Consistent with mining and processing, haulage also increased to 11.1Mt, an increase of 50% on the previous year. More than 50% (6.2Mt) of haulage was from the Wodgina mine and over 2.5Mt was transported from Abydos in its first year of operations. This continued growth in haulage demonstrates Atlas' logistics capability and reliability of its haulage model.



Annual Haulage		2010	2011	2012	2013	2014
Pardoo	*Tonnes*	1,147,498	1,678,629	1,438,822	1,288,152	842,326
Wodgina	*Tonnes*		2,783,040	4,044,436	5,193,516	6,156,113
Mt Dove	*Tonnes*				935,339	1,526,127
Abydos	*Tonnes*					2,556,807

Our ability to commence five mines in five years, is testament to our commitment to fostering positive relationships, and sticking to our values.

Approvals and land access

Building and maintaining our licence to operate is essential for Atlas to be a successful mining company. It requires the support of land holders, Traditional Owners, government, community organisations and other stakeholders. Atlas always strives for win-win outcomes in its dealings with stakeholders, and values the relations it has with all communities in which it operates.

Our ability to commence five mines in five years, is testament to our commitment to fostering positive relationships, and sticking to our values.

The development and commencement of operations at Mt Webber required Atlas to obtain the necessary approvals and land access in a timely manner. Building ongoing and positive relationships with environmental regulators, Town of Port Hedland, Shire of East Pilbara, Main Roads Western Australia and Traditional Owners has ensured a constructive approach to approvals, and enabled access to land and public roads in order to successfully complete the project on time and on budget.

Atlas has entered into agreements with the Native Title parties for the land on which our operations are located. These agreements include commitments around protecting cultural heritage, compensation for access to land and Aboriginal employment and contracting. In order to ensure mutual benefit to all parties, and in accordance with Atlas' values of 'do the right thing' and 'think win-win', Atlas has developed a Native Title Agreement Implementation Framework and Aboriginal Participation Plan.

The Framework and Plan are an important element of Atlas' business practice and since implementation, Atlas has worked with its major contractors and the Aboriginal communities in which Atlas operates to seek positive outcomes for all parties through participation in employment and contracting.

Atlas has also formed a Native Title Agreement Implementation Forum attended by members of Atlas' leadership team and those with responsibilities under the agreements. The forum members discuss programs developed under the Framework and Plan, outcomes achieved and track progress against agreement commitments.

Exploration

In addition to our mining activities, Atlas has continued to pursue new opportunities through an ongoing exploration program, which has uncovered exciting results for the growth prospects of the Company.

During the year the Exploration and Resource Geology group completed drilling and other exploration activities primarily within Atlas' Horizon 1 and 2 projects (North Pilbara area). Main areas of focus and drilling works were the Corunna Downs, Mt Webber, McPhee Creek, Miralga Creek and Wodgina projects.

1,031 RC drill holes were completed for a total of 78,041 metres and 16 diamond holes for 2,708 metres.

Exploration activities resulted in an overall Resource increase of 56Mt Inferred and 34Mt Indicated across the entire project portfolio. This represents an increased discovery rate, with a declining discovery cost underpinned by Corunna Downs, Atlas' best greenfields discovery to date. This growth in Resources represents a nearly 30Mt increase in overall Resource Inventory within the year ex-depletion, non-recoverable resources and updates to historical models.

The Corunna Downs prospect is emerging as a major new iron ore province in the Pilbara and includes 80km of potential stratigraphy. Corunna Downs sits strategically between Atlas' Mt Webber and McPhee Creek tenements, and can play an important part in Atlas' growth strategy, including adding value to a future, long term infrastructure solution.

Adjacent to the Abydos tenement, Atlas has established continuity of mineralisation at Miralga Creek, which is developing into another exciting prospect and which shows that Atlas' significant land holding in the region continues to be a key strategic advantage in building a broad pipeline of sustaining growth opportunities.


ATLAS
ATLAS

Atlas' values are embedded throughout the company, and are the guiding principles behind how all employees work.

Our people and culture

Atlas has grown from a one person operation in 2004 to become one of Australia's leading iron ore exporters. Achieving this has required a team of exceptional, high performing people, passionate to succeed. These qualities have been important to grow the Company year on year, break records, grow the Company's resource base and be a good corporate citizen in the communities in which Atlas is based.

Atlas' values are embedded throughout the Company, and are the guiding principles behind how all employees work. They are the critical drivers to developing and nurturing the culture within Atlas, which aligns everyone in the Company to working collectively towards achieving Atlas' vision.

While the Company has experienced exponential growth, opened new mines, invested in exploration and continued an ambitious growth strategy, Atlas has maintained a workforce of around 300 employees, working in Perth and the Pilbara.

Despite a period in which there has been significant uncertainty in the iron ore market, Atlas' employees have remained highly engaged and a strong and positive culture still exists providing the Company with stability and focus.

Atlas is also a proud equal opportunity employer, and has maintained a constant level of female participation of around 33%, including 21% of management roles filled by females. In 2013, Atlas established a 'Women in Atlas Committee' whose aim is to identify and recommend opportunities for women that enable them to help themselves and others to grow personally and professionally through leadership, education, mentoring and networking support.

Atlas' direct workforce is complemented by approximately 900 contractors working across Atlas' various mine sites, projects, haulage and port operations.

Atlas structure has been designed to be flexible and "fit for purpose", with a lean and capable workforce across all areas of business activities.

Our organisational development strategy ensures our organisational structure is designed to better enable leadership and to support our people to do the right work at the right level with appropriate accountability and authority. We are committed to driving a high performance culture where leaders and teams within the business are clearly aligned to the long term strategic objectives of the organisation.

Atlas' Structure

Atlas has established, together with its contractors, a Haulage Awards Program to encourage, recognise and reward safe values and behaviours by personnel involved in its road haulage activities.

Health and safety

Atlas' first and overriding value is safety first.

Atlas' strategy for health and safety is built on the four pillars of exceptional leadership, engaged employees, risk management focus and enabling systems.

Atlas works closely with its contracting partners to engage them in identifying key health and safety risks on our sites and working collaboratively to manage these risks effectively.

All Atlas sites have a site-specific Safety Management Plan which serves as the basis of how we ensure risks are identified, communicated, understood and managed at the right level across the business.

In 2014, Atlas continued its business-wide Risk and Opportunity Management Program to identify and manage potential risks.

Integral to providing a safe working environment is to ensure the Company is tracking and reporting safety performance and reviewing incidents to ensure continuous improvement in all activities in the business.

Atlas has implemented a new safety reporting system to improve the reporting efficiency of safety incidents and safety hazards, and ensures appropriate action is taken to improve safety and reduce the risk of injury.

A large portion of the workforce at Atlas' operations are contractors and any incidents involving contractors are investigated with Atlas involvement and included in all of Atlas' safety reporting. Accordingly, Atlas works very closely with its contractors to enshrine a shared culture of working safely.

Lost time injury frequency rate

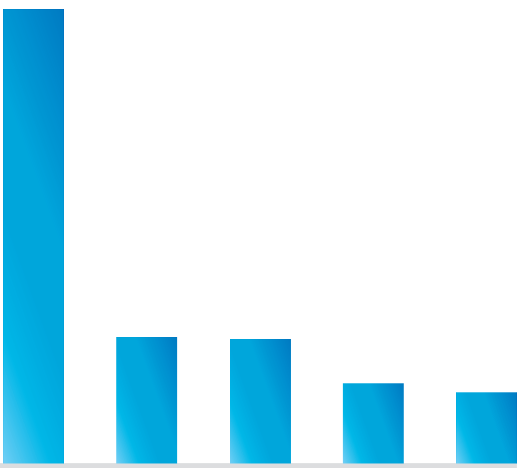
Atlas measures its safety performance by reporting on the lost time injury frequency rate *(LTIFR)*. Pleasingly, Atlas' LTIFR fell for the fourth consecutive year, by 11.6 percent, to 0.99 (see below). Atlas' LTIFR is below the surface metalliferous mining standard in Western Australia.

Atlas also recorded a 30% reduction in its total reportable injury frequency rate *(TRIFR)* during a period in which a new mine was under development and production was increasing. The fall in both the LTIFR and TRIFR has come about through heightened engagement within the business, a focus on visible safety leadership and an improved injury management process.

While it is a pleasing result, any injury is considered unacceptable, and Atlas will continue to focus on safety initiatives to reduce the LTIFR and TRIFR further.

With the proximity of its mines to Port Hedland, Atlas transports its product to port on road trains. As such, road safety is a major focus for Atlas, and the Company participates in a variety of road safety programs and is actively involved in the Pilbara Industry Road Safety Alliance (PIRSA).

Atlas has established, together with its contractors, a Haulage Awards Program to encourage, recognise and reward safe values and behaviours by personnel involved in its road haulage activities.



Safety performance	2010	2011	2012	2013	2014
Lost time injury frequency rate (LTIFR)	6.38	1.77	1.74	1.12	0.99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Being an energy intensive company, Atlas has established an Energy and Carbon committee to provide leadership and direction in energy efficiency and carbon management across the Atlas business

Environment

As a responsible and ethical mining Company, Atlas promotes a culture of responsible environmental management throughout the Company.

Being an energy intensive company, Atlas has established an Energy and Carbon committee to provide leadership and direction in energy efficiency and carbon management across the Atlas business and to identify efficiency opportunities and carbon reduction initiatives which are important to reducing carbon emissions while also providing a net benefit to Atlas.

As part of Atlas' commitment to the Federal Government's Energy Efficiency Opportunities (EEO) Program, the Company has undertaken energy efficiency assessments of its Wodgina and Abydos projects and has identified a number of energy saving opportunities, which are currently being reviewed.

Environmental personnel along with the closure works manager have joined the Pilbara Rehabilitation Group which is co-ordinated by Anne Mathews from the Botanical Parks and Gardens Authority.

The group meets bi-monthly and is made up of Environmental and Rehabilitation Specialists from each of the mining companies across the Pilbara. Dr Mathews, Executive Manager of the Pilbara Restoration Initiative, aims to provide a collaborative approach to rehabilitation and mine closure for the Pilbara region, by sharing knowledge and expertise of the team, networking and working together in an effective and efficient manner to determine the best outcomes for the Biodiversity of the Pilbara Region. Atlas is able to share its working knowledge of Mine Closure and Rehabilitation with the current examples and outcomes from the Pardoo Mine Closure Project.

The ambition to help others flows from a deep desire to make sure the people and communities who help create Atlas' success, also share in that success.

78 community groups assisted

2,232 hours volunteered by Atlas staff

Atlas in the community

Atlas appreciates its role in the communities in which it operates, goes beyond its own business practices, and considers its active involvement in the Pilbara community as part of its licence to operate.

The ambition to help others flows from a deep desire to make sure the people and communities who help create Atlas' success, also share in that success.

By working together and being an active part of the communities it participates in, Atlas is contributing to improving the quality of people's lives, especially the lives of Aboriginal people and those living in the remote areas around Atlas' operations.

Atlas is also keen to enable employees to feel empowered to make a difference in their own communities, firstly by helping them experience the value of volunteering and also through Atlas directly supporting those organisations employees are passionate about.

One of Atlas' most important relationships is with the Traditional Owners of the lands on which the Company operates. Atlas acknowledges and is grateful for the important role Traditional Owners have played and continue to play in Atlas' success.

To ensure the people associated with Atlas' footprint and the broader Aboriginal community realise economic and social gains from Atlas' operations, projects and developments, the Company will continue to build on its Aboriginal workforce and contractor base and invest in initiatives such as Atlas' national partnership with Many Rivers.

The financial and in-kind assistance for Many Rivers is part of Atlas' Community Partnerships program. In this program, Atlas works with established community organisations to deliver substantial outcomes for communities, especially Aboriginal and remote communities.

Atlas also actively works with Pilbara communities to be strong and vibrant places for people to live, work and raise families, with Atlas' Helping Hands Grants supporting community organisations providing services in the Pilbara.

Atlas' employees are also crucial to the success of the Company, they are able to experience the benefits of volunteering through Atlas' high impact corporate volunteering days. This way they can experience first-hand how easy it is to give their time and skills back to the community.

For employees who are volunteering in community groups on a regular basis, Atlas offers philanthropic grants to the organisations employees volunteer with, to support the vital work they do.

During the year, Atlas supported 78 community organisations with staff spending 2,232 hours volunteering for not-for-profit groups.


The Helping Hands of Atlas

The Ore Reserves and Mineral Resources in the following tables are as of 30 June 2014. Comparative totals from June 2013 are provided for reference.

Ore Reserves and Mineral Resources Report

2014 Mineral Resources

Iron Ore (a)	Likely Mining Method (b)	Measured Resources at end June 2014 Tonnage Kt	Grade % Fe	Indicated Resources at end June 2014 Tonnage Kt	Grade % Fe	Inferred Resources at end June 2014 Tonnage Kt	Grade % Fe	**Total Resources at end June 2014 Tonnage Kt**	**Grade % Fe**	Total Resources at end of June 2013 Tonnage Kt	Grade % Fe	Atlas Interest %	Reported Cut-Off Fe%
Pardoo (b)	O/P	0	0.0	0	0.0	9,000	55.7	**9,000**	**55.7**	15,000	55.8	100	53
Mt Dove (c)	O/P	0	0.0	0	0.0	0	0.0	**0**	**0.0**	770	58.0	100	50
Abydos (d)	O/P	0	0.0	17,100	57.2	5,000	56.5	**22,100**	**57.1**	24,800	57.1	100	50
Wodgina (e)	O/P	2,500	56.2	20,800	56.5	17,000	54.0	**40,300**	**55.4**	50,790	55.3	100	53
Mt Webber – JV (f, g)	O/P	22,600	57.9	17,500	54.5	500	57.2	**40,600**	**56.4**	42,470	56.4	70	50
Mt Webber – Daltons (f)	O/P	13,100	59.0	8,600	56.1	1,000	57.6	**22,700**	**57.8**	21,230	57.6	100	50
McPhee Creek (h)	O/P	32,900	57.4	205,000	56.2	9,000	55.0	**246,900**	**56.3**	251,150	56.1	100	48.5
Davidson Creek Hub	O/P	43,200	57.9	339,100	55.9	94,000	55.8	**476,300**	**56.0**	476,300	56.1	100	50
Corunna Downs (i)	O/P	0	0.0	20,000	57.3	31,000	57.3	**51,000**	**57.3**	0	0.0	100	50
Mid-West	O/P	0	0.0	0	0.0	12,000	60.0	**12,000**	**60.0**	12,000	60.0	100	50
Hickman (j)	O/P	0	0.0	0	0.0	70,000	55.4	**70,000**	**55.4**	70,000	55.4	100	50
Western Creek (k)	O/P	0	0.0	0	0.0	79,000	56.0	**79,000**	**56.0**	72,000	56.3	100	50
Jimblebar (l)	O/P	0	0.0	41,100	58.1	28,000	55.6	**69,100**	**57.1**	73,100	56.9	100	50-53
Warrawanda	O/P	0	0.0	0	0.0	24,000	56.8	**24,000**	**56.8**	24,000	56.8	100	53
West Pilbara	O/P	0	0.0	0	0.0	38,000	53.6	**38,000**	**53.6**	38,000	53.6	100	50
Total Mineral Resources		114,300	57.8	669,200	56.2	417,500	55.8	**1,201,000**	**56.2**	1,171,610	56.1		

Mineral Resources are reported inclusive of Ore Reserves

a) Iron Ore Mineral Resource tonnes are reported on a dry weight basis, tonnes are rounded according to JORC category with grades carried through unaffected by rounding. Likely mining method: O/P=Open Pit.

b) Pardoo Mineral Resources have decreased due to production at Bobby, Emma and Alice Extension and updated resource models and technical studies on Floyd which has downgraded the resource to an Inferred level of confidence.

c) Mt Dove Mineral Resources have decreased due to production with Mt Dove mining completed October 2013.

d) Abydos Mineral Resources have decreased due to production at Trigg and Mullaloo. Drilling and modelling has added Mineral Resources at Cove and Contacios.

e) Wodgina Resources have reduced due to production at Anson, Avro, Constellation, Dragon, and Hercules. Drilling and modelling has increased Mineral Resources at Hercules and Avro.

f) Mt Webber Mineral Resources have reduced at Ibanez due to production whilst drilling and modelling at Daltons has increased Mineral Resources.

g) Mt Webber Mineral Resources for Ibanez, Fender and Gibson subject to third party JV, not applicable to Daltons Mineral Resources.

h) McPhee Creek Mineral Resources have decreased due to drilling and modelling at Crescent Moon and Main Range West and change in cut-off grade reporting for Main Range.

i) Corunna Downs Mineral Resources first reported in current period, maiden Mineral Resources at Split Rock, Shark Gully, Runway and Razorback.

j) Hickman, Western Creek, Jimblebar and Warrawanda Mineral Resources have previously been reported under the Newman Project, now reported separately.

k) Western Creek Mineral Resources have increased as a result of drilling and modelling at Homestead, Western Ridge and Western Creek.

l) Jimblebar Mineral Resources have decreased due to remodelling and density adjustment at Jimblebar Range and Caramulla South.

Other Mineral Resources remain unchanged from 30 June 2013.

2014 Ore Reserves

	Product Type (a,b)	Proved Ore Reserves at end June 2014		Probable Ore Reserves at end June 2014		**Total Ore Reserves at end of June 2014 (c)**		Total Ore Reserves at end of June 2013		Atlas Interest	Reported Cut-Off
		Kt	% Fe	Kt	% Fe	**Kt**	**% Fe**	Kt	% Fe	%	% Fe
Pardoo (d)	Standard Fines	0	0.0	0	0.0	**0**	**0.0**	1,000	56.9	100	
Mt Dove (e)	Standard Fines	0	0.0	0	0.0	**0**	**0.0**	1,300	56.9	100	
Abydos (f)	Standard Fines	200	58.1	11,100	57.2	**11,300**	**57.2**	11,900	57.2	100	52.0
Wodgina (g)	Standard Fines	200	56.7	13,400	57.1	**13,600**	**57.1**	15,600	57.1	100	54.0 – 54.5
Wodgina (h)	Value Fines	0	0.0	3,200	53.3	**3,200**	**53.3**	5,300	53.4	100	50.0
Mt Webber – JV (i)	Standard Fines	21,000	57.7	12,500	55.3	**33,600**	**56.8**	33,900	56.8	70	50.0 – 53.5
Mt Webber – Daltons	Standard Fines	12,600	58.6	8,600	55.9	**21,200**	**57.5**	21,000	57.4	100	50
McPhee Creek (j)	Standard Fines	29,700	57.1	158,500	55.8	**188,200**	**56.0**	177,900	55.4	100	48.5
Davidson Creek Hub	Standard Fines	31,300	58.1	207,700	56.2	**239,000**	**56.5**	239,000	56.2	100	50.0 – 52.0
Port Stocks	Standard Fines	100	57.1	0	0.0	**100**	**57.1**	0	57.1	100	
Total Ore Reserves (c)		95,200	57.8	415,000	56.0	**510,200**	**56.4**	506,800	56.0		

a) All Ore Reserves are iron ore, reported on a dry weight basis, to be mined by open pit method or located in stockpiles.

b) Standard Fines product targets a grade above or at 57% Fe, Value Fines are a lower grade product.

c) The presented tonnages and grades are rounded. Total tonnages and grade are summed on the raw data then rounded.

d) Mining is completed at Pardoo and Ore Reserves exhausted.

e) Mining is completed at Mt Dove and Ore Reserves exhausted.

f) Abydos – Material Ore Reserve changes are realised, predominantly due to the introduction of 1.9 Mt of new Ore Reserves including Cove and Contacios deposits.

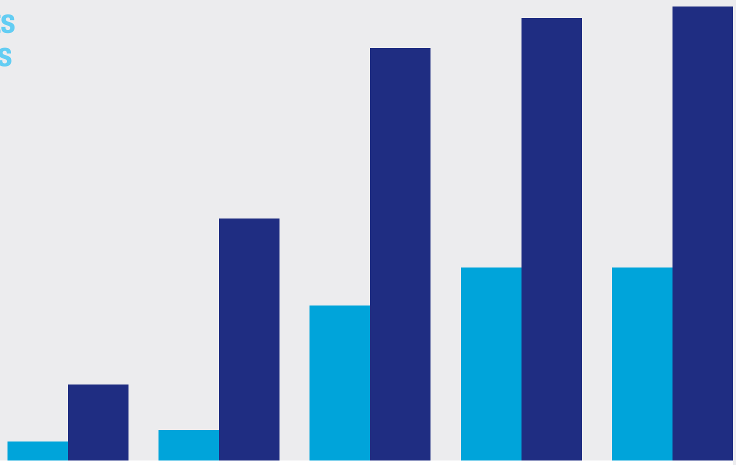
g) Wodgina Standard Fines – Mining depletion has been offset by Ore Reserve increases at Hercules through Mineral Resource updates.

h) Wodgina Value Fines – Ore Reserves reported are from surveyed ore stocks and have been reported as Probable Ore Reserves in accordance with Company marketing policy, 0.2 Mt of quoted Wodgina Value Fines are relocated to Mt Dove.

i) Mt Webber Ore Reserves for Ibanez, Fender, and Gibson are subject to third party JV, not applicable to Daltons.

j) McPhee Creek – A material increase of 10.3 Mt of Ore Reserves includes the addition of the 4.8 Mt Crescent Moon Ore Reserve and the addition of 5.5 Mt to the Main Range Ore Reserve through resource model and cut-off grade changes.

The following graphs show the improvements in Atlas' Ore Reserves and Mineral Resources between FY2010 and FY2014.



Atlas reserves and resources		2010	2011	2012	2013	2014
Reserves	*Billion tonnes*	0.05	0.08	0.41	0.51	0.51
Resources	*Billion tonnes*	0.20	0.64	1.09	1.17	1.20

Mineral Resources and Ore Reserves Corporate Governance

Atlas has established an Ore Reserve Steering Committee (ORSC) that oversees the Mineral Resources and Ore Reserves reporting processes. The committee includes management from geology, operations and mine planning. It meets quarterly and is responsible for monitoring, estimation and reporting of Mineral Resources and Ore Reserves. Ore Reserves undergo rigorous governance and signoff processes extending to all disciplines responsible to satisfy JORC compliance with this process audited by external consultants.

Atlas has continued the development of internal systems and controls in order to meet JORC (2012) compliance in all external reporting, including the preparation of all reported data by Competent Persons as members of the Australasian Institute of Mining and Metallurgy.

Competent Persons Statements

Ore Reserves and Mineral Resources Estimates – Compliance with the JORC code assessment criteria

This mining Ore Reserves and Mineral Resources statement has been compiled in accordance with the guidelines defined in the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves (The JORC Code – 2012 Edition).

Ore Reserve Estimation – Wodgina and Ore Stocks at Mt Dove & Utah Port

The information in this report that relates to Ore Reserve estimations for the Wodgina Project Area, ore stocks at Mt Dove and Utah Port is based on information compiled under the guidance of and audited by Mr Iain Wearing, who is a member of the Australasian Institute of Mining and Metallurgy. Iain Wearing is a full time employee of Atlas. Iain Wearing has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which he is undertaking to qualify as a Competent Person as defined in the 2012 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves'. Iain Wearing consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.

Ore Reserve Estimation – Abydos, Mt Webber and McPhee Creek

The information in this report that relates to Ore Reserve estimations for the Abydos, Mt Webber and McPhee Creek Areas, is based on information compiled under the guidance of and audited by Mr Srinivasa Rao Gadi, who is a member of the Australasian Institute of Mining and Metallurgy. Srinivasa Rao Gadi is a full time employee and shareholder of Atlas. Srinivasa Rao Gadi has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which he is undertaking to qualify as a Competent Person as defined in the 2012 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves'. Srinivasa Rao Gadi consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.

Ore Reserve Estimation – Davidson Creek Hub (formerly Jigalong-Ferraus Project – Davidson Creek, Robertson Range, Mirrin Mirrin)

The information in this report that relates to Ore Reserve estimations for the Davidson Creek Hub (formerly Jigalong-Ferraus) Project Area is based on information compiled by Mr Jeremy Peters, who is a member of the Australasian Institute of Mining and Metallurgy. Jeremy Peters is a full time employee of Snowden Mining Industry Consultants Pty Ltd. Jeremy Peters has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which he is undertaking to qualify as a Competent Person as defined in the 2012 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves'. Jeremy Peters consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.

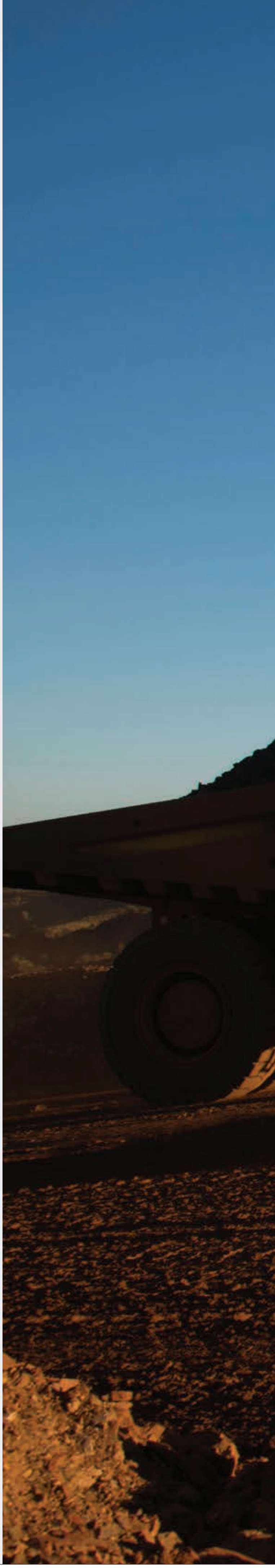
Atlas states that all material assumptions and technical parameters underpinning the Ore Reserve estimates for the Davidson Creek Hub have not changed since Alan Coopers' report and Ore Reserve statement of 24 January, 2013.

Geological Data, Interpretation and Resource Estimation – Davidson Creek Hub Project (excluding Miji Miji deposit)

The information in this report that relates to mineral resource results on Atlas' Davidson Creek Hub Project is based on information compiled by Mr John Graindorge who is a Chartered Professional member of the Australasian Institute of Mining and Metallurgy. John Graindorge is a full time employee of Snowden Mining Industry Consultants Pty Ltd. John Graindorge has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which he has undertaken to qualify as a Competent Person as defined in the 2012 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves'. John Graindorge consents to the inclusion in this report of the matters based on his information in the form and context in which it appears.

Geological Data, Interpretation and Resource Estimation – Atlas DSO Projects (including Miji Miji deposit at Davidson Creek Hub)

The information in this report that relates to mineral resource results on Atlas' DSO Projects other than Davidson Creek Hub and is based on information compiled by Mr Steven Warner who is a member of the Australasian Institute of Mining and Metallurgy. Steven Warner is a full time employee and shareholder of Atlas. Steven Warner has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which he has undertaken to qualify as a Competent Person as defined in the 2012 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves'. Steven Warner consents to the inclusion in this report of the matters based on his information in the form and context in which it appears.



corporate governance statement

Atlas is committed to implementing and maintaining the highest standards of corporate governance.

Atlas is committed to implementing and maintaining the highest standards of corporate governance.

In determining its standards, Atlas has considered the 2nd Edition of the ASX Corporate Governance Principles and Recommendations *(ASX Guidelines)*. Atlas is pleased to advise that its corporate governance policies and practices are largely consistent with those of the ASX Guidelines.

In addition, Atlas has commenced the early adoption of the recommendations outlined in the 3rd Edition of ASX's Corporate Governance Principles and Recommendations and will report against those in the financial year ending 30 June 2015.

Atlas reviews all its corporate governance practices and policies on an annual basis and compares its current practices and policies against the ASX Guidelines with a view to ensuring its corporate governance practices and policies are up to date and reflect Atlas' current stage of development and future growth. The annual review of Atlas' policies and charters during 2014 has been conducted in light of the 3rd Edition of the ASX Guidelines.

A summary of the ASX Guidelines and the extent to which Atlas has followed these during the reporting period is set out below:

ASX Recommendation		Adopted	If not, why not
Principle 1: Lay Solid Foundations for Management and Oversight			
1.1.	Companies should establish the functions reserved to the Board and those delegated to Senior Executives and disclose those functions.	✓	
1.2.	Companies should disclose the process for evaluating the performance of Senior Executives.	✓	
1.3.	Companies should provide the information indicated in the Guide to reporting on Principle 1.	✓	
Principle 2: Structure the board to add value			
2.1.	A majority of the Board should be independent Directors.	✓	
2.2.	The Chair should be an independent Director[1].		✗
2.3.	The roles of Chair and Chief Executive Officer should not be exercised by the same individual.	✓	
2.4.	The Board should establish a Nomination Committee.	✓	
2.5.	Companies should disclose the process for evaluating the performance of the Board, its committees and individual Directors.	✓	
2.6.	Companies should provide the information indicated in the Guide to reporting on Principle 2.	✓	
Principle 3: Promote ethical and responsible decision making			
3.1.	Companies should establish a Code of Conduct and disclose the Code or a summary of the Code.	✓	
3.2.	Companies should establish a policy concerning diversity and disclose the policy or a summary of that policy. The policy should include requirements for the Board to establish measurable objectives for achieving gender diversity for the Board to assess annually both the objectives and progress in achieving them.	✓	
3.3.	Companies should disclose in each Annual Report the measurable objectives for achieving gender diversity set by the Board in accordance with the diversity policy and progress towards achieving them.	✓	
3.4.	Companies should disclose in each Annual Report the proportion of women employees in the whole organisation, women in senior executive positions and women on the Board.	✓	
3.5.	Companies should provide the information indicated in the Guide to reporting on Principle 3.	✓	
Principle 4: Safeguard integrity in financial reporting			
4.1.	The Board should establish an Audit Committee.	✓	
4.2.	The Audit Committee should be structured so that it consists only of non-executive Directors, consists of a majority of independent Directors, is chaired by an independent Chair, who is not Chair of the Board and has at least three members.	✓	
4.3.	The Audit Committee should have a formal charter.	✓	
4.4.	Companies should provide the information indicated in the Guide to reporting on Principle 4.	✓	

ASX Recommendation	Adopted	If not, why not
Principle 5: Make timely and balanced disclosure		
5.1. Companies should establish written policies designed to ensure compliance with ASX Listing Rule disclosure requirements and to ensure accountability at a Senior Executive level for that compliance and disclose those policies or a summary of those policies.	✓	
5.2. Companies should provide the information indicated in the Guide to reporting on Principle 5.	✓	
Principle 6: Respect the rights of shareholders		
6.1. Companies should design a communications policy for promoting effective communication with shareholders and encouraging their participation at general meetings and disclose their policy or a summary of that policy.	✓	
6.2. Companies should provide the information indicated in the Guide to reporting on Principle 6.	✓	
Principle 7: Recognise and manage risk		
7.1. Companies should establish policies for the oversight and management of material business risks and disclose a summary of those policies.	✓	
7.2. The Board should require management to design and implement the risk management and internal control system to manage the Company's material business risks and report to it on whether those risks are being managed effectively. The Board should disclose that Management has reported to it as to the effectiveness of the Company's management of its material business risks.	✓	
7.3. The Board should disclose whether it has received assurance from the Chief Executive Officer (or equivalent) and the Chief Financial Officer (or equivalent) that the declaration provided in accordance with section 295A of the Corporations Act is founded on a sound system of risk management and internal control and that the system is operating effectively in all material respects in relation to financial reporting risks.	✓	
7.4. Companies should provide the information indicated in the Guide to reporting on Principle 7.	✓	
Principle 8: Remunerate fairly and responsibly		
8.1. The Board should establish a Remuneration Committee.	✓	
8.2. The Remuneration Committee should be structured so that it consists of a majority of independent Directors, is chaired by an independent Chair and has at least three members.	✓	
8.3. Companies should clearly distinguish the structure of non-executive Directors' remuneration from that of executive Directors and Senior Executives.	✓	
8.4. Companies should provide the information indicated in the Guide to reporting on Principle 8.	✓	

[1] Indicates where Atlas has provided "if not, why not" disclosure. Please refer to page 30 for further information.

Principle 1: Lay solid foundations for management and oversight

Functions of the Board

The Board is responsible for promoting the success of the Group in a way which ensures that the interests of shareholders and stakeholders are promoted and protected. The conduct of the Board is governed by the Constitution of Atlas, the Corporations Act, the ASX Listing Rules and common law.

The Board's responsibilities are detailed in a formal Board Charter which the Board is responsible for reviewing every year. The Board Charter was reviewed and updated during the year, and a copy is available on Atlas' website.

The following are regarded as the key responsibilities and functions of the Board:

- Developing, reviewing and monitoring long-term business strategies and providing strategic direction to management;
- Ensuring policies and procedures are in place to safeguard Atlas' assets and business, and to enable Atlas to act ethically and prudently;
- Developing and promoting corporate governance systems which ensure Atlas is properly managed;
- Identifying Atlas' principal risks and ensuring appropriate risk systems are in place and that management is taking appropriate action to mitigate those risks;
- Reviewing and approving Atlas' financial statements;
- Monitoring management's performance and Atlas' financial results on a regular basis
- Appointing, ratifying, appraising and determining the remuneration and benefits of the Managing Director;
- Ensuring Atlas has appropriate systems to comply with relevant legal and regulatory requirements that impact on its operations;
- Approving capital management of Atlas including share and loan capital and dividend payments;
- Determining and regularly reviewing an appropriate remuneration policy for employees;
- Appointing and where necessary, replacing the Chairman and the Lead Independent Director; and
- Monitoring the effectiveness of Atlas' governance practices.

To assist it in carrying out its responsibilities, the Board had four Board Committees as at 30 June 2014:

- Nomination Committee;
- Audit and Risk Committee;
- Remuneration Committee; and
- Corporate Governance Committee.

New Directors

New Directors are provided with a formal letter of appointment which sets out the terms and conditions of appointment including their duties, rights, responsibilities, the time commitment envisaged and expectations. Prior to the appointment of Directors, appropriate checks are undertaken into candidate's character, experience, education, criminal record and bankruptcy history.

Atlas believes that it is important that new Directors are able to contribute to the Board's decision making process at the earliest opportunity and has established a Director induction procedure to assist with this process. Director induction is tailored for each new Director (depending on their requirements, skills, qualifications and experience) and is facilitated by the Chairman and the Company Secretary. The induction includes meeting with the other Board members, the Managing Director, Atlas' Executive Leadership Team and Atlas' external auditors to gain an insight into the key issues, values and culture of Atlas. The induction also includes a visit to Atlas' major operational sites.

Delegation to the Managing Director and to the Executive Leadership Team

The Board has delegated to Atlas' Managing Director responsibility for the day to day Management of Atlas and its business. The Managing Director is supported in this function by the Executive Leadership Team. The Board maintains ultimate responsibility for strategy and control of Atlas.

The Managing Director is responsible for:

- The effective leadership of Atlas;
- The preparation and implementation of development and operational plans to achieve the strategic, operational and financial objectives of Atlas as determined by the Board;
- The management of the day to day affairs of Atlas including its people, processes, policies and systems;
- The conduct of commercial negotiations with other entities;
- The development and maintenance of effective relationships with Atlas' employees, shareholders, joint venture partners, governments at all levels and government agencies, suppliers and customers, and local landowners;
- Ensuring that Atlas complies with all applicable laws and regulations, including applicable ASX Listing Rule disclosure requirements;
- Reporting to the Board, or as directed by the Board, and providing prompt and full information regarding the conduct of the business of Atlas; and
- Ensuring all material matters that affect Atlas are brought to the Board's attention.

Specific limits on the authority delegated to the Managing Director and the Executive Leadership Team are set out in the Delegation of Authority Framework and Financial Risk Management Policy approved by the Board.

All members of the Executive Leadership Team report to the Managing Director and have a formal job description and employment contracts which describe their term of office, duties, rights and responsibilities, and entitlements on termination.

Performance evaluation

All members of the Executive Leadership Team have a formal position description and key performance measures are established at the commencement of the financial year. Performance measures include occupational health and safety, environment, operational performance targets along with other targets specific to the individual role and responsibilities of that senior executive.

The Managing Director assesses the performance of the Executive Leadership Team and the Chairman that of the Managing Director against the measures on an annual basis. Performance evaluations of the Executive Leadership Team and Managing Director have been conducted for the financial year ending 30 June 2014.

Newly appointed Senior Executives

Atlas believes that it is important that newly appointed senior executives are able to participate fully and actively in management decision-making at the earliest opportunity. Upon commencement newly appointed senior executives are inducted into Atlas' business to enable them to gain an understanding of Atlas' financial position, strategies, operations, risk management policies and the respective rights, duties, responsibilities and roles of the Board and the Executive Leadership Team.

Principle 2: Structure the board to add value

Atlas is committed to ensuring that the composition of the Board continues to comprise Directors who bring an appropriate mix of skills, experience, expertise and diversity to effectively govern Atlas' business.

Director skills, experience and attributes

The Nomination Committee reviews the Board composition annually to ensure it continues to have the right balance of skills, experience, independence and knowledge to discharge its responsibilities.

In addition to Directors demonstrating unquestioned honesty, integrity, willingness to question and other attributes to effectively govern Atlas' business, the Nomination Committee has determined the key skills and experience to achieving that right balance. These skills professional qualifications and experience, and the extent to which they are represented on the Board is set out in the pie chart below.

Further, Directors must also be able to commit sufficient time and resources to perform their role effectively, be clear communicators, good listeners and actively contribute to the Board in a collegial manner.

The Board currently comprises seven non-executive Directors and two executive Directors. A brief description of their qualifications, experience, special responsibilities and the period of office held is set out in the Annual Report on page 36.

The Board is of the view that its current Directors possess an appropriate mix of skills, experience, expertise and diversity to enable the Board to discharge its responsibilities and to deliver Atlas' corporate objectives.

The Board met thirteen times during the financial year. Directors' attendances are in the Annual Report on page 59.

Independent decision making

Directors have unrestricted access to Atlas' records and information reasonably necessary to fulfil their responsibilities. Directors also have access to the Company Secretary on any matter relevant to their role as a Director and have access to other relevant senior management to seek additional information concerning Atlas' business.

Under Atlas' Board Charter, the Board collectively, and each Director individually, has the right to seek independent professional advice at Atlas' expense to help them carry out their responsibilities.

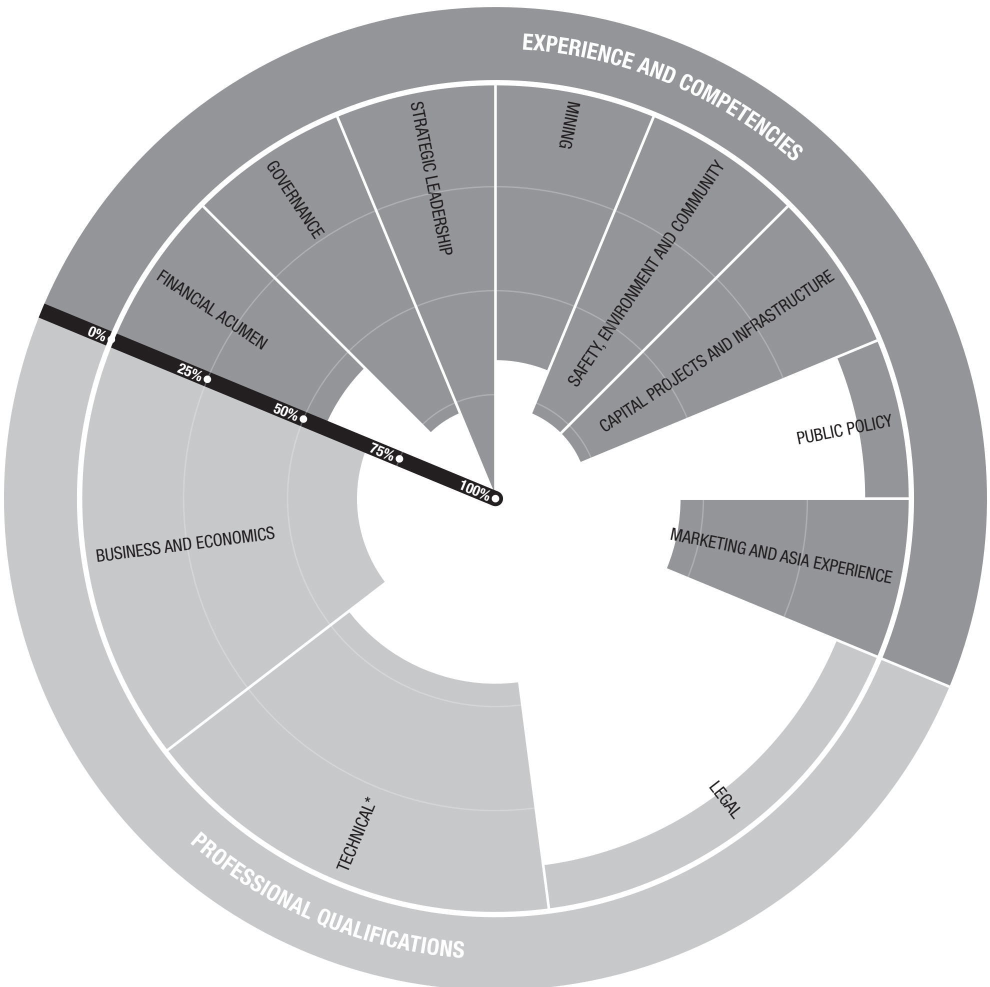
The non-executive Directors confer regularly, without Management being present. A standing item for a meeting without Management exists on each Board Agenda which provides non-executive Directors the opportunity to confer without Management.

Independent Directors

Atlas considers a Director to be independent if the Director is independent of management and free of any business or other relationship that could materially interfere, or be perceived as interfering, with the exercise of an unfettered and independent judgement in relation to matters concerning Atlas.

In assessing independence, the Board reviews the relationship that the Director, and the Director's associates, have with Atlas. In determining whether a Director is independent, the Board has considered whether the Director:

- Is a substantial shareholder of Atlas or an officer of, or otherwise associated directly with, a substantial shareholder of Atlas;
- Within the last three years, has been employed in an executive capacity by Atlas or any of its related bodies corporate;
- Within the last three years, has been a principal of a material professional adviser or a material consultant to Atlas or any of Atlas' related bodies corporate;
- Is a material supplier to, or customer of, Atlas or any of Atlas' related bodies corporate, or an officer of or otherwise associated directly or indirectly with a material supplier or customer;
- Has a material contractual relationship with Atlas; or
- Has any interest, or any business or other relationship, which could, or could reasonably be perceived to, materially interfere with the Director's ability to act in Atlas' best interests.



** Comprises construction, engineering, metallurgy, geology and science.*

The test of whether a relationship or business is material is based on the nature of the relationship or business and on the circumstances and activities of the Director. Materiality is considered from the perspective of Atlas and its related bodies corporate, the persons or organisations with which the Director has an affiliation, and from the perspective of the Director.

In addition, non-executive Directors should not serve for such a period where their independence may have been compromised. In that regard, the Board assesses whether any non-executive Director who has served in that position for more than ten years continues to be independent or has formed associations with Management (or others) that might compromise his or her ability to discharge his or her duties as non-executive Director in the best interests of Atlas.

The Board regularly assesses the independence of the Directors and, during the financial year has specifically considered the independence of all Directors in accordance with the above criteria.

The Board has determined that five out of the nine Directors are, and were throughout the entirety of the financial year, independent. These are Mr David Hannon, Dr David Smith, Ms Kerry Sanderson AO, Mr Jeff Dowling and Mr Geoff Simpson.

The four Directors not considered to be independent are:

- Mr David Flanagan as he was an Executive Director and a member of Management until 21 August 2012;
- Mr Ken Brinsden as he is an Executive Director and a member of Management;
- Mr Mark Hancock as he is an Executive Director and a member of Management;
- Ms Sook Yee Tai as she is an executive of IMC Group, which is currently a substantial shareholder of Atlas.

For all decisions made by the Board, Mr Flanagan and Ms Tai bring substantial expertise and experience to the Board. The Board considers that the value of this expertise and experience outweighs any issues associated with Mr Flanagan and Ms Tai currently not having 'independent Director' status.

Chair and Lead Independent Director

The Atlas Board Charter sets out that the Chairman where practicable shall be an independent Director. However, where the Chairman is not independent, the Board will consider appointing another Director who is independent as a Lead Independent Director.

Mr Flanagan, Non-Executive Chairman, is not considered an independent Director due to his prior role with Atlas as Managing Director. Atlas has therefore not followed recommendation 2.2 of the ASX Guidelines. Mr Flanagan as the founder of Atlas is of crucial importance to Atlas and continues to oversee Atlas' activities with a particular emphasis on strategy and corporate issues. As recommended by the ASX Guidelines, Atlas has appointed Dr David Smith, Non-Executive Director, as its Lead Independent Director.

The Chairman is responsible for the leadership of the Board, ensuring it is effective, setting the agenda of the Board, and conducting the Board and shareholder meetings. The Chairman facilitates the effective contribution of all Directors and promotes constructive and respectful relations between Board members and Management.

The role of the Lead Independent Director is to take the chair at any meeting for an item where the Chairman has a conflict of interest (whether actual or perceived), and where required, act as liaison point for the independent Directors. The Lead Independent Director may, in discharging his or her role, convene a meeting of independent Directors for the purpose of discussing any issues of particular interest to the independent Directors.

In accordance with Atlas' Board Charter, the role of the Chair and Managing Director is not exercised by the same individual.

Company Secretary

In addition, to facilitating the induction of new Directors, the Company Secretary is also responsible for facilitating the professional development of Directors, the implementation of Board policies and procedures and providing advice to the Board and its Committees on corporate governance matters.

The Company Secretary attends all Board and Committee meetings and ensures that the business at Board and Committee meetings is accurately captured in minutes of these meetings. All minutes are entered into a minute book maintained for that purpose and which is open at all times for inspection by any Director.

Nomination Committee

The Board has established a Nomination Committee consisting of five members: Ms Kerry Sanderson AO; Dr David Smith; Ms Sook Yee Tai; Mr David Flanagan; and Mr David Hannon. The Nomination Committee consists of a majority of independent Directors. Ms Kerry Sanderson AO is Chair of the Nomination Committee and is an independent Director. The Nomination Committee met once during the financial year. Directors' attendances are set out in the Annual Report on page 59.

The Nomination Committee operates under a formal Nomination Committee Charter published on Atlas' website. The Nomination Committee Charter was reviewed and updated during the year.

The role of the Nomination Committee is to assist the Board in relation to the selection and appointment of members of the Board. The Nomination Committee has responsibilities including regularly reviewing and making recommendations to the Board about the size and composition of the Board (including mix of skills knowledge and experience) to ensure that the Board is of an appropriate size and composition conducive to making decisions that are appropriate for Atlas and which incorporates an appropriate range of skills and expertise.

Subsequent to the end of the financial year, and following a review of committee structure to ensure effective utilisation of Directors to support the Board, the Nomination Committee combined with the Remuneration Committee to form the Nomination and Remuneration Committee.

Continuing professional development

Additionally, the Nomination Committee is responsible for identifying a plan for periodically assessing and enhancing Director competencies to ensure the Board possess the appropriate range of skills and expertise and to also develop and maintain a Board Skills Matrix to assist the Nomination Committee to assess the level of experience each Director has in various skills as well as the overall composition of the Board as it relates to Diversity.

Directors of Atlas have a continuing education program which includes ongoing briefings on relevant developments such as in legal and accounting standards.

Evaluation of the Board

The Board regularly reviews the performance of the Board and its Committees. A review was conducted in November 2013 and involved each Director completing a questionnaire relating to the Board's performance and interviews with the Chairman of the Board, the Chair of the Nominations Committee and Managing Director.

In addition, Atlas has a three year process for evaluating Board performance and appointed an independent consultant this year to facilitate a full independent external evaluation. The evaluation was completed in July 2014 with the results of the evaluation indicating Atlas' Board to be performing well above average when compared to other Boards.

Director Re-election

Non-executive Directors must retire at the third Annual General Meeting *(AGM)* following their election or most recent re-election.

At least one non-executive Director must stand for election at each AGM. Any Director appointed by the Board to fill a casual vacancy since the date of the previous AGM must submit themselves to shareholders for election at the next AGM. Board support for the Director's re-election is not automatic and is subject to satisfactory Director performance.

A Managing Director may be appointed by the Board for any period and on any terms the Directors deem appropriate and, subject to the terms of any agreement entered into, may revoke any appointment.

Subject to the requirements of the Corporations Act 2001, the Board does not subscribe to the principle of retirement age.

Principle 3: Promote ethical and responsible decision making

Code of conduct

Atlas considers ethical decision making to be integral to the conduct of its business. Atlas has a Code of Conduct that applies to its Directors, officers, employees and contractors which outlines how Atlas expects its Directors, employees and contractors to behave and conduct business both in the workplace and with third parties.

Directors, employees and contractors must conduct themselves in a manner consistent with current community and corporate standards and in compliance with all legislation. The objective of the Code of Conduct is to provide a benchmark for professional behaviour throughout Atlas, support Atlas' business reputation and corporate image within the community, and make Directors and employees aware of the consequences if they breach the Code of Conduct.

Atlas aims to maintain the highest standard of ethical behaviour in business dealings and expects its Directors and employees to behave with integrity in all its dealings with customers, clients, shareholders, government, employees, suppliers and the community.

Directors and employees are expected to perform their duties in a professional manner and act with the utmost integrity and objectivity, striving at all times to enhance the reputation and performance of Atlas. This should involve as a minimum:

- Acting within applicable laws, particularly those that deal with matters covered by the code, including equal opportunity and anti-discrimination laws;
- Acting with honesty and courtesy;
- Acting with fairness and respect in supervision;
- Encouraging co-operation;
- Fostering an environment where rational debate is encouraged, with a view to achieving shared goals;
- Avoiding behaviour that might reasonably be perceived as bullying or intimidation; and
- Understanding and responding to the needs of Atlas' broader stakeholders including the community at large.

Atlas is committed to maintaining a healthy and safe working environment for its employees. Atlas continues to focus on occupational health and safety processes and staff to ensure that appropriate occupational health and safety standards, systems and procedures are introduced and implemented. All appropriate laws and internal regulations (including occupational health and safety laws) must be fully complied with. Atlas' occupational health and safety standards, systems and procedures are currently subject to independent audit each year. Atlas will take into account the impact of health and safety issues when making business decisions, setting incentive program targets and must ensure that business decisions do not compromise the commitment to health and safety.

Conflicts of interest

The Board reviews at each Board meeting any conflicts of interest that may occur. A Director with an actual or potential conflict of interest in relation to a matter before the Board does not receive the Board papers relating to that matter. When the matter comes before the Board for discussion, the Director will withdraw from the meeting for the period the matter is considered and takes no part in the discussions or decision-making process. Minutes reporting on matters in which a Director is considered to have a conflict of interest are not provided to that Director. However, the Director is given notice of the broad nature of the matter for discussion and is updated in general terms on the progress of the matter.

Atlas' Code of Conduct requires that all business transactions must be conducted solely in the best interests of Atlas. Employees must avoid situations where their personal interests could conflict with the interests of Atlas. A conflict of interest exists where loyalties are divided. A person can have a potential conflict of interest if, in the course of their employment or engagement with Atlas, any decision they make could provide for an improper gain or benefit to themselves or an associate. A conflict of interest may be defined as an issue that may occur when personal interests, the interests of an associate or relative or a duty or obligation to some other person or entity, conflict with a person's duty or responsibility to Atlas. Accordingly, Atlas' Code of Conduct outlines that Employees must not:

- Enter into any arrangement or participate in any activity that would conflict with Atlas' best interests or would be likely to affect Atlas' reputation;
- Not take advantage of the property or information of Atlas or its clients for personal gain or to cause detriment to Atlas; and
- Not take advantage of their position or the opportunities arising therefrom for personal gain.

Employees must notify their manager, the Managing Director or Company Secretary if the individual suspects that there is a conflict of interest or a potential conflict of interest.

Atlas' Code of Conduct was reviewed and updated during the year, and is available on Atlas' website.

Whistleblower Policy

The purpose of Atlas' Whistleblower Policy is to promote and support a culture of honest and ethical behaviour, corporate compliance and good corporate governance.

The Policy encourages employees, suppliers, contractors or any other person who has business dealings with Atlas to raise any concerns and report instances of unethical, illegal, fraudulent or unacceptable conduct to Management, a Protected Disclosure Officer or externally via a telephone helpline managed by an independent third party.

Atlas is committed to absolute confidentiality and fairness in all matters raised and will support and protect those who report violations in good faith.

Atlas' Whistleblower Policy was reviewed and updated during the year, and is available on Atlas' website.

Atlas' Guidelines for Dealing in Securities

Atlas' Guidelines for Dealing in Securities sets out the circumstances in which Atlas' Directors, senior management and other employees may buy or sell securities in Atlas. These guidelines aim to ensure that Atlas complies with the ASX Listing Rules and adopts best practices as outlined in ASX's Guidance Note on Trading Policies.

Atlas employees are prohibited from dealing in, or influencing others to deal in, securities of Atlas or any other company if:

- They possess information about Atlas that is not generally available to the market; and
- The information, if it were generally available to the market, would be likely to influence persons who commonly acquire securities in deciding whether or not to acquire or dispose of securities in Atlas or another company.

Additionally, Atlas' Directors and senior management are prohibited from trading in Atlas securities during the closed periods:

- Between Atlas' half year end and the announcement of half yearly results; and
- Between the Atlas' year end and the announcement of annual results; or
- If Directors or senior management are in receipt of unaudited information about the probable financial position prior to the commencement of the closed period.

Atlas' Guidelines for Dealing in Securities Policy was updated during the year and a copy is available on Atlas' website.

Diversity

Atlas values diversity in all aspects of its business and is committed to creating a working environment which is inclusive of all people regardless of their differences. Atlas Management recognises that diversity enhances productivity, retention, creativeness and balance amongst many things at Atlas which in turn helps create sustainable shareholder value. We believe diversity will provide a more dynamic and enjoyable work environment for our people and through varied thinking styles and experiences, this often creates new opportunities for Atlas.

Through its Equal Opportunity and Diversity Policy, Atlas is committed to maintaining a diverse workforce and to create a workplace that is fair and inclusive, applies fair and equitable employment practices and provides a working environment that will allow all employees to reach their full potential. Diversity incorporates a number of factors, including gender, marital or family status, sexual orientation, age, race, cultural background and ethnicity, religious or political affiliations or opinions, family responsibilities and disability.

Whilst diversity includes the matters outlined above, the Atlas Board in addition to the ASX Corporate Governance Council identify gender as a key area of focus and accordingly key initiatives and measurable objectives have been set to increase gender diversity at Atlas.

The key initiatives and measurable objectives set for the financial year and the performance against these objectives are set out below:

- *Ensure Pay Parity across roles and grades.* A pay parity review was undertaken during the year. This review did not indicate any observable discrepancies in pay across each level after taking into account individual performance, experience, location of role and job nature.
- *Implementation of a paid parental leave scheme.* A paid parental leave scheme was established during the year and education forums conducted across the business to ensure employees are familiar with their entitlements and managers with their obligations.
- *Development and implementation of an internal mentoring program for females at Atlas.* An internal mentoring program for females was developed during the year. In addition to internal mentoring, Atlas supports the Women in Mining WA external mentoring program and has participated in the program since 2012.
- *To meet or exceed an overall Company wide female participation rate of 32% each year* (Atlas' three year average). Atlas has exceeded the target set with an overall female representation rate at 33%.
- *To improve female leadership representation at levels 3 to 5 by 5%.* Atlas' total leadership representation for the financial year is 21% against 20% the prior year. The Board has set additional objectives with an aim to improving leadership at all levels in the organisation.

The Board sets measurable objectives for promoting gender diversity and reviews the progress against these objectives yearly. In addition, Atlas' business leaders, including some Board members are actively involved and are members of organisations that promote diversity.

Details of female representation as at the date of this report at Atlas are set out below:

Total Workforce	33%
Non-Executive Directors	29%
Executive Management	0%
General Management	36%
Management	19%
Senior Professional	30%
Other	36%

The Equal Opportunity and Diversity Policy was reviewed and updated during the year and a copy is available on Atlas' website.

Corporate Governance Committee

The Corporate Governance Committee consists of three members, Mr David Flanagan, Ms Sook Yee Tai and Ms Kerry Sanderson AO.

The Corporate Governance Committee operates under a formal Corporate Governance Committee Charter, a copy of which is available on Atlas' website.

The role of the Corporate Governance Committee is to ensure that Atlas has the appropriate ethical standards and corporate governance policies and practices designed to protect and enhance shareholder returns.

The Corporate Governance Committee met twice during the financial year. Directors' attendances are set out in the Annual Report on page 59.

Subsequent to the end of the financial year, and following a review of committee structure to ensure effective utilisation of Directors to support the Board, the Corporate Governance Committee was dissolved with all Corporate Governance matters referred directly to the Board.

Principle 4: Safeguard integrity in financial reporting

The Board has an established Audit and Risk Management Committee *(ARC)*. ARC's primary function is to monitor and review on behalf of the Board the effectiveness of the control environment of Atlas in areas of operational and balance sheet risk, legal/regulatory compliance and financial reporting. ARC's overriding objective is to provide an independent and objective review of financial and other information prepared by management, in particular that to be provided to shareholders and filed with regulators.

Under the Audit and Risk Committee Charter, ARC must have at least three members, all of whom must be independent non-executive Directors. The Audit and Risk Committee Charter also requires that all members must be financially literate (able to read and understand financial statements) and have sufficient financial knowledge and understanding to allow them to discharge their responsibilities.

ARC currently comprises three members Mr Jeff Dowling (Chairman), Mr David Hannon and Mr Geoff Simpson. All three members are independent non-executive Directors. Mr Jeff Dowling is a qualified accountant and is an ex- partner of Ernst & Young. Mr David Hannon has a long standing career as partner of an investment bank and Mr Geoff Simpson is the Managing Partner of the Perth office of a global law firm. All members are financially literate and have extensive experience of the industry in which Atlas operates.

Further details of the qualifications and experience of ARC members are disclosed in the Annual Report on page 36.

The ARC operates under a formal Audit and Risk Committee Charter a copy of which is available on Atlas' website. The Audit and Risk Committee Charter was reviewed and updated during the year.

The ARC Charter sets out the roles and responsibilities, composition, structure and membership requirements of the ARC.

The ARC's primary responsibilities include:

- Overseeing Atlas' relationship with the external Auditor and the external audit function;
- Overseeing the adequacy of the control processes in place in relation to the preparation of financial statements and reports;
- Overseeing the adequacy of Atlas' financial controls and risk management systems.

The Managing Director, Chief Financial Officer (who also has responsibility for Atlas' Group Risk and Compliance function), Company Secretary, and external auditor attend the ARC meetings at the discretion of the ARC. ARC meets privately with the external auditor on general matters concerning the external audit and other related matters, including the half year and full year financial reports.

ARC also oversees the independence of the external auditor. The external auditor is precluded from providing any services that might threaten their independence, or conflict with their assurance and compliance role. The Directors have concluded that non-audit services provided did not compromise the external auditor's independence requirements under the Corporations Act.

Atlas' external auditor is KPMG. The effectiveness and performance of the external auditor is reviewed annually by ARC. The lead audit partner is required to rotate after a maximum of five years. Mr Rob Gambitta is the lead audit partner for KPMG, and was appointed on 29 October 2010.

If it becomes necessary to replace the external auditor for performance or independence reasons, the ARC will formalise a procedure and policy for the selection and appointment of a new auditor.

The ARC collectively, and its members individually, have access to internal and external resources, including access to advice from external consultants or specialists. The ARC met four times during the year. Directors' attendances are set out in the Annual Report on page 59.

Principle 5: Make timely and balanced disclosure

Atlas' Continuous Disclosure and Shareholder Communication Policy describe Atlas' continuous disclosure obligations and how they are managed by Atlas, as well as how Atlas communicates with financial markets.

This Policy was reviewed and updated during the year, and a copy is published on Atlas' website.

The Continuous Disclosure and Shareholder Communication Policy applies to all Directors of Atlas, the Managing Director's direct reports, the Company Secretary and members of Senior Management. Atlas reports to the Board monthly on continuous disclosure matters and Directors receive copies of all announcements immediately after notification to the ASX. All ASX announcements are signed off by the Company Secretary and the Managing Director prior to transmittal to the ASX.

Principle 6: Respect the rights of shareholders

Atlas respects the rights of its shareholders and is committed to communicating effectively with shareholders and the market. Atlas' Continuous Disclosure and Shareholder Communication Policy sets out its policy for communications with shareholders and the market and is designed to promote effective communication with shareholders and encouraging their participation at general meetings. The Continuous Disclosure and Shareholder Communications Policy is available on Atlas' website.

Atlas publishes all of its ASX announcements on its website, including Notices of General Meetings, Investor Presentations, Quarterly, Half Yearly and Annual Reports. All announcements made to the ASX are available to shareholders by email notification when a shareholder subscribes to the Atlas Email Alerts via the Atlas website and elects to be notified of all Atlas' ASX announcements.

Atlas also has on its website, profiles of its Director and senior management, a Corporate Governance section containing Atlas' Constitution, Board and Committee Charters, key results dates, Atlas' dividend and dividend reinvestment plan, historical information about the market prices of Atlas and contact details of Atlas' share registry. In addition Atlas has made available an email address for shareholders and investors generally to make enquiries of Atlas.

Atlas encourages and welcomes shareholder participation at general meetings with the AGM being the major forum for shareholders to ask questions about the performance of Atlas and to provide feedback.

The Chairman allows reasonable opportunity for shareholders as a whole to ask questions or make comments about the financial report and the management of Atlas. The Atlas auditors are required to be present and shareholders are also given reasonable opportunity to ask the auditor about the conduct of the audit, the preparation and content of the Auditor's report, the accounting policies adopted by Atlas and the independence of the auditor.

Shareholders are also invited to submit written questions to the Chairman before the meeting about the Management of Atlas or to Atlas' auditor about the auditor's report or the conduct of the audit at least five business days before the day of the meeting.

The Chairman may respond directly to questions or, at his discretion may refer the question to another Director, Managing Director or a member of the Executive Leadership Team.

To encourage greater shareholder participation at general meetings, Atlas provides the option for shareholders to vote by proxy electronically through its share registry. Shareholders also have at their election, the option to receive communications electronically.

Principle 7: Recognise and manage risk

Atlas recognises the importance of identifying and managing business risks and ensuring appropriate control measures are in place. Atlas has established a risk management policy and system for oversight and management of material business risk which is embedded in the business through implementation of the Risk & Opportunity Management (ROM) program. The program operates across all areas of the business and links with our strategic and business planning processes, supporting us in achieving our goals. The ROM policy defines our commitment to:

- Integrating ROM with other business systems;
- Establishing a culture of ROM to ensure benefits are realised;
- Developing people's knowledge and understanding of ROM;
- Implementing actions to agreed standards and timeframes; and
- Utilising ROM to achieve strategic objectives.

The ROM program provides the framework to identify, assess, manage, escalate and delegate risks in a systematic and consistent manner. The ROM program broadly categorises risks as follows:

- Strategy- risks impacting Atlas' long term business objectives, focusing on Horizon 2 and 3;
- Divisional – risks impacting Atlas' divisional objectives for operations, corporate/commercial and business development over a one to three year time horizon;
- Departmental – risks impacting Atlas' tactical departmental objectives over the budget cycle;
- Extreme – those risks which have the potential to cause significant business interruption.

Identified risks are mapped against business processes and activities, including land access and native title, geology and exploration, finance, operations, legal and commercial, information technology and human resources. Management provide quarterly risk reports to the Board and Audit and Risk Committee to ensure they are informed of the business' material risks and therisk management strategies to address these.

Atlas continues to develop a risk management culture within its departments to ensure management apply the risk process to support decision making by linking risks to objectives and focussing time and resources towards significant and material matters. Development of the ROM program is guided by a rolling three year plan which directs how it will continue to develop and support Atlas' business requirements as it continues to grow. The ROM program is being advanced to further support a standard business wide approach to control assurance, compliance, corporate social responsibility and business continuity management.

The Managing Director and the Chief Financial Officer have provided the Board with written assurances that the declaration provided in accordance with section 295A of the Corporations Act is founded on a sound system of risk management and internal control and that the system is operating effectively in all material respects in relation to financial reporting risks.

Principle 8: Remunerate fairly and responsibly

The Board has established a Remuneration Committee consisting of four members, Dr David Smith, Mr Jeff Dowling, Ms Kerry Sanderson AO and Mr David Flanagan. The Remuneration Committee consists of a majority of independent Directors. Dr David Smith is Chair of the Remuneration Committee and is an independent Director.

The Remuneration Committee operates under a formal Remuneration Committee Charter which is published on Atlas' website. The Remuneration Committee Charter was reviewed and amended during the year.

The role of the Remuneration Committee is to review and assist the Board in developing Atlas' remuneration, recruitment, retention and termination policies.

A key responsibility of the Remuneration Committee is to assist the Board in satisfying its responsibility to shareholders, by making recommendations to the Board in relation to remuneration policies applicable to Directors and the Executive Leadership Team, which are balanced and are aligned with the long term growth and success of Atlas.

The Managing Director attends the meetings of the Remuneration Committee by invitation when required to report on and discuss the Executive Leadership Team performance, and remuneration and related matters, but is not present at meetings when his own performance or remuneration is discussed.

The Remuneration Committee met four times during the year. Directors' attendances are set out in the Annual Report on page 59.

Atlas' remuneration structure distinguishes between non-executive Directors and that of the Managing Director, the Executive Director Commercial and the Executive Leadership Team. A Remuneration Report required under Section 300A(1) of the Corporations Act is provided in the Annual Report on page 48.

The Executive Leadership Team and the Managing Director have an annual and long term incentive component as part of their total remuneration package. The long term incentive component is settled with equity based remuneration subject to performance hurdles being satisfied.

During the year Atlas implemented a Short Term Incentive Deferral Plan applying to the annual incentive whereby short term incentives are paid in equity and are deferred. The plan also contains a clawback mechanism which allows the Board to make a determination to ensure that no unfair benefit is obtained in certain circumstances. Additionally, the Atlas Long Term Incentive Plan was amended during the year to remove the automatic vesting of rights in the event of a change of control event.

The mix of the remuneration components and the measures of performance in the incentive plans have been chosen to ensure that there is link between remuneration and the achievement of targets, which lead to returns to shareholders.

Non-executive Directors do not receive equity based remuneration.

Subsequent to the end of the financial year and following a review of committee structure to ensure effective utilisation of Directors to support the Board, the Remuneration Committee combined with the Nomination Committee to form the Nominations and Remuneration Committee.

financial report 2014

for the year ended 30 June 2014

ATLAS IRON LIMITED
ABN 63 110 396 168

Directors Report

Directors
The Directors present their report together with the financial statements of the Group comprising of Atlas Iron Limited (the Company or Atlas), its subsidiaries (the Group), and the Group's interest in associates and joint arrangements for the financial year ended 30 June 2014 and the auditor's report thereon.

The names and details of the Group's Directors in office during the financial year and until the date of this report are set out below. Directors were in office for this entire period unless otherwise stated. Where applicable, all directorships held in listed public companies over the last three years have been detailed below.

Names, qualifications, experience and special responsibilities
David Flanagan BSc, WASM, MAusIMM, FAICD (Chairman)
Mr Flanagan is the founding Managing Director of Atlas; he was appointed as Executive Chairman on 22 February 2012 and, from 1 September 2012, assumed the role of Non-Executive Chairman (Period of service: 9 years and 11 months).

Mr Flanagan is a geologist with extensive experience in mining operations, exploration and project development in Western Australia, Indonesia and West Africa. Graduating in 1993, David joined Coffey (formerly Resource Service Group (RSG)) in 1995 after working at the Fimiston Open Pit Operations.

Whilst with RSG he was seconded to Gencor's Bogosu operation as Chief Exploration Geologist. Whilst at RSG David also worked in an auditing capacity providing independent geological verification for financial institutions. In 1999, David joined Gindalbie Metals Limited, holding the position of Exploration Manager from 2001. Mr Flanagan left Gindalbie in 2004 to list and advance Atlas in the role of Managing Director. Mr Flanagan is also the Chancellor of Murdoch University, and participates in industry organisations, not for profit boards and charities, holding Director positions at Giving West, the Australian Mining Hall of Fame and the Australian Institute of Company Directors. Mr Flanagan is patron of Many Rivers Microfinance, and the Bunbury Museum. During 2014 Mr Flanagan was named the 2014 Western Australian of the Year and the West Australian Business Leader of the Year.

Mr Flanagan is Chairman of the Corporate Governance Committee and a member of the Remuneration and Nomination Committee.

Ken Brinsden BEng, WASM, MAusImm (Managing Director)
Mr Brinsden was appointed as Managing Director on 22 February 2012 (Period of service: 2 years and 4 months). Mr Brinsden joined Atlas in May 2006 as Operations Manager. In January 2010 he was promoted to Chief Operating Officer and in July 2011 to Chief Development Officer. Over this time he has been instrumental to the growth of the Company which has seen it develop from a junior explorer to an iron ore producer.

Mr Brinsden is a mining engineer with over 20 years' experience in surface and underground mining operations. Since graduating from the Western Australian School of Mines in 1993, he has held a number of roles in production, management and brown-fields and green-fields mine developments across a number of leading companies including Central Norseman Gold Corporation, Iluka Resources Limited, WMC Resources Limited and Gold Fields Limited. During the last three years, Mr Brinsden has been a Non-Executive Director of Shaw River Manganese Limited (ASX: SRR).

Mark Hancock BBus, CA, FFin, (Executive Director – Commercial)
Mr Hancock was appointed as Executive Director - Commercial on 25 May 2012 (Period of service: 2 years and 1 month). Prior to his appointment as a Director, Mr Hancock held the role of Chief Commercial & Financial Officer at Atlas. Mr Hancock is also Joint Group Secretary – appointed on 4 July 2008.

Mr Hancock has more than 25 years' experience in senior financial roles across a number of leading companies in Australia and South East Asia, including Lend Lease Corporation Ltd, Woodside Petroleum Ltd and Premier Oil plc. Mr Hancock is currently a Director of Centaurus Metals Limited (ASX: CTM) owned approximately 20.97% by Atlas. During the last three years, Mr Hancock has been a Director of FerrAus Ltd, a subsidiary of the Group.

David Hannon BEc, FFin (Non-Executive Director)
Mr Hannon was appointed as a Non-Executive Director on 6 August 2004 (Period of service: 9 years and 10 months). Mr Hannon commenced his commercial career as a stockbroker and investment banker in 1985, working with several firms. He later became a joint partner of a private investment bank specialising in venture capital with a focus on the mining sector.

Mr Hannon operates a private investment bank, Chifley Investor Group Pty Limited. Mr Hannon is currently a Director of Republic Gold Limited (ASX: RAU). Mr Hannon has not held any other directorships in the last 3 years.

Mr Hannon holds a Bachelor of Economics from Macquarie University and is a Fellow with the Financial Services Institute of Australasia.

Mr Hannon is a member of the Audit and Risk Committee and the Nomination Committee.

Directors Report (continued)

David Smith PhD, BSc Hons, FAICD, FAIM, FWLG (Non-Executive Director, Lead Independent Director)
Dr Smith was appointed as a Non-Executive Director on 6 November 2009 (Period of service: 4 years and 7 months)

With a career at Rio Tinto spanning 30 years, Dr Smith was, until 2009, President of Rio Tinto Atlantic, covering the giant Simandou iron ore development in West Africa. Prior to that role, Dr Smith was Managing Director of Rio Tinto's Pilbara Iron from 2004 to 2008, responsible for all Rio Tinto's business in the Pilbara. Between 2001 and 2004, he was Managing Director of Hamersley Iron. Dr Smith has served as President of the Chamber of Minerals and Energy of Western Australia (2005 to 2008), a Councilor of the Australia Business Arts Foundation (2003 to 2008), Commissioner of Tourism WA (2004 to 2006), Director of the Australian Institute of Management (2001 to 2007), a founding Director of Leadership WA (2003 to 2006) and as Chairman of the Board of the National Skills Shortages Strategy working group (2006).

Dr Smith is currently a Director of Bradken Limited (ASX: BKN) and Deputy Chair of Western Australian ballet. During the last three years, Dr. Smith was Chairman of Bannerman Resources Limited (ASX: BMN) and Non-Executive Director of Macmahon Holdings Limited (ASX: MAH).

Dr Smith is Chairman of the Remuneration Committee and a member of the Nomination Committee. He was appointed as Chairman of the Remuneration Committee on 30 May 2012 and appointed Lead Independent Director on 31 July 2012.

Sook Yee Tai CPA (Non-Executive Director)
Ms Tai was appointed as a Non-Executive Director on 2 June 2010 (Period of service: 4 years).

Ms Tai has over 25 years' experience in corporate finance, operations and accounting, and is currently the Group Managing Director of IMC Industrial Group, with businesses that includes integrated Transport Logistics, Marine & Offshore Engineering and Resources, which provide integrated logistics solutions to resource producers and connecting them to Asia's industrial end-users, primarily China. Prior to this, she held the position of Head of Chairman's Office and Head of Group Strategies & Investments at the IMC Pan Asia Alliance Group, where she was responsible for the alignment of Group strategies and investments, and oversees the governance, corporate functions and performance of the investment portfolio of the Group. Prior to joining IMC in 2007, Ms Tai was the Country Director for Malaysia of a global leader in heavy building materials supplies. Ms Tai has substantial financial and operational experience in a wide range of industries including property development, construction, building materials supply, maritime, plantations and resources. Ms Tai is a CPA from Malaysia.

Ms Tai is a member of the Nomination Committee and Corporate Governance Committee.

Jeff Dowling BComm FCA, FAICD, FFin (Non-Executive Director)
Mr Dowling was appointed as a Non-Executive Director on 8 November 2011 (2 years and 7 months).

Mr Dowling is a highly experienced corporate leader with 36 years' experience in professional services with Ernst & Young. He has held numerous leadership roles within Ernst & Young which focused on mining, oil and gas and other industries. His professional expertise centres around audit, risk and financial acumen derived from acting as lead partner on large public company audits, capital raisings and corporate transactions. Mr Dowling's career with Ernst & Young culminated in his appointment as Managing Partner of the Ernst & Young Western Region for a period of 5 years. He also led Ernst & Young's Oceania China Business Group, responsible for building Ernst & Young's Oceania relationships with Chinese Corporations. Mr Dowling is a Director of the West Australian Symphony Orchestra Ltd and a Director of Telethon Institute for Child Research Ltd.

Mr Dowling is currently Chairman of Sirius Resources NL (ASX: SIR), a Director of NRW Holdings Limited (ASX: NRW) and a Director of Pura Vida Energy (ASX: PVD). During the last three years, Mr Dowling has been a Director of Neptune Marine Services Limited (ASX: NMS).

Mr Dowling is Chairman of the Audit & Risk Committee and a member of the Remuneration Committee.

Kerry Sanderson AO BSc, BEcons, Hon DLitt, FIPAA, MAICD (Non-Executive Director)
Ms Sanderson was appointed as a Non-Executive Director on 21 February 2012 (Period of service: 2 years and 4 months). Ms Sanderson is Chairman of the Nomination Committee and a member of the Remuneration and Corporate Governance Committees.

Ms Sanderson was Agent General for the Government of Western Australia from November 2008 until December 2011. Based in London, the Agent General represents the Government of Western Australia in Europe and Russia and promotes investment in Western Australia and Western Australian exports to Europe. Ms Sanderson was Chief Executive Officer of Fremantle Ports from 1991 to 2008, a period during which container trade quadrupled.

Ms Sanderson is an Adjunct Professor of the Curtin University Business School. She has previously served as a Director of Austrade, the Australian Wheat Board, Rio Tinto WA Future Fund, the Western Australian Lands Authority (Landcorp) and as President of Ports Australia.

In 2004, Ms Sanderson was named an Officer of the Order of Australia for service to the development and management of the port and maritime industries in Australia, and to public sector governance in the areas of finance and transport.

Ms Sanderson is a Director of Downer EDI Limited (ASX: DOW), St John of God Healthcare, the International Centre for Radio Astronomy Research and is Chairman of Gold Corporation and the State Emergency Management Committee. She is also Co-chair of the First Murdoch Commission and participates in charitable activities including being on the boards of Senses Australia, Paraplegic Benefits Fund and Patron of Variety WA.

Geoffrey Simpson LLB, BJuris, MAICD (Non-Executive Director)
Mr Simpson was appointed as a Non-Executive Director on 25 May 2012 (Period of service: 2 years and 1 month).

Mr Simpson is the foundation Managing Partner of the Perth Office of first tier global law firm, Allen and Overy. He is the Global Head of the firm's Mining Group and a member of each of the Global Partnership Selection Committee, the Australian Management Committee and the Asia Pacific Executive Committee. Prior to joining Allen and Overy, he was the partner in charge of the Perth office of a first tier Australian law firm and served on the national board of that firm.

Mr Simpson advises on a wide range of matters in the energy and resources sectors including mergers and acquisitions, projects and corporate advisory and equity capital markets issues. He is acknowledged in various independent legal directories as a leading practitioner in the energy and resources sectors.

Mr Simpson has held directorships in listed mining and energy companies including Equinox Resources Limited and is a former National President and State Chairman of AMPLA – the resources and energy law association, the leading legal industry body. He is a member of the advisory board of the University of Western Australia's Centre for Mining, Energy and natural Resources Law. He is involved in various charitable initiatives through his firm, Allen and Overy.

Mr Simpson is a member of the Audit & Risk Committee.

Group Company Secretaries
Yasmin Broughton B.Comm, PG Dip Law, GAICD
Ms Broughton was appointed Company Secretary and General Counsel on 30 January 2014 (Period of service: 0 years and 5 months).

Ms Broughton has over 9 years experience as a Company Secretary and General Counsel and has worked with a number of ASX listed companies including Emerchants Limited and Alinta Limited. Prior to this, Ms Broughton was a senior associate at a leading Australian domestic law firm specialising in mergers and acquisitions, corporate governance, equity capital markets transactions and other company law matters.

Ms Broughton is admitted to practice as a lawyer in Western Australia and has Executive and non-Executive board experience in private and not for profit organisations. Ms Broughton is also a nationally qualified mediator.

Mark Hancock BBus, CA, FFin, (Executve Director – Commercial)
Refer to Director's biography.

Directors' interests in the shares, options and rights of the group and related bodies corporate

The interests of each Director in the shares and options of the Group as notified by the Directors to the ASX in accordance with S205G(1) of the Corporations Act 2001 as at the date of this report are as follows:

	Ordinary Shares	Options over Ordinary Shares	Share appreciation rights and performance rights
David Flanagan	2,840,000	2,500,000	-
Ken Brinsden	659,994	750,000	3,290,632
Mark Hancock	536,324	750,000	1,016,213
David Hannon	804,968	500,000	-
David Smith	-	1,000,000	-
Sook Yee Tai	-	500,000	-
Jeff Dowling	125,000	-	-
Kerry Sanderson AO	52,447	-	-
Geoff Simpson	-	-	-

Dividends
In August 2014, the Directors resolved to pay a final unfranked dividend for the year ended 30 June 2014 of 2 cents per share.

Corporate Information

Nature of operations and principal activities

The principal activities of the Group during the course of the financial year were the exploration, development, mining and sale of iron ore. The Group is also focused on the development and feasibility of its Horizon 2 projects, which include McPhee Creek.

OPERATING AND FINANCIAL REVIEW

Refer to section "review of operations" in the Annual Report for an overview of Atlas' strategy. A discussion on factors that will impact the achievement of our Strategy can be found later in this Operating and financial review in "Factors and Business Risks that affect Future Performance".

Performance Indicators

Management and the Board use a number of financial and operating performance indicators to measure performance over time against our overall strategy.

Atlas has invested heavily during the last 5 years in exploration and evaluation, having spent in excess of $167.2 million. Not only has this resulted in significant increases in resources and reserves, it has also provided the platform for growth in tonnes sold and revenue generated.

Tonnes sold (WMT) have increased by 47.3% from the prior year and almost 10 times that shipped in 2010. Atlas has been able to achieve these growth levels through heavy investment in mine and reserve development in the last 5 years, having spent in excess of $794.8 milllion.

Tonnes sold and revenue have not grown on a linear basis in the last 4 years due to 62% Fe CFR price reductions and changes in Atlas' product mix. The opportunity to benefit from selling more Value Fines has reduced the average selling price per tonne but has contributed to cash gross margin.

Underlying cash gross margin has grown in the last 3 years in line with tonnes sold but has been impacted by higher cash costs per tonne due to the increasing cost of doing business, haulage distance, port costs and higher production strip ratios.

Selected performance indicators are summarised below:

	2014 000's	2013 000's	2012 000's	2011 000's	2010 000's
Revenue ($)	1,097,617	695,137	617,537	584,908	84,769
Tonnes sold (WMT)	10,921	7,413	5,568	4,589	1,164
Average price per tonne received (including Value fines) ($US/DMT)	98.10	104.90	125.17	137.40	69.27
Average price per tonne received (including Value fines) ($AUD/DMT)	106.78	102.45	120.80	137.54	81.98
Underlying cash gross margin ($)*	309,577	194,061	260,474	291,700	10,333
Underlying EBITDA ($)*	247,838	112,971	120,993	216,091	(3,870)
Underlying profit/(loss) after tax ($)*	8,573	(73,193)	72,181	174,337	(13,760)
Reserves (tonnes) **	510,200	506,800	414,000	79,251	53,691
Resources (tonnes) **	1,201,000	1,171,610	1,085,080	643,830	204,710

* The underlying basis is a non-IFRS measure that in the opinion of 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.

** 2010 See ASX announcement '50% increase in North Pilbara Reserves' of 1 September 2010 for further details
2011 See ASX announcement '50% increase in North Pilbara Reserves' of 19 August 2011 for further details
2012 See ASX announcement '70% increase in Pilbara Reserves to 414Mt' of 25 July 2012 for further details
2013 See ASX announcement 'Reserve-Resource Update' of 24 July 2013 for further details
2014 See ASX announcement 'Reserve and Resource Update' of 13 August 2014 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 to section "review of operations" in the Annual Report for a summary of Revenue.

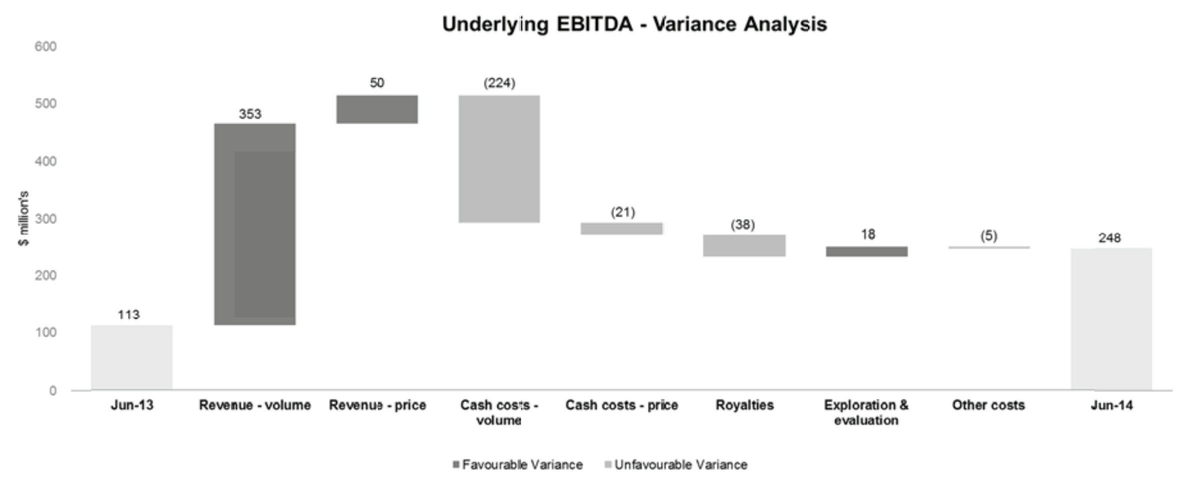
Underlying cash gross margin
The following table reconciles underlying cash gross margin to statutory profit/(loss) after tax:

	30-Jun-14 $ 000's	30-Jun-13 $ 000's	30-Jun-12 $ 000's	30-Jun-11 $ 000's	30-Jun-10 $ 000's
Underlying cash gross margin*	**309,577**	194,061	260,474	291,700	10,333
Unwind of port prepayment included in operating costs	(14,926)	(6,265)	(8,616)	-	-
Exploration and evaluation expense	(9,042)	(26,533)	(75,899)	(35,216)	(20,484)
Other income and gain on dilution of associate	4,652	3,259	595	1,156	10,749
Gain/(loss) on sale if assets	(173)	(696)	(1,204)	23	7,996
Other costs	(41,781)	(41,993)	(44,557)	(44,029)	(8,520)
Gain on financial instruments	2,580	-	-	-	-
Share of loss of associates & JVs (net of impairment)	(3,049)	(8,862)	(9,800)	(5,516)	(3,944)
Underlying EBITDA*	**247,838**	112,971	120,993	216,091	(3,870)
Depreciation and amortisation	(207,893)	(98,741)	(43,503)	(31,653)	(16,850)
Underlying EBIT*	**39,945**	14,230	77,490	184,438	(20,720)
Net finance (expense)/income**	(24,823)	(14,696)	20,265	4,797	6,960
Underlying profit/(loss) before tax*	**15,122**	(466)	97,755	189,235	(13,760)
Underlying tax expense*	(6,549)	(72,727)	(25,574)	(14,898)	-
Underlying profit/(loss) after tax*	**8,573**	(73,193)	72,181	174,337	(13,760)
Impairment of associate	(7,000)	-	-	-	-
Impairment of disposal group held for sale	(7,633)				
Impairment of non-core tenements	(3,178)	(259,982)	(53,569)	(798)	(27,086)
Restructuring costs net of tax	(5,435)	-	-	-	-
Net impact of business combinations	-	1,173	(17,373)	(4,922)	-
MRRT tax benefit/(expense)	28,925	86,930	(115,856)	-	-
Statutory profit/(loss) after tax	**14,252**	(245,072)	(114,616)	168,617	(40,846)

* The underlying basis is a non-IFRS measure that in the opinion of Atlas' Directors provides useful information to assess the financial performance of the Company. These non-IFRS measures are unaudited.
** In the prior year, net finance (expense)/income included a foreign exchange loss of $8.3 million and loss on listed invested of $3.7 million. These costs have been classified as other costs within underlying EBITDA in the current period.

The underlying cash gross margin increased by 59.5% to $309.6 million in line with the increase in revenue and tonnes sold (WMT) of 57.9% and 47.3% respectively.

Underlying EBITDA and EBIT
The following graph shows a comparison of underlying EBITDA for the year ended 30 June 2014 compared to the prior year:



Expenditure on exploration and evaluation decreased in profit or (loss) by $17.5 million from the prior year due to reduced expenditure on longer dated projects and a more mature exploration portfolio, enhancing underlying EBITDA for the year. The focus of the year's exploration and evaluation was Miralga Creek and Corruna Downs (capitalised). Total exploration and evaluation spend for the year was $45.4 million of which $36.4 million was capitalised.

A key contributor to the increase in underlying EBIT to $39.9 million from $14.2 million in the prior year was a 59.5% increase in underlying cash gross margin to $309.6 million. This increase resulted from higher tonnes sold. Depreciation increased by 111% to $207.9 million resulting from higher tonnes sold, along with higher non-cash costs per tonne, due primarily to higher production stripping at Abydos and Wodgina, a shorter relative mine life of Mt Dove and Pardoo mine care and maintenance.

Statutory and underlying profit/(loss) after tax
Underlying profit after tax increased by $81.8 million from the prior year to $8.6 million due to the factors noted above.

The statutory profit after tax for the year of $14.3 million was impacted by:

– impairment of $17.8 million net of tax on disposal group held for sale, investment in associate and non-core tenements;
– recognition of restructuring costs ($5.4 million net of tax) offset by;
– MRRT benefit of $28.9 million.

A MRRT tax benefit resulting from Atlas' MRRT liability being extinguished as a result of carried forward royalty allowances.

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

	30-Jun-14	30-Jun-13	30-Jun-12	30-Jun-11	30-Jun-10
	$ 000's	$ 000's	$ 000's	$ 000's	$ 000's
Underlying EBITDA*	**247,838**	112,971	120,993	216,091	(3,870)
Working capital movements					
Inventory	(4,810)	(29,425)	(4,069)	2,206	(6,526)
Debtors and other assets	4,059	822	6,486	(13,288)	(10,034)
Creditors and other liabilities	33,586	21,951	67,737	(7,341)	(5,169)
Interest received	7,888	15,529	21,111	9,005	5,341
Share of JV and associates losses	3,049	8,862	9,800	5,516	3,944
Share based payments	2,423	1,269	1,449	10,415	2,436
Change in FV of financial assets	(64)	3,686	5,075	6,493	-
Unrealised (gain)/loss on foreign exchange	(37)	7,342	(1,016)	-	39
Gain on investment transferred from reserve	-	-	-	-	(10,660)
Business combination expense	-	-	(17,373)	(1,488)	-
Other non-cash items	(4,731)	(1,254)	(2,736)	(6,407)	(558)
Cash flow from operations	**289,201**	141,753	207,457	221,202	(25,057)

* The underlying basis is a non-IFRS measure that in the opinion of 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 by 104% from the prior year to $289.2 million. This is predominantly due to an increase in underlying EBITDA outlined above.

Cash cost per tonne
Cash costs per tonne increased by only 2.1% from the prior year to $51.0 despite a 16% increase in haulage costs associated with longer trucking distances.

Shipping
Refer to section "review of operations" in the Annual Report for a summary of Shipping.

Operations
Refer to section "review of operations "in the Annual Report for a summary of Operations.

Development
The following tables summarises expenditure on significant development projects over the last 3 years:

	30-Jun-14	30-Jun-13	30-Jun-12
	$ 000's	$ 000's	$ 000's
New Mine Development	226,308	125,901	16,150
Infrastructure Development	15,394	64,567	14,168
Existing Mine Expansion	6,118	29,207	87,351
Pre-strip	48,019	36,642	22,199

The above table includes corporate allocations.

At the same time as meeting targets for production and shipping, Atlas has continued to develop new projects to ensure that it can continue to meet future targets. During the year, Atlas:

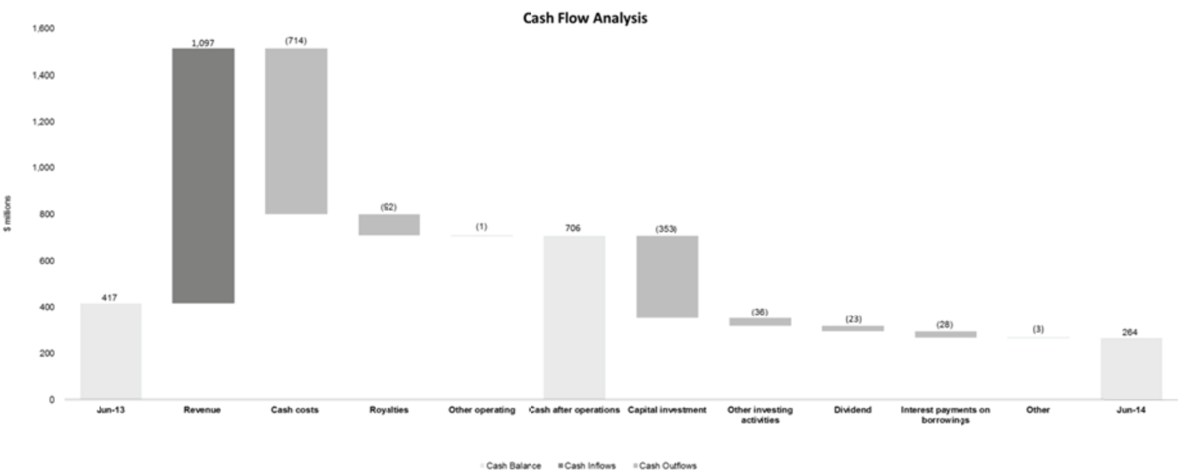
- completed the development of the Abydos mine.
- completed the development of Mt Webber Stage 1 development and has made significant progress on the development of Stage 2.
- concluded McPhee Creek Mine and Rail Development pre-feasibility study and will be presented to the Board for consideration.

Resources and reserves
Refer to section “Ore Reserves and Mineral Resources Report” in the Annual Report.

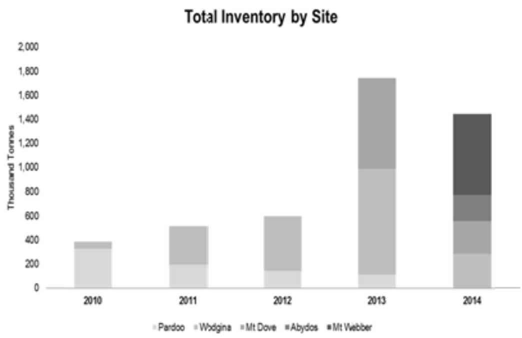
Financial position
The following table summarises significant statement of financial position amounts:

	30-Jun-14	30-Jun-13	30-Jun-12	30-Jun-11	30-Jun-10
	$ 000’s	$ 000’s	$ 000’s	$ 000’s	$ 000’s
Cash	264,242	416,922	399,540	365,599	154,933
Trade and other receivables	78,165	37,896	39,440	39,890	19,563
Inventories	53,425	46,150	16,725	12,656	14,862
Mine and reserve development costs	564,772	424,624	181,893	157,963	64,921
Mining tenements capitalised	716,874	764,704	1,282,003	1,120,020	90,746
Trade and other payables	(187,751)	(167,599)	(176,559)	(102,699)	(20,862)
Borrowings	(288,356)	(287,438)	(21,097)	-	-

Cash
At the end of the financial year, Atlas had $264.2 million in cash and cash equivalents. The following graph outlines the cash inflows and outflows during the year:



Inventory



Although Atlas has reduced tonnes on stockpiles, the value of inventory stockpiles increased by 16% to $53.4 million. This increase in inventory is primarily due to higher cost tonnes in the supply chain compared to the prior year.

Mine and reserve development costs
The increase in mine and reserve development costs of $140.1 million reflects significant project development activity, off-set by amortisation ($168 million). In addition, mine and reserve development costs include additions of $48.0 million in capitalised pre-strip.

Mining tenements capitalised
The reduction in mining tenements capitalised of $47.8 million resulted largely from the reclassification of $36.3 million ($28.6 million net of impairement) to assets held for sale in respect of mid-west tenements and Shaw River Manganese Limited.

Debt facilities
In the prior year Atlas secured a US$275 million financing package and a A$50 million revolver facility, providing the necessary funding to conclude Atlas' Horizon 1 projects and grow its North Pilbara iron ore production. The financing package provided Atlas the flexibility to expand the business and make investment decisions expeditiously, while cognisant of the changing market conditions. It is Atlas' policy to maintain a conservative balance sheet.

Liquidity
Net operating cash flows, disposal of non-core assets and funding from equity and debt markets are the Company's 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 over the last five years. In line with Atlas' 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 financial statements and explanatory notes appear in Note 24 to the financial statements:

	30-Jun-14 $ 000's	30-Jun-13 $ 000's	30-Jun-12 $ 000's	30-Jun-11 $ 000's	30-Jun-10 $ 000's
Cash generated from operations	290,355	152,757	263,728	246,611	(3,522)
Interest received	7,888	15,529	21,111	9,005	5,341
Exploration and evaluation expenditure payments	(9,042)	(26,533)	(74,171)	(34,024)	(24,867)
Other	-	-	(3,211)	(390)	-
Net operating cash flows	**289,201**	141,753	207,457	221,202	(23,048)
Payments for property, plant and equipment and intangible assets	(20,371)	(75,168)	(27,809)	(11,866)	(6,899)
Payments for mine development and reserve development	(332,947)	(212,857)	(172,365)	(31,012)	(45,621)
Stamp duty paid	(18,911)	(48,900)	-	-	-
Loan to joint operation partner	(12,606)	-	-	-	-
Other	(3,561)	(9,697)	25,163	17,679	(12,277)
Net investing cash flows	**(388,396)**	(346,622)	(175,011)	(25,199)	(64,797)
(Payments for)/proceeds from issue of shares (net of costs)	(390)	96	4,580	15,229	118,464
Dividends paid	(22,490)	(20,430)	(26,578)	-	-
Interest on borrowings	(27,502)	(13,480)	-	-	-
Net proceeds/(payments) of borrowings	1,929	229,195	21,348	-	-
Net financing activities cash flows	**(48,453)**	195,381	(650)	15,229	118,464
Net (decrease)/increase in cash and cash equivalents	**(147,648)**	(9,489)	31,796	211,232	30,619

Cash generated from operations increased by 104% from the prior year, predominately due to higher tonnes sold, improved exchange rates, reduced expensed exploration and evaluation expenditure, offset by lower commodity pricing.

Exploration and evaluation expenditure payments classified as operating cashflows reduced by 65.9% from the prior year due to a higher proportion of costs being capitalised and a more mature exploration portfolio.

During the years ended 30 June 2014, 2013 and 2012, Atlas invested heavily in acquisitions and development.

Human resources
Refer to section "Our people and culture" in the Annual Report.

Health, safety and environment
Refer to sections "Health and safety" and "Environment" in the Annual Report.

Community
Refer to section "Atlas in the community" in the Annual Report.

Directors Report (continued)

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. The following factors and business risks could have a material effect on Atlas' future results from operations and financial position:

Commodity prices / changes in demand and supply
Commodity prices and related discounts during the year were impacted by the rapid expansion of iron ore supply into China and restrictions on credit availability in China.
The following table shows the average prices based on Platts 62% Fe and freight (CFR) to China over the last four years:

	30-Jun-14	30-Jun-13	30-Jun-12	30-Jun-11
	$ 000's	$ 000's	$ 000's	$ 000's
62% CFR ($US)	122.59	127.38	151.06	153.79
Average price per tonne received CFR (including Atlas Value Fines) ($US)	98.10	104.90	125.17	137.40

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

Exchange Rates
Atlas is exposed to fluctuations in the US dollar as all 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 over the last five years:

	30-Jun-14	30-Jun-13	30-Jun-12	30-Jun-11	30-Jun-10
	$ 000's	$ 000's	$ 000's	$ 000's	$ 000's
USD/AUD	0.9187	1.0239	1.0362	0.9990	0.8450

Refer to Note 32 to the financial statements for details of our foreign currency exposure and sensitivity analysis.

Cost of doing business – operating costs
The industry has seen a high rate of cost escalation in recent years (and in particular in the Pilbara) contributing to increasing cost pressures. Cost control, together with health and safety, is a key focus of Atlas to ensure its operations continue to provide strong returns in the longer term.

Development project delivery
The delivery of development projects on time and on budget is fundamental to the maximisation of shareholder wealth.

Development projects / infrastructure
Atlas' ability to grow and to maximise shareholder value for the long term is heavily dependent on its ability to put in place infrastructure solutions that allow the development of new mining operations. Discussions pertaining to third-party rail haulage negotiations have continued to progress and Atlas is working to enter final agreements.

We note the following in respect of development projects:
- Stage 1 of the Mt Webber project is now complete and good progress has been made with the development of Stage 2, with the project running on schedule.
- the McPhee Creek mine and rail prefeasibility study has been finalised and will be presented to the Board for consideration.
- all development is subject to land access, environmental and permit approvals.

Although Atlas is confident in its ability to negotiate infrastructure solutions to deliver the above projects, there remains a risk this is not achieved.

Mining
Mining requires significant interaction with the natural environment including (but not limited to): weather, ground conditions, mineral enrichment, mineral endowment and ore physical characteristics, each of which might have an impact of the overall deliverability or cost of the ore delivered to customers.

Exploration and development of resources / reserves
Exploration and the development of resources and reserves are both important in pursuing Atlas' strategy. The Company's longer term success is directly related to the success of its exploration campaigns and its ability to increase ore reserves.

It is important to note that there are risks associated with exploration efforts, including that they may not be successful. Further, increases in reserves may not result in development as any decision to develop is subject to land access and environmental approvals, including negotiations with landowners and government, access and design of infrastructure and the viability of the reserve extraction.

Capital markets (access to funding)
Atlas' ability to successfully develop future projects, including its infrastructure solutions, is contingent on its ability to fund those projects through operating cash flows and affordable debt and equity raisings. The development of Mt Webber is fully funded via existing cash at bank and borrowings. The development of other projects (such as McPhee Creek and Corunna Downs) and infrastructure solutions may require additional funding solutions.

Interest rates
Atlas is exposed to interest rate risk on it's borrowings, which are predominately held in US dollars and have a floating interest rate. Fluctuation in interest rates will have an impact on the Company's earnings. Refer to Note 32 to the financial statements for details of our interest rate exposure and sensitivity analysis.

Tax
Changes to Company tax, GST, MRRT or indirect tax legislation, case law, rulings or determinations by the Commissioner of Taxation may have an adverse impact on Atlas' profitability, net assets and cash flow.

Health, safety and environment
Atlas is subject to regulation in respect of the health and safety of our people and the protection and rehabilitation of our environment. This is an area that is continually evolving and the expectations of communities can be different to the regulations in place. Health, safety and the environment is a key focus area of Atlas and the Company does all that it can do to comply with regulations and meet the expectations of the community. Given the sensitive nature of this area, Atlas may be exposed to litigation, foreseen and unforseen compliance and rehabilitation costs despite its best efforts.

SIGNIFICANT CHANGES IN STATE OF AFFAIRS
Stage 1 of the Mt Webber project is now complete and the mine was formally opened on 15 July 2014 by the Minister for Mines, Hon Bill Marmion. Mining commenced in December 2013. Development of Stage 2 is underway, with the project running on schedule.

During the year Abydos mine reached full production and the Mt Dove and Pardoo mines ceased operations.

No other significant changes in the state of affairs of the Group occurred during the financial year other than as discussed in the financial report and elsewhere in this Directors' Report.

SIGNIFICANT EVENTS AFTER THE BALANCE DATE
On 13 August 2014, Atlas entered into an agreement to sell 9.69% of Shaw River Manganese Limited (Shaw) to Bryve Resources Pty Ltd (Bryve). In addition, Atlas has granted an option (subject to approval of Shaw's shareholders and approval under the Namibian Competition Act) for Bryve to acquire Atlas' remaining stake within the next six months. As part of this transaction Atlas has varied the interest rate accruing on Atlas' historical loans to Shaw (the principle of which is $4.95 million) to 6% per annum and extended the term to 5 years, with the Atlas loan to receive priority of repayments from up to 40% of operational cash flow generated from Shaw's Otjozondu project. Refer to Note 13 of the financial statements for further details.

On 27 August 2014 a dividend of 2 cents per share was declared by the Group. Refer to Note 9.

No other matters have arisen since 30 June 2014, 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.

LIKELY DEVELOPMENTS AND EXPECTED RESULTS
During the coming year, the Group plans to continue operations at its Wodgina, Abydos and Mt Webber DSO mine sites.

The Group will also progress exploration and evaluation, particularly at Corunna Downs and the McPhee Creek feasibility studies. Active work on the SE Pilbara opportunities is dependant upon finalisation of the rail haulage solution, and as such these projects are currently scheduled later in Atlas' project pipeline. A key component of this will be progressing port and rail studies.

Development at Mt Webber will continue with an expected ramp up to 6Mtpa following commissioning of the second phase expansion by the end of the December 2014 quarter.

ENVIRONMENTAL REGULATION AND PERFORMANCE
The Group is subject to significant environmental regulation in respect to its exploration and mining activities.

The Group aims to ensure the appropriate standard of environmental care is achieved, and in doing so, that it is aware of and is in compliance with all environmental legislation. The Directors of the Group are not aware of any breach of environmental legislation for the period under review.

SHARE OPTIONS

Unissued shares under options

At the date of this report the following unissued ordinary shares under option are outstanding:

	Weighted average exercise price $	Number of options
Balance at the beginning of the period	2.69	13,195,000
Options granted	-	-
Options exercised	-	-
Options expired	1.93	(1,510,000)
Total number of options outstanding as at 30 June 2014	2.79	11,685,000
Granted subsequent to balance date	-	-
Options exercised	-	-
Options cancelled/lapsed	-	-
Total number of options outstanding at the date of this report	2.79	11,685,000

The balance is comprised of the following:

Unlisted Options (Number)	Class (Expiry date, exercise price and vesting status)
30,000	30/09/2014 $2.10 options all vested
75,000	30/09/2014 $2.20 options all vested
50,000	30/09/2014 $2.25 options all vested
105,000	30/09/2014 $2.40 options all vested
50,000	30/09/2014 $2.45 options all vested
25,000	30/09/2014 $2.50 options all vested
300,000	31/12/2014 $2.10 options all vested
105,000	31/12/2014 $2.25 options all vested
40,000	31/12/2014 $2.30 options all vested
290,000	31/12/2014 $2.35 options all vested
15,000	31/12/2014 $2.45 options all vested
50,000	31/12/2014 $2.50 options all vested
80,000	31/12/2014 $2.55 options all vested
40,000	31/12/2014 $2.65 options all vested
90,000	31/12/2014 $2.70 options all vested
65,000	31/12/2014 $2.80 options all vested
30,000	31/12/2014 $2.85 options all vested
50,000	31/12/2014 $3.05 options all vested
30,000	31/12/2014 $3.20 options all vested
25,000	31/03/2015 $2.05 options all vested
65,000	31/03/2015 $2.25 options all vested
30,000	31/03/2015 $2.33 options all vested
25,000	31/03/2015 $2.35 options all vested
40,000	31/03/2015 $2.45 options all vested
50,000	31/03/2015 $2.55 options all vested
30,000	31/03/2015 $2.60 options all vested
65,000	31/03/2015 $2.65 options all vested
180,000	31/03/2015 $2.70 options all vested
40,000	31/03/2015 $2.75 options all vested
110,000	31/03/2015 $2.80 options all vested
30,000	31/03/2015 $2.95 options all vested
40,000	31/03/2015 $3.00 options all vested
150,000	31/03/2015 $3.05 options all vested
40,000	31/03/2015 $3.10 options all vested
65,000	31/03/2015 $3.15 options all vested
30,000	31/03/2015 $3.20 options all vested
25,000	31/03/2015 $3.25 options all vested
25,000	31/03/2015 $3.40 options all vested
40,000	31/03/2015 $3.60 options all vested
25,000	31/03/2015 $3.70 options all vested
25,000	31/03/2015 $3.85 options all vested
25,000	30/06/2015 $2.35 options all vested
30,000	30/06/2015 $2.45 options all vested
50,000	30/06/2015 $2.55 options all vested
25,000	30/06/2015 $2.70 options all vested
4,280,000	30/06/2015 $2.80 options all vested
4,500,000	30/06/2015 $2.873 options all vested
100,000	31/12/2015 $4.20 options all vested
11,685,000	

No person entitled to exercise any option referred to above have or had, by virtue of the option, a right to participate in any share issue of any other body corporate.

INDEMNIFICATION AND INSURANCE OF DIRECTORS AND OFFICERS

During the financial year, the Group paid a premium in respect of a contract insuring the Directors of the Group, the Group secretaries and all Executive officers of the Group and of any related body corporate against a liability incurred as such a Director, Secretary or Executive officer to the extent permitted by the *Corporations Act 2001*. The Directors have not included details of the nature of the liabilities covered or the amount of the premium paid in respect of the directors' and officers' liability and legal expenses' insurance contracts, as such disclosure is prohibited under the terms of the contract. The Group has not otherwise, during or since the financial year, except to the extent permitted by law, indemnified or agreed to indemnify an officer or auditor of the Group or of any related body corporate against a liability incurred by an officer or auditor.

REMUNERATION REPORT

Letter from the Remuneration Committee Chairman

Dear Shareholder

On behalf of my fellow committee members and our Board, I am pleased to present our 2014 remuneration report.

The remuneration report provides insight to shareholders into the Board's decisions on how we remunerate and reward our Executive team to achieve our overall business strategy. The Board strives to align our Executive remuneration with shareholder expectations and will continue to engage with shareholders and proxy advisors to ensure their expectations are taken into consideration when planning for the future. The 2013 remuneration report received positive shareholder support with a vote of 89% in favour.

The 2014 financial year has again seen significant volatility in the iron ore industry globally, and not dissimilar to other businesses, Atlas' shareholders have felt the impact of this instability. The Board and Remuneration Committee are committed to delivering remuneration outcomes that are aligned to shareholder expectations.

Notwithstanding the volatility faced by the industry during the year, our Executive team remained focused on delivering the business strategy and continued to demonstrate their ability to develop mine operations with competitive capital and operating costs as well as deliver on near term expansion projects. During 2014, the team at Atlas achieved record shipments of 10.9Mt (WMT), exceeding full year guidance and have forecast shipments of over 12.0Mt expected in Financial Year 2015. They completed development of Abydos and Mt Webber stage 1 and are on track with Mt Webber stage 2.

The structure of our Executive's remuneration package remains a key focus of our Board to ensure alignment with the dynamic nature of Atlas' business as it optimises operations and continues its growth strategy to achieve our vision.

I commend the Remuneration Report to you.

Regards

David Smith
Chairman of the Remuneration Committee

REMUNERATION REPORT (AUDITED)

1. Introduction

This report outlines the remuneration arrangements in place for Directors and other Key Management Personnel (KMP) of the Group. For the purposes of this report "Executives" include Executive Directors and KMPs.

(i) Non-Executive Directors (NEDs)		
D. Flanagan	Chairman	Full Year
D. Smith	Lead Independent Director	Full Year
D. Hannon	Director	Full Year
S.Y. Tai	Director	Full Year
J. Dowling	Director	Full Year
K. Sanderson AO	Director	Full Year
G. Simpson	Director	Full Year
(ii) Executive Director		
K. Brinsden	Managing Director	Full Year
M. Hancock	Executive Director - Commercial	Full Year
(iii) Other Executive KMPs		
J. Sinclair	Chief Operating Officer	Full Year
R. Wilson	Chief Development Officer	Full Year
A. Walsh	Company Secretary – resigned effective 2 July 2013	Part Year
B. Lynn	Chief Financial Officer – appointed 20 January 2014	Part Year

There were no changes to the Executive group after the reporting date and before the date the financial report was authorised for issue.

2. Remuneration governance

2.1 Remuneration Committee

The Atlas Board is responsible for ensuring that the remuneration arrangements for the Group are aligned with the overall business strategy and shareholders' interests. The role of the Remuneration Committee is to advise the Board on Executive remuneration. The Committee makes recommendations to the Board on Executive remuneration arrangements, all awards under the Long Term Incentive (LTI) plan and approves the level of the Short Term Incentive (STI) pool.

To maintain objectivity and to align with the ASX Corporate Goverance Principles and Recomendations, the Board has configured the Remuneration Committee to consist of four Non-Executive Directors, the majority being independent Directors.

Remuneration Committee Members	
D. Smith	Committee Chair
D. Flanagan	Committee Member
J. Dowling	Committee Member
K. Sanderson AO	Committee Member

The Remuneration Committee meets regularly throughout the year as required and where Senior Management input is required the Managing Director attends by invitation. Refer to page 59 for the number of committee meetings held during the year.

2.2 Independent Remuneration Consultants

To ensure the Committee can make informed decisions on Executive remuneration, the advice of reputable independent remuneration consultants is sought to:

- provide an overview of market remuneration trends
- benchmark Executive remuneration
- review Non-Executive Director fees; and
- review and comment on the Remuneration Report.

In respect of this reporting year, remuneration consultants Mercer were engaged to provide this advice and a fee of $65,100 (excluding GST) was paid.

Consistent with good governance, the following arrangements were made to ensure advice was free from undue influence:

- consultants were engaged by, and reported to, the Remuneration Committee Chair;
- the agreement for the provision of services was executed by the Remuneration Committee Chair on behalf of the Board;
- the reports containing remuneration advice or market data were provided by Mercer directly to the Remuneration Committee Chair; and
- Mercer has declared that they have not been influenced by the Executives in carrying out their duties for the Remuneration Committee.

As a consequence, the Board is satisfied that advice and market data provided by Mercer was free of undue influence from Executives. No other additional work was undertaken by Mercer in respect of this reporting year.

3. Executive remuneration arrangements

The Executive Remuneration Policy, structure and disclosures discussed in this report applies to all Executives. Atlas' remuneration strategy is designed to attract and retain high performing Executives who are aligned and passionate about the dynamic nature of the Atlas' business as it builds and grows to achieve its vision. The Board is committed to driving alignment between the remuneration arrangements of its Executives and the expectations of our shareholders, the Company and its employees.

The Executive Remuneration Policy aims to reward Executives fairly and responsibly in accordance with the Australian market and ensure that the Group:

- provides competitive rewards that attract, retain and motivate Executives of the highest calibre;
- sets demanding levels of performance which are clearly linked to an Executive's remuneration;
- structures remuneration at a level that reflects the Executive's duties and accountabilities and is competitive within Australia and, where applicable, internationally;
- benchmarks remuneration against appropriate comparator groups;
- aligns Executive incentive rewards with the creation of value for shareholders; and
- complies with applicable legal requirements and appropriate standards of governance.

In the 2014 financial year, the comparator group used for benchmarking purposes was reviewed by the Remuneration Committee and included seventeen mining companies similar to Atlas in market capitalisation and gross revenue. In reviewing the appropriate target remuneration level, consideration was given to the quality of incumbents in the Executive group, the current market trends and the need to be able to attract and retain key skills in such a competitive market.

The following diagram illustrates how the remuneration strategy aligns with the strategic direction, and how the various elements of the remuneration arrangements for Executives are linked to performance.

Strategic purpose We deliver mineral products that create value for our shareholders, our people, customers and the communities we operate within.
Remuneration strategy linkage to business objectives To align the interests of Executives with shareholders and to attract, motivate and retain high performing individuals.
FIXED REMUNERATION **Purpose:** To provide a competitive fixed remuneration element based on criticality of role, market and individual skills and experience. **Instrument:** Comprises of a base salary, guaranteed superannuation contributions and other fixed benefits. **Performance link:** Strategically aligned individual performance objectives are assessed annually during remuneration reviews.

At risk short term incentive

Purpose:

To reward Executives for business success in achieving short term objectives and for their contribution to the achievements of the organisation as a whole and their business units.

Instrument:

Paid in cash and equity.

Performance link:

20% linked to individual KPI achievement and 80% linked to overall corporate objectives. Corporate measures are to drive a focus on leading and lagging safety outcomes, cost of production, production growth and relative share price performance to a basket of peers.

**The STI plan for Executives includes a deferral element awarded as equity.*

At risk long term incentive

Purpose:

To drive long term performance and provide Executives with an opportunity to acquire an ownership interest or exposure to an ownership interest in the Company.

Instrument:

Awards are made in the form of performance rights and share appreciation rights which vest if performance targets are achieved. The Board at its discretion can issue the benefit in either cash or shares (subject to shareholder approval for share issues to Executive Directors).

Performance link:

Executives are required to achieve performance hurdles in terms of comparative shareholder return and shipped tonnes target until June 2015, then earnings per share metrics thereafter. Both measures aim to provide return on investment and in turn drive shareholder wealth.

3.1 Remuneration mix

The remuneration arrangements for Executives consist of fixed remuneration, short and long term incentives. Market trends, strategic business objectives and shareholder interests are considered when determining the mix of remuneration and how each component will drive desired outcomes. Based on these considerations, the following summarises the target remuneration components for Atlas Executives for the 2014 financial year.

Targeted remuneration mix:

	Fixed remuneration	Target STI	LTI opportunity
Managing Director	**40%**	**20%**	**40%**
Other Executives	**53%**	**21%**	**26%**

3.2 Remuneration components

3.2.1 Fixed remuneration

Executives are provided a competitive fixed remuneration element based on criticality of role, market comparator data and individual skills and experience. Fixed remuneration consists of base pay and superannuation.

3.2.2 Short term incentive (STI) plan

The Board set annual Corporate objectives and targets for its STI plan which aims to drive the organisation to achieve its shorter term milestones that, in turn, provide the foundations for long term growth and thus, greater shareholder wealth. Four key measures were approved for the 2014 financial year, all of which aimed to drive business growth, generate efficiencies in cost and importantly drive shareholder value. The measures, their intended objectives and the weighting applied to each measure are as follows:

Table (i)

Objective	Corporate Measure	Weighting
1	Total Recordable Injury Frequency Rate: to place high level of focus on safety across all Atlas sites.	15%
2	Safety Management Plans: to manage key risks, legal obligations and track performance	20%
3 *	Relative share price performance to peers: to drive shareholder value.	20%
4	Normalised underlying EBIT performance: to drive shareholder value	45%
	Total	**100%**

**targets not achieved for the 2014 financial year*

In addition to the corporate objectives, KMPs are set personal KPIs which must also be achieved before an STI is awarded. The STI plan at Atlas presents a number of challenging hurdles that must be met before payments are triggered. Over the past three years (including the current financial year) 25%, 100% and 25% respectively of KMPs corporate STI payments have been forfeited as full targets were not met. Atlas continues to set challenging targets for their STI plan and will only award at 100% where exceptional performance has been delivered. These hurdles for 2014 include:

1. A Company profit performance gateway. This states that the business must achieve a positive underlying profit before tax. This ensures that a minimum level of company performance is achieved before any STI award is paid. In the event that this hurdle is not met, an STI payment will not be paid.
2. Distinct targets are set out in *table (i)* must reach specific thresholds, then;
3. Collectively the Corporate targets set out in *table (i)* must reach an overall combined threshold in excess of 75%;
4. KMPs personal effectiveness and KPIs must meet required standards and expectations. In the event that hurdle four is not met, an STI payment will not be paid to the individual.

In 2014, the Board made a number of changes to the Atlas STI plan for Executives including:

- The introduction of a profit gateway;
- Implementation of a STI deferral plan coupled with:
    - An increase to the STI at risk component of 10% in 2014 and a further 10% thereafter; and
    - Increased the focus on the personal contribution to the corporate objectives.

At 30 June 2014, the profit performance gateway was met. Of the four measures listed in *table (i)* the threshold for relative share price performance was not met, however the thresholds for the remaining three either exceeded or met target. Based on hurdle three, as stated above, the final collective threshold resulted in a 75% performance outcome for the corporate objectives. STI targets for the 2015 financial year will remain challenging and will drive greater performance and shareholder wealth.

The overall STI target percentage for Executives is shown in the table below:

STI target % of Total Fixed Remuneration (TFR)	**K. Brinsden Managing Director & CEO**			**M. Hancock Executive Director Commercial**			**Other KMPs**		
	2013	**2014**	**2015**	**2013**	**2014**	**2015**	**2013**	**2014**	**2015**
Cash component	50%	40%	40%	30%	30%	30%	30%	30%	30%
Deferred component	NIL	10%	20%	NIL	10%	20%	NIL	10%	20%
Total STI target	50%	**50%**	**60%**	30%	**40%**	**50%**	30%	**40%**	**50%**

3.2.3 Short term incentive deferred plan

Whilst STI plans pay rewards over a short period of time i.e. twelve months, Atlas has taken into consideration feedback from shareholders and proxy advisors and has deferred up to 20% of KMPs rewards.

The Atlas STI deferral plan provides Executives with an opportunity to acquire an ownership interest in the Company, by delivering a specific portion of the Executives earned STI award in the form of Deferred Share Rights. The Plan is designed to encourage the retention of Executives and provide equity exposure in order to align Executive remuneration with the creation of long-term shareholder value. It will also provide a vehicle for Executives to meet their minimum shareholding obligations over a set period of time, which was also introduced in 2014.

A two year timeframe approach has been applied to the implementation of both the timing of the increase in STI target percentage for KMPs and the deferral period applied to the plan. In 2014 the STI overall target for the Managing Director remained the same, however 10% is deferred for twelve months. Other KMPs deferred component increased by 10% in 2014 whereby this amount, if earned based on personal targets, will be escrowed for twelve months (it will be released from escrow in FY2015). In 2015, the KMP deferred STI component increases to a maximum target of 20% with 10% escrowed for a twelve month period and a further 10% escrowed for twenty four months. Any STI award of equity for Executive Directors will be subject to shareholder approval.

3.2.4 Long term incentive plan

LTI awards are made annually to Executives in order to align remuneration to the businesses longer term goals and in turn, provide greater shareholder wealth. Eligibility to any LTI reward is subject to the participant's continuous service over the term of the plan at the point of vesting. Whilst Atlas has a competitive LTI policy, it is a strategy that relies on the promise of rewards to provide a fair level of remuneration to KMPs. With the introduction of the LTI plan to Atlas in 2011 and a performance period of three years, KMPs at Atlas did not receive any LTI award in 2011, 2012 or 2013.

The LTI target percentage for Executives is shown in the table below:

	K. Brinsden Managing Director & CEO	M. Hancock Executive Director Commercial	Other KMPs
LTI target % of TFR	100%	50%	50%

In 2014, the Board approved the removal of the Internal Iron Ore Shipping target and replaced it with an Earnings per Share (EPS) target. The reason for this change was to further align the LTI plan targets with shareholder expectations. The previously used TSR measure remains in place alongside the new EPS target. Both measures are there to drive a return on investment and in turn deliver shareholder wealth.

Total shareholder return
The TSR Scorecard is based on the percentile ranking of the Company's TSR results, relative to the TSR of each of the companies in the comparator group over the same performance period. The comparator group currently comprises selected constituents of the S&P ASX 300 Metals & Mining Index.

The vesting schedule for the incentives subject to relative TSR testing is as follows:

Relative TSR performance	TSR Scorecard
< 50th percentile	Nil
Between 50th and 75th percentile	Pro rata between 50% and 100%, ie between 0.5 and 1
≥ 75th percentile	100%, ie 1

Earnings per share
The EPS Scorecard will be determined based on the portion of Atlas' pre-tax underlying profit that is allocated to one share for the relevant financial year. The target is determined with reference to the Company's internal corporate financial model, which includes both internally and externally sourced assumptions.

During the 2014 financial year, Executives and Senior Managers were offered 50% of their award in Performance Rights and 50% in Share Appreciation Rights under the LTI plan that may, subject to performance, vest after the completion of a three (3) year period. A Performance Right (PR) represents a right to receive a payment, subject to the achievement of predetermined conditions, equal in value to the market value of one fully paid ordinary share in Atlas. A Share Appreciation Right (SAR) represents a right to receive a payment, subject to the achievement of predetermined conditions, equal in value to the positive difference between the Atlas share price at vesting and the share price at the grant of the SAR. No benefit is gained if the share price has not increased.

No PR's or SAR's will vest until after an employee receives a vesting notification from the Board advising them in writing of the number of LTI awards that have vested and the manner in which the awards will be settled, that is, cash or shares. Performance Rights and Share Appreciation Rights not vested on the vesting date will automatically lapse and be forfeited in accordance with the LTIP rules. LTI awards that vest to any Executive Director cannot be settled in equity without prior shareholder approval.

The Board will be seeking shareholder approval at the 2014 Annual General Meeting on 29 October 2014 to equity settle potential LTI awards that may arise from offering Performance Rights and Share Appreciation Rights to the Managing Director and the Executive Director – Commercial for the period 1 July 2013 to 30 June 2016 and 1 July 2014 to 30 June 2017.

During the year, the LTI plan was amended to provide, that in the event of a change of control incentives vest pro rata as opposed to the previous provisions that provided for automatic vesting of all incentives.

At the date of this report the LTI targets for the performance period 1 July 2014 to 30 June 2017 were in the process of being defined.

4. EXECUTIVE REMUNERATION OUTCOMES FOR THE FINANCIAL YEAR

In considering the Group's performance and benefits for shareholder wealth, the Remuneration Committee has regard to the following measures in respect of the current financial year and the previous four financial years:

	30-Jun-14	30-Jun-13	30-Jun-12	30-Jun-11	30-Jun-10
Profit/(loss) attributable to owners of the company ($'000)	17,437	(241,886)	(114,616)	168,617	(40,846)
Underlying profit after tax * (unaudited) ($'000)	8,573	(73,193)	72,181	174,337	(13,760)
Change in share price	$ (0.10)	$ (1.27)	$ (1.71)	$ 1.69	$ 0.46
Ore shipped (WMT) – Mtpa	10.9	7.4	5.6	4.6	1.2
Basic earnings per share (cents per share)	1.6	(27.0)	(13.0)	26.7	(9.6)
Dividend (cents per share)	2.0	3.0	3.0	3.0	-

* Note that the underlying profit (non-IFRS measure) was a measure introduced for the year ended 30 June 2012 to better reflect the performance of the Group.

For the STI performance period 1 July 2013 to 30 June 2014, with the exception of Mr. Sinclair who exceeded his personal KPI targets and earned 100% of his corporate STI, the remaining KMPs earned75% of their total corporate STI target with 25% being forfeited. However, the Board have exercised their discretion in respect of these STI payments and suspended 50% of Executive Directors and 25% of remaining KMPs STI payments, subject to the achievement of additional KPIs being met during the 2015 financial year. Entitlement of these deferred STIs will only occur on achieving the additional KPIs and payment will occur shortly afterwards.

The table below shows how the LTI grants for this period were structured:

Target	Instrument	Weighting	Outcome
Total shareholder return	Performance rights	25%	Not achieved
	Share appreciation rights	25%	Not achieved
Internal iron ore shipped	Performance rights	25%	86% achieved
	Share appreciation rights	25%	Not achieved

As shown in the table above, as a result of the Company's share price depreciation over the period, the Total Shareholder Return target was not met and therefore no performance or share appreciation rights were issued relating to this target. The Internal Iron Ore Shipped target was partially met with 86% of the performance rights component being met. However, once again due to the Company's share price depreciation over the period, no share appreciation rights were issued relating to this target. Therefore only 7% of the LTI value of the rights were awarded during the period, equating to $107,928 being awarded to the KMP group. This amount was settled in shares.

The LTI for the period 1 July 2011 to 30 June 2014 has been assessed and is the first time since 2010 that KMPs have had any form of LTI award. However, as per the table above, due to share price depreciation over the period, and therefore, relative shareholder return comparison to the peer group, KMPs forfeited 93% of their LTI value for this period, being all the rights related to the Total Shareholder Return target and share appreciation rights related to the Internal Iron Ore Shipped target rights. The rights awarded to KMPs pertained to the overall result for the Internal Iron Ore Shipped targets. This equated to a total value of $107,928 for all KMPs settled in shares.

With the volatility in the iron ore market during 2014 and the flow on impact this had on the business, KMP salary reviews were seriously considered. A 1.25% increase in fixed pay was applied to the Chief Operating Officer in 2014 with no further increases applied to any other KMP during this period. The Managing Director voluntarily took a cut to his TFR.

5. EXECUTIVE CONTRACTUAL ARRANGEMENTS

Remuneration arrangements and conditions of employment for Executives are formalised in Executive Service Agreements or Contracts of Employment.

The agreements relating to remuneration for the 2014 financial year are set out below:

	K. Brinsden Managing Director & CEO	M. Hancock Executive Director - Commercial	Other KMPs
Resignation notice	6 months	3 months	3 months
Termination notice for cause	None	None	None
Termination notice without cause	12 months	6 months	6 months
Termination in case of illness, injury or incapacity	3 months	3 months	3 months
STI target % of TFR	50%	40%	40%
LTI target % of TRF	100%	50%	50%
Redundancy	NES*	4 weeks for every year of service	NES*

* In line with National Employment Standards

5.1 KMP equity ownership

The Board took into consideration both shareholder and investor feedback in relation to equity ownership amongst its' Executives and introduced a STI deferral plan for KMPs in 2014. In line with market practice, minimum shareholding obligation will not be enforced however greater equity ownership will be highly encouraged through this plan. Any equity participation offered to Executive Directors is subject to prior shareholder approval.

Other retirement benefits may be provided directly by the Group if approved by shareholders.

6. Non-Executive Director Remuneration

The key principle underpinning Non-Executive Director (NED) remuneration is the need to attract high calibre Directors to direct the current business and into the future.

The Board's policy is to periodically review its approach to NED remuneration and seeks independent advice to ensure its NED fees remain competitive with other similarly sized mining production companies listed on the ASX.

No element of NEDs remuneration is linked to the performance of the Company as Directors' fees are the only form of remuneration for the NEDs. However, to create alignment with shareholders, NEDs are encouraged to hold equity securities in the Company. At the date of this report the majority of NEDs hold some form of equity securities in the Company. All Directors are subject to the Company's "Guidelines for Dealing in Securities".

The Company makes superannuation contributions on behalf of the Non-Executive Directors in accordance with its statutory superannuation obligations, and each Director may sacrifice part of their fee for a further superannuation contribution by the Company.

Non-Executive Director fees are not paid to the Managing Director or the Executive Director - Commercial as the time spent on Board work and the responsibilities of Board membership are considered in determining the remuneration package provided as part of their normal employment conditions. The total remuneration paid to, or in respect of, each NED during the year is set out in this report.

The remuneration structure of NEDs consists of both Director fees and committee fees. The Chairman of the Board, Mr David Flanagan, does not receive any additional fees for his role on any committees.

In 2014, there was no increase applied to Director fees other than the 0.25% increase to employer compulsory superannuation contributions.

Fees (including superannuation payments) are as follows:

Board Fees (including superannuation)	$
Chairman	400,917
Non-Executive Directors	135,309

	Remuneration Committee $	Audit & Risk Committee $	Nomination Committee $
Committee Chair	10,000	15,000	4,000
Committee Member	5,000	7,500	2,000

7. REMUNERATION OF KEY MANAGEMENT PERSONNEL

Details of the nature and amount of each major element or remuneration of each Director of the Company and KMP are:

	Short-term employee benefits $				Post-employment benefits $		Long-term benefits $	Share-based payments $	Total $	% of options as proportion of remuneration	% of remuneration performance based
	Salary & fees	STI (3)	Shortterm compensated absences	Other (1)	Super-annuation	Termination benefit	Long service leave	Rights (2)			STI and Rights
Directors											
Non0executive directors											
David Hannon											
2014	133,354	-	-	-	12,335	-	-	-	145,689	-	-
2013	132,521	-	-	17,528	11,927	-	-	-	161,976	-	-
David Smith											
2014	135,853	-	-	-	12,566	-	-	-	148,419	-	-
2013	135,853	-	-	17,528	12,227	-	-	-	165,608	-	-
Sook Yee Tai											
2014	125,855	-	-	-	11,642	-	-	-	137,497	-	-
2013	125,853	-	-	17,528	22,474	-	-	-	165,855	-	-
Jeff Dowling											
2014	143,854	-	-	-	13,307	-	-	-	157,161	-	-
2013	143,854	-	-	17,528	12,947	-	-	-	174,329	-	-
Kerry Sanderson											
2014	132,854	-	-	-	12,289	-	-	-	145,143	-	-
2013	132,854	-	-	17,528	11,957	-	-	-	162,339	-	-
Geoff Simpson											
2014	131,354	-	-	-	12,150	-	-	-	143,504	-	-
2013	131,353	-	-	17,528	12,953	-	-	-	161,834	-	-
David Flanagan (Chairman)											
2014	366,972	-	-	-	33,891	-	-	-	400,863	-	-
2013	492,477	-	(82,388)	17,528	44,848	-	51,797	-	524,262	-	31
Executives											
Directors											
Ken Brinsden (Managing Director)											
2014	763,108	151,121	(1,909)	-	34,021	-	30,632	755,516	1,732,489	-	52
2013	784,081	-	28,614	17,528	31,919	-	31,134	353,262	1,246,538	-	28
Mark Hancock (Executive Director Commercial)											
2014	450,000	76,500	20,160	-	46,755	-	19,888	230,666	843,969	-	36
2013	454,843	-	2,821	17,528	35,657	-	14,680	104,298	629,827	-	17
Key Management Personnel											
Anthony Walsh (Company Secretary - Resignation effective 2 July 2013)											
2014	21,786	-	-	-	235	-	-	-	22,021	-	-
2013	356,500	-	(2,715)	17,528	25,000	-	4,807	-	401,120	-	-
Jeremy Sinclair (Chief Operations Officer)											
2014	441,079	134,756	2,697	30,001	32,274	-	16,091	223,673	880,571	-	41
2013	419,613	-	(2,858)	74,016	32,737	-	12,314	98,792	634,614	-	16
Robert Wilson (Chief Development Officer)											
2014	412,000	105,060	3,696	-	45,155	-	803	210,559	777,273	-	41
2013	415,209	-	2,982	17,528	37,323	-	1,958	94,654	569,654	-	17
Anton Rohner (Chief Financial Officer – Appointed 6 August 2012 and resignation effective from 24 May 2013)											
2014	-	-	-	-	-	-	-	-	-	-	-
2013	324,549	-	16,315	80,161	-	166,659	-	-	587,684	-	-
Brian Lynn (Chief Financial Officer - Appointed 20 January 2014)											
2014	176,466	41,594	14,592	-	9,747	-	-	-	242,399	-	17
2013	-	-	-	-	-	-	-	-	-	-	-
Total											
2014	**3,434,535**	**509,031**	**39,236**	**30,001**	**276,367**	**-**	**67,414**	**1,420,414**	**5,776,998**	**-**	**33**
2013	4,049,560	-	(37,229)	346,985	291,969	166,659	116,690	651,006	5,585,640	-	12

Superannuation is paid on salaries, fees and STI.

(1) Mr Sinclair's disclosure includes his reportable benefit for FBT. In the current year, disclosure of Director's and Officer's insurance has been prohibited under the terms of the Groups' insurance contract to disclose the premiums. In the prior year Directors and Officers insurance was disclosed.

(2) Rights comprise of performance rights and share appreciation rights.

(3) Comprises current year STIP.

7.1 Short Term Incentives

Performance income as a proportion of total compensation.

Details of the Group's policy in relation to the proportion of remuneration that is performance related are discussed from page 51. Details of the portion of maximum STI that was earned and forfeited in relation to the 2014 financial year is detailed below:

		Portion of maximum corporate STI			Portion of maximum personal and deferred STI		
	Included in remuneration (inclusive of superannuation)	Earned during 2014	Suspended during 2014	Forfeited during 2014	Earned during 2014	Suspended during 2014	Forfeited during 2014
Ken Brinsden	$162,059	37.5%	37.5%	25.0%	50.0%	50.0%	-
Mark Hancock	$81,630	37.5%	37.5%	25.0%	50.0%	50.0%	-
Brian Lynn	$44,383	56.2%	18.8%	25.0%	75.0%	25.0%	-
Jeremy Sinclair	$144,358	75.0%	25.0%	-	75.0%	25.0%	-
Robert Wilson	$112,105	56.2%	18.8%	25.0%	75.0%	25.0%	-

The STI forfeited in the year was a result of the Group not achieving its internal corporate targets in full.

7.2 Long Term Incentives

Rights over equity instruments granted as compensation issued under LTIP for the period 1 July 2013 to 30 June 2016

Details of Performance Rights (PRs) and Share Appreciation Rights (SARs) over ordinary shares in Atlas Iron Limited that were granted during the year as compensation to Key Management Personnel are detailed below:

	Grant Date	Value of rights granted * $	No. of PRs granted during 2014	No. of SARs granted during 2014	Vesting date	PRs** $	SARs** $
Executive Directors							
Ken Brinsden	02/12/2013	1,357,879	730,785	1,732,114	30/06/2016	725,961	631,918
Mark Hancock	02/12/2013	423,114	227,712	539,726	30/06/2016	226,209	196,905
Executives							
Jeremy Sinclair	02/12/2013	415,163	223,433	529,584	30/06/2016	221,958	193,205
Robert Wilson	02/12/2013	387,385	208,483	494,149	30/06/2016	207,107	180,278

* This represents the total fair value of the rights granted during the year determined in accordance with Australian Accounting Standards. This value will be recognised as remuneration over the performance period.

** In determining the number of rights granted during the year, the fair value of the rights were independently valued at grant date using a Black Scholes option pricing model and Monte Carlo Simulation. The total is allocated to remuneration over the performance period.

*** No rights were granted to Brian Lynn.

Details of Performance Rights (PRs) and Share Appreciation Rights (SARs) over ordinary shares in Atlas Iron Limited that are held by Key Management Personnel at 30 June 2014 are detailed below:

Number of	PRs held at the beginning of year 1 July 2013	SARs held at the beginning of year 1 July 2013	PRs Granted during 2014	SARs Granted during 2014	Forfeited	PRs at the end of year 30 June 2014	SARs at the end of year 30 June 2014
Executive Directors							
Ken Brinsden	474,243	991,932	730,785	1,732,114	-	1,205,028	2,724,046
Mark Hancock	140,511	294,208	227,712	539,726	-	368,223	833,934
Executives							
Robert Wilson	127,742	267,615	208,483	494,149	-	336,225	761,764
Jeremy Sinclair	134,049	281,279	223,433	529,584	-	357,482	810,863
Total	**876,545**	**1,835,034**	**1,390,413**	**3,295,573**	**-**	**2,266,958**	**5,130,607**

Subject to LTI targets being met, the rights granted to Executive Directors are only convertible into ordinary shares if, and only if, shareholder approval is obtained. The rights were provided at no cost to the recipients. Valuation assumptions are disclosed in Note 5 of the financial statements.

Modification of terms of equity settled share-based transactions

No terms of options or rights over ordinary shares in Atlas Iron Limited have been altered or modified by the issuing entity during the year or the prior year.

Board policy in relation to hedging unvested equity

Directors Report (continued)

The Board limits employees from entering into transactions that limit the economic risk of participating in unvested employee entitlements. Each Employee Share Option Plan (ESOP) option and rights is personal to the holder and is not transferable, transmissible, assignable or chargeable without permission of the Board. Without prior approval and subject to compliance with the Corporations Act 2001, Directors and key management personnel should not enter into agreements that provide lenders with rights over their interests in the Company's shares and options, such as the disposal of the Company's shares or options, that is the result of a secured lender exercising its right. Before entering into such arrangements, Directors and senior management must receive clearance from the Board. The LTIP rules state that an employee must not transfer, assign, dispose of or grant any security interests over or otherwise deal with any rights.

Exercise of options granted as compensation
During the reporting period no shares were issued to KMPs on the exercise of options previously granted as compensation.

Analysis of options granted as compensation
There were no options granted during the 2013 and 2014 financial years.

Analysis of movement in options
The was no movement during the year, by value of options over ordinary shares in Atlas Iron Limited held by each of the Directors, executives and key management personnel.

7.3 Option holdings of key management personnel

	Balance at beginning of year 1 July 2013	Granted	Option disposals	Options exercised	Other	Balance at end of year 30 June 2014	Vested at 30 June 2014 Exercisable
Directors							
David Flanagan	2,500,000	-	-	-	-	2,500,000	2,500,000
David Hannon	500,000	-	-	-	-	500,000	500,000
David Smith	1,000,000	-	-	-	-	1,000,000	1,000,000
Sook Yee Tai	500,000	-	-	-	-	500,000	500,000
Jeff Dowling	-	-	-	-	-	-	-
Kerry Sanderson AO	-	-	-	-	-	-	-
Geoff Simpson	-	-	-	-	-	-	-
Ken Brinsden	750,000	-	-	-	-	750,000	750,000
Mark Hancock	750,000	-	-	-	-	750,000	750,000
Executives							
Anthony Walsh*	600,000	-	-	-	(600,000)	-	-
Robert Wilson	-	-	-	-	-	-	-
Jeremy Sinclair	350,000	-	-	-	-	350,000	350,000
Brian Lynn	-	-	-	-	-	-	-
Total	**6,950,000**	**-**	**-**	**-**	**(600,000)**	**6,350,000**	**6,350,000**

*Resigned effective 2 July 2013

7.4 *Shareholdings of key management personnel*

	Balance at beginning of year 1 July 2013	Purchases	Option disposals	Options exercised	Other	Held at 30 June 2014
Directors						
David Flanagan	2,840,000	-	-	-	-	2,840,000
David Hannon	804,968	-	-	-	-	804,968
David Smith	-	-	-	-	-	-
Sook Yee Tai	-	-	-	-	-	-
Jeff Dowling	125,000	-	-	-	-	125,000
Kerry Sanderson	50,661	1,786	-	-	-	52,447
Geoff Simpson	-	-	-	-	-	-
Ken Brinsden	564,500	-	-	-	-	564,500
Mark Hancock	491,610	17,328	-	-	-	508,938
Executives						
Anthony Walsh*	140,781	-	-	-	(140,781)	-
Robert Wilson	1,000	-	-	-	-	1,000
Jeremy Sinclair	-	-	-	-	-	-
Brian Lynn	-	25,000	-	-	-	25,000
Total	**5,018,520**	**44,114**	**-**	**-**	**(140,781)**	**4,921,853**

*Resigned effective 2 July 2013

Remuneration report ends here.

DIRECTORS' MEETINGS

Attendance of Directors' meetings held during the year are set out below:

	Directors' Meetings		Audit and Risk Committy		Remuneration Committee		Nomination Committee		Corporate Goverance Committee	
	A	**B**	**A**	**B**	**A**	**B**	**A**	**B**	**A**	**B**
David Flanagan	13	13	-	-	4	4	1	1	2	2
David Hannon	11	13	4	4	-	-	1	1	-	-
David Smith	12	13	-	-	4	4	1	1	-	-
Sook Yee Tai	11	13	-	-	-	-	1	1	2	2
Jeff Dowling	13	13	4	4	4	4	-	-	-	-
Kerry Sanderson AO	13	13	-	-	4	4	1	1	2	2
Ken Brinsden	13	13	-	-	-	-	-	-	-	-
Geoff Simpson	13	13	4	4	-	-	-	-	-	-
Mark Hancock	13	13	-	-	-	-	-	-	-	-

A - Number of meetings attended. B - Number of meetings held during the time the Director held office during the year.

CORPORATE STRUCTURE

The Group is an Australian listed public group limited by shares domiciled in Australia. The Group has prepared a consolidated financial report to include entities that it controlled during the financial years as shown in Note 33 of the financial statements.

ROUNDING

The Group is of the kind specified in ASIC class order 98/0100, dated 10 July 1998. In accordance with the class order, amounts in this report and in the financial report have been rounded to the nearest thousand dollars unless specifically stated to be otherwise.

AUDITOR INDEPENDENCE

The auditor's independence declaration is set out on page 109 and forms part of the Directors' Report for the financial year ended 30 June 2014.

NON-AUDIT SERVICES

Non-audit services provided by the Group's auditor, KPMG, and associated entities, during the year ended 30 June 2014 are disclosed in Note 29 to the financial statements.

Signed in accordance with a resolution of the Directors made pursuant to S298(2) of the Corporations Act 2001.

Ken Brinsden
Managing Director
Perth, 27 August 2014

Consolidated Statement of Profit or Loss and other Comprehensive Income

YEAR ENDED 30 JUNE 2014

	Notes	2014 $'000	2013 $'000
Revenue		1,097,617	695,137
Operating costs	2	(1,007,358)	(600,762)
Gross profit		**90,259**	94,375
Other income		4,652	3,175
Exploration and evaluation expense		(9,042)	(26,533)
Impairment loss	3	(18,822)	(458,133)
Share of loss of equity accounted investees	14	(3,049)	(8,862)
Gain/(loss) on listed investments		64	(3,686)
Gain/(loss) on financial instruments		2,580	-
Net foreign exchange gain/(loss)		37	(8,338)
Loss on control of subsidiary	4	-	(218)
Gain on bargain purchase of subsidiary	4	-	1,391
Gain on dilution of associate		-	84
Depreciation and amortisation		(4,960)	(5,320)
Loss on sale of property, plant and equipment		(173)	(696)
Administrative expenses	6	(38,763)	(41,993)
Other expenses		(8,413)	-
Results from operating activities		**14,370**	(454,754)
Finance income	7	10,382	16,355
Finance expense	7	(35,205)	(19,027)
Net finance income/(expense)		**(24,823)**	(2,672)
Profit/(loss) before income tax		**(10,453)**	(457,426)
Tax benefit/(expense)	8	24,705	212,354
PROFIT/(LOSS) FOR THE YEAR		**14,252**	(245,072)
Other comprehensive income			
Items that may be classified subsequently to profit and loss			
Foreign currency translation differences – foreign operations		(1,979)	(1,454)
Share of associate's movements in foreign currency translation reserve		112	489
Other comprehensive income/(loss) for the year		**(1,867)**	(965)
TOTAL COMPREHENSIVE PROFIT/ (LOSS) FOR THE YEAR ATTRIBUTABLE TO OWNERS OF THE GROUP		**12,385**	(246,037)
Profit/(loss) attributable to:			
Owners of the parent		17,437	(241,886)
Non-controlling interest		(3,185)	(3,186)
		14,252	(245,072)
Total comprehensive profit/(loss) attributable to:			
Owners of the parent		16,573	(241,585)
Non-controlling interest		(4,188)	(4,452)
		12,385	(246,037)
Profit/(loss) per share			
Basic profit/(loss) per share (cents per share)	28	1.56	(27.0)
Diluted profit/(loss) per share (cents per share)	28	1.54	(27.0)

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 30 JUNE 2014

	Notes	2014 $'000	2013 $'000
CURRENT ASSETS			
Cash and cash equivalents	24(b)	264,242	416,922
Trade and other receivables	11	78,165	37,896
Prepayments	10	20,110	29,703
Financial assets classified as held for trading		3,374	3,316
Inventories	12	53,425	46,150
Disposal group and assets held for sale	13	29,896	-
TOTAL CURRENT ASSETS		**449,212**	533,987
NON-CURRENT ASSETS			
Other receivables	11	41,548	53,378
Prepayments	10	17,395	34,608
Investment in equity accounted investees	14	30,622	39,415
Property, plant and equipment	15	143,843	93,887
Intangibles	16	135,347	141,054
Mine development costs	17	515,157	413,754
Evaluation expenditure - reserve development	18	49,615	10,870
Mining tenements capitalised	19	716,874	764,704
Deferred tax asset	8	67,003	83,619
TOTAL NON-CURRENT ASSETS		**1,717,404**	1,635,289
TOTAL ASSETS		**2,166,616**	2,169,276
CURRENT LIABILITIES			
Trade and other payables	20	187,751	166,288
Interest bearing loans and borrowings	21	17,251	12,668
Employee benefits		4,434	3,491
Provisions	22	3,928	19,080
Disposal group liabilities held for sale	13	7,534	-
TOTAL CURRENT LIABILITIES		**220,898**	201,527
NON-CURRENT LIABILITIES			
Trade and other payables	20	-	1,311
Interest bearing loans and borrowings	21	271,105	274,770
Employee benefits		663	369
Provisions	22	66,790	30,576
Deferred tax liability	8	-	48,571
TOTAL NON-CURRENT LIABILITIES		**338,558**	355,597
TOTAL LIABILITIES		**559,456**	557,124
NET ASSETS		**1,607,160**	1,612,152
EQUITY			
Share capital	23(a)	1,989,359	1,984,654
Reserves	23(d)	29,912	29,015
Disposal group reserves held for sale	13	(1,164)	-
Accumulated losses		(414,735)	(408,320)
TOTAL EQUITY ATTRIBUTABLE TO THE OWNERS OF THE PARENT		**1,603,372**	1,605,349
Disposal group non-controlling interest held for sale	13	3,788	6,803
TOTAL EQUITY		**1,607,160**	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

YEAR ENDED 30 JUNE 2014

	Share capital	Share-based payments reserve	Foreign currency translation reserve	Disposal group reserves held for sale	Associate's reserve	Accumulated (losses)	Total	Disposal group non-controlling interest held for sale	Total equity
	$'000	$'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 year									
Profit/(loss) for the year	-	-	-	-	-	17,437	17,437	(3,185)	14,252
Total other comprehensive income/(loss)	-	-	(976)	-	112	-	(864)	(1,003)	(1,867)
Foreign currency translation reserve held for sale	-	-	1,164	(1,164)	-	-	-	-	-
Total comprehensive income for the year, net of tax	-	-	188	(1,164)	112	17,437	16,573	(4,188)	12,385
Contributions by and distributions to owners of the Group									
Issue of ordinary shares from dividend reinvestment plan	4,917	-	-	-	-	-	4,917	-	4,917
Share-based payment transactions	-	2,045	-	-	-	-	2,045	-	2,045
Payment of dividends	-	-	-	-	-	(27,291)	(27,291)	-	(27,291)
Treasury shares	(212)	-	-	-	-	-	(212)	-	(212)
Transfers from share based payments	-	(1,448)	-	-	-	1,448	-	-	-
Loan forgiveness on acquisition of non-controlling interest	-	-	-	-	-	1,991	1,991	1,173	3,164
Total transactions with owners of the Company	4,705	597	-	-	-	(23,852)	(18,550)	1,173	(17,377)
BALANCE AT 30 JUNE 2014	**1,989,359**	**30,604**	**-**	**(1,164)**	**(692)**	**(414,735)**	**1,603,372**	**3,788**	**1,607,160**

YEAR ENDED 30 JUNE 2013

	Share capital	Share-based payments reserve	Foreign currency translation reserve	Disposal group reserves held for sale	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 year									
Loss for the year	-	-	-	-	-	(241,886)	(241,886)	(3,186)	(245,072)
Total other comprehensive income	-	-	(188)	-	489	-	301	(1,266)	(965)
Total comprehensive income for the year, net of tax	-	-	(188)	-	489	(241,886)	(241,585)	(4,452)	(246,037)
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	-	1,107	-	-	-	-	1,107	162	1,269
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	1,107	-	-	1,108	(27,144)	(18,152)	11,255	(6,897)
BALANCE AT 30 JUNE 2013	**1,984,654**	**30,007**	**(188)**	**-**	**(804)**	**(408,320)**	**1,605,349**	**6,803**	**1,612,152**

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

Consolidated Statement of Cash Flows

YEAR ENDED 30 JUNE 2014

	Notes	2014 $'000	2013 $'000
CASH FLOWS FROM / (USED IN) OPERATING ACTIVITIES			
Cash receipts from customers		1,096,618	729,960
Payments to suppliers and employees		(806,263)	(577,203)
Interest received		7,888	15,529
Payments for expenditure on exploration and evaluation activities		(9,042)	(26,533)
NET CASH FLOWS FROM OPERATING ACTIVITIES	24(a)	**289,201**	141,753
CASH FLOWS FROM / (USED IN) INVESTING ACTIVITIES			
Payments for property, plant and equipment		(18,969)	(72,711)
Reimbursement for office fit-out		-	5,717
Payments for mine development		(300,906)	(188,436)
Payments for intangible assets		(1,402)	(2,457)
Payment for Wodgina expansion costs		-	(11,228)
Payment for reserve development costs		(32,041)	(13,194)
Payments for interests in equity accounted investees		(1,500)	(5,201)
Loan to joint venture		(1,741)	(2,144)
Loan to joint operation partner		(12,606)	-
Net (payments)/proceeds for financial assets		1,565	(460)
Acquisition of shares in controlled entities, net of cash acquired		-	(2,101)
Proceeds received from sale of tenements rights		437	-
Payments for the acquisition of tenements		(119)	(3,943)
Repayments by associated entities		-	515
Proceeds from/(payments for) bank guarantees		2,590	(2,440)
(Payments to)/proceeds from other entities		(4,793)	360
Stamp duty paid in relation to acquisition of tenements		(18,911)	(48,900)
NET CASH FLOWS USED IN INVESTING ACTIVITIES		**(388,396)**	(346,623)
CASH FLOWS FROM / (USED IN) 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)		-	242,918
Repayment of Term Loan B		(2,983)	(2,020)
Net proceeds/(repayments) from pre-export finance		4,912	(11,703)
Interest payments on borrowing facilities		(27,502)	(13,480)
Dividends paid		(22,490)	(20,430)
Payments for shares acquired by Atlas Iron Employee Share Trust		(390)	-
NET CASH FLOWS (USED IN)/FROM FINANCING ACTIVITIES		**(48,453)**	195,381
NET DECREASE IN CASH AND CASH EQUIVALENTS		(147,648)	(9,489)
Cash and cash equivalents at 1 July		416,922	399,540
Transfer cash to Disposal group held for sale		(331)	-
Effect of exchange rate changes on cash and cash equivalents		*(4,701)	*26,871
CLOSING CASH AND CASH EQUIVALENTS	24(b)	**264,242**	416,922

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. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Atlas Iron Limited (the Company) is a company limited by shares incorporated in Australia whose shares are publicly traded on the Australian Securities Exchange (ASX). The consolidated financial statements of Atlas Iron Limited for the year ended 30 June 2014 comprise the Company and its subsidiaries (together referred to as the Group or Atlas) and the Group's interest in associates and jointly controlled entities. The Group is a for-profit entity and its principal activity is the exploration, operation and development of mines in the Pilbara region in Western Australia.

The principal accounting policies adopted in the preparation of the financial report are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated. These financial statements were approved by the Board on 27 August 2014.

(a) Basis of preparation

Statement of compliance

This general purpose financial report has been prepared in accordance with Australian Accounting Standards and other authoritative pronouncements issued by the Australian Accounting Standards Board (AASB) and the *Corporations Act 2001*. The financial report of the Group complies with International Financial Reporting Standards (IFRS) adopted by the International Accounting Standards Board (IASB).

Basis of measurement

The consolidated financial statements have been prepared on the historical cost basis except for the following items measured at fair value:

- share-based payment transactions;
- financial instruments at fair value through profit or loss; and
- derivative and other financial instruments.

Functional and presentation currency

The consolidated financial statements are presented in Australian dollars, which is the Group's functional currency. The Group 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 Directors' Report and financial report have been rounded off to the nearest thousand dollars, unless otherwise stated.

(b) Principles of consolidation

The consolidated financial statements comprise the financial statements of Atlas Iron Limited and its subsidiaries together with the Group's share of joint arrangements and associates accounted for as described below.

(i) Subsidiaries

Subsidiaries are all those entities over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

In preparing the consolidated financial statements all intergroup balances and transactions, income, expenses, unrealised gains/losses and profit and loss, resulting from intergroup transactions, have been eliminated in full. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

Investments in subsidiaries are carried at their cost of acquisition in the Company's financial statements.

Non-controlling interest are measured at their proportionate share of the acquiree's identifiable net assets at the acquisition date. Change in the Groups' interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions.

(ii) Investment in associates and joint ventures

Associates are all entities over which the Group has significant influence but not control or joint control. This is generally the case where the Group has significant voting rights. Investments in associates are accounted for using the equity method of accounting, after initially being recognised at cost.

A joint venture is an arrangement in which the Group has joint control, whereby the Group has rights to the net assets of the arrangement, rather than rights to its assets and obligations for its liabilities. Joint control is defined as the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require the unanimous consent of the parties sharing control. Interests in joint ventures are accounted for using the equity method.

Under the equity method of accounting, the investments are initially recognised at cost and adjusted thereafter to recognise the Group's share of the post-acquisition profits or losses of the investee in profit or loss, and the Group's share of movements in other comprehensive income of the investee in other comprehensive income. Goodwill relating

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

to the joint venture is included in the carrying amount of the investment and is neither amortised nor individually tested for impairment. Dividends received or receivable from associates and joint ventures are recognised as a reduction in the carrying amount of the investment.

The financial statements of the associate or joint venture are prepared for the same reporting period as the Group. When necessary, adjustments are made to bring the accounting policies in line with those of the Group.

After application of the equity method, the Group determines whether it is necessary to recognise an impairment loss on its investment in its associate or joint venture. An impairment loss is measured by comparing the recoverable amount of the investment with its carrying amount. An impairment loss is recognised in the Consolidated Statement of Profit or Loss and Other Comprehensive Income, and is reversed if there has been a favourable change in the estimates used to determine the recoverable amount.

Upon loss of significant influence over the associate or joint control over the joint venture, the Group measures and recognises any retained investment at its fair value. Any difference between the carrying amount of the associate or joint venture upon loss of significant influence or joint control and the fair value of the retained investment and proceeds from disposal is recognised in profit or loss.

(iii) Investment in joint operation

A joint operation is an arrangement in which the parties with joint control have rights to the assets and obligations for the liabilities relating to that arrangement. In respect of its interest in a joint operation, a joint operator must recognise all of its assets, liabilities, revenues and expenses, including its relative share of jointly controlled assets, liabilities, revenue and expenses.

(c) Change in accounting policy

Atlas has adopted all of the new and revised Accounting Standards and Interpretations issued by the AASB that are relevant to the operations of Atlas and effective for reporting periods beginning on or after 1 July 2013.

The Group applied, for the first time, certain standards and amendments that require restatement of previous financial statements. These include AASB 10 *Consolidated Financial Statements*, AASB 11 *Joint Arrangements*, AASB 119 *Employee Benefits* (Revised 2011), AASB 13 *Fair Value Measurement* and amendments to AASB 101 *Presentation of Financial Statements*.

In addition, the application of AASB 12 *Disclosure of Interests in Other Entities* resulted in additional disclosures in the consolidated financial statements. Several other amendments apply for the first time in 2014 however they do not impact the annual consolidated financial statements of the Group.

The nature and the impact of each new standards and amendments are described below:

(i) AASB 10 *Consolidated Financial Statements*: applicable to annual reporting periods beginning on or after 1 July 2013.

AASB 10 supersedes AASB 127 *Consolidated and Separate Financial Statements* and AASB Interpretation 112 *Consolidation - Special Purpose Entities*. The new standard introduces a new definition of control of an entity, which widens the scope of the standard to include:

- Power over investees to direct activities;
- Exposure to rights to variable returns from investment with investees;
- Ability to use its power over the investee to affect the amount of the investee returns; and
- Does not participate in any decision-making policies including financial or business related strategic decisions.

As a result of AASB 10 *Consolidated Financial Statements*, the Group has changed its accounting policy for determining whether it has control for its investees and consequently whether it consolidates its investees. The Group has completed an analysis to identify whether the widening of the definition of control under AASB 10 *Consolidated Financial Statements* impacts on Atlas' financial statements. The Group has concluded that there is no effect on the classification (as subsidiaries or otherwise) of any of the Group's investees held during the period.

(ii) AASB 11 *Joint Arrangements*: applicable to annual reporting periods beginning on or after 1 July 2013. The new standard uses the principles of control in AASB 10 *Consolidated Financial Statements* to define 'joint control' as being the contractually agreed sharing of control of an agreement, which exists only when the decisions about the relevant activities require the unanimous consent of the parties sharing control. Changes have been made to the categorisation of joint arrangements moving from three to two categories; joint operations and joint ventures.

In addition, it removes the option to account for jointly controlled entities using proportionate consolidation. Instead, accounting for a joint arrangement is dependent on the nature of the rights and obligations arising from the arrangement.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

As a result if AASB 11 *Joint Arrangements*, the Group has changed its accounting policy for its interest in joint arrangements. An assessment was performed on each joint arrangement of the Group as at 30 June 2014. Under the new standard, NWI Pty Limited (NWI) is treated as a joint venture and will continue to be equity accounted. The Mt Webber and Daltons Iron Ore joint arrangements will be treated as a joint operation and Atlas will recognise its share of assets, liabilities, revenue and expenses.

(iii) AASB 12 *Disclosure of interest in Other Entities*: applicable to annual reporting periods beginning on or after 1 July 2013.

AASB 12 *Disclosure of interest in Other Entities* sets out the requirements for disclosures relating to an entity's interests in subsidiaries, joint arrangements, associates and structured entities. The requirements in AASB 12 *Disclosure of interest in Other Entities* are more comprehensive than the previously existing disclosure requirements for subsidiaries.

Some of the more extensive qualitative and quantitative disclosures include:

- Summarised financial information for each subsidiary that has non-controlling interest that are material to the reporting entity;
- Significant judgments used by management in determining control, joint control and significant influence; and
- Nature of risks associated with the entity's interest in unconsolidated structured entities.

As a result of AASB 12 Disclosure of interest in Other Entities, the Group has expanded its disclosures about its interests in associates in Note 14 to the Consolidated Financial Statements. The Group has no unconsolidated structured entities.

(iv) AASB 13 *Fair Value Measurement*: applicable to annual reporting periods beginning on or after 1 July 2013.

AASB 13 *Fair Value Measurement* establishes a single source of guidance under Australian Accounting Standards for all fair value measurements. AASB 13 *Fair Value Measurement* does not change when an entity is required to use fair value, but rather provides guidance on how to measure fair value under Australian Accounting Standards. AASB 13 *Fair Value Measurement* defines fair value as an exit price.

As a result of the guidance in AASB 13 *Fair Value Measurement*, the Group re-assessed its policies for measuring fair values, in particular, its valuation inputs such as non-performance risk for fair value measurement of liabilities. AASB 13 *Fair Value Measurement* also requires additional disclosures and are provided in the individual notes relating to the assets and liabilities whose fair values were determined. Fair value hierarchy is provided in Note 32. AASB 13 *Fair Value Measurement*, has been applied prospectively and no comparative information has been disclosed.

(v) AASB 119 *Employee Benefits*: applicable to annual reporting periods beginning on or after 1 July 2013.

The revision in the standard changes the definition of short term employee benefits. The distinction between short term benefits and other long-term employee benefits is now based on whether the benefits are expected to be settled wholly within twelve months after the reporting date. The Group applied AASB 119 *Employee Benefits* retrospectively in the current period in accordance with the transitional provisions set out in the revised standard. The opening statement of financial position of the earliest comparative period presented (30 June 2013) has not been restated in adopting this new standard.

(vi) Remove Individual Key Management Personnel Disclosures – Amendments to AASB 124 *Related Party Disclosures:* applicable to annual reporting periods beginning on or after 1 July 2013.

This amendment deletes from AASB 124 *Related Party Disclosures* individual key management personnel disclosure requirements for all disclosing entities in relation to equity holdings, loans and other related party transactions.

The adoption of this amendment has transferred the individual key management personnel disclosures (reconciliations of equity holdings, loans and other transactions with key management personnel) from notes of the Consolidated Financial Statements to the Remuneration Report.

(vii) Interpretation 20 *Stripping Costs in the Production Phase of a Surface Mine*: applicable to annual reporting periods beginning on or after 1 July 2013.

The interpretation requires production stripping costs to be capitalised as part of an asset, if an entity can demonstrate that it is probable future economic benefits will be realised, the costs can be reliably measured and the entity can identify the component of an ore body for which access has been improved. The Group has completed an assessment of each component of an ore body held for the earliest

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

comparative period presented (30 June 2013) and the adoption of the Interpretation has not had a material impact on Atlas' financial statements in the current period or comparative period. The opening statement of financial position of the earliest comparative period presented (30 June 2013) has not been restated, as the impacts were not material.

(d) Critical accounting judgements, estimates and assumptions

The carrying amounts of certain assets and liabilities are often determined based on estimates and assumptions of future events. Actual results may differ from these estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future period affected. The key estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of certain assets and liabilities within the next annual reporting period are:

Ore reserve and resource estimates
Ore reserves are estimates of the amount of ore that can be economically and legally extracted from the Group's mining properties. The Group estimates its ore reserves based on information compiled by appropriately qualified persons relating to the geological judgements to interpret the data. The estimation of recoverable reserves is based upon factors such as estimates of commodity prices, future capital requirements, production costs and foreign exchange rates along with geological assumptions and judgements made in estimating the size and grade of the ore body.

The Group estimates and reports ore reserves under the principles contained within the Australasian Code for Reporting Exploration Results, Mineral Resources and Ore Reserves (Revised 2012), known as the JORC Code, which is prepared by the Joint Ore Reserves Committee (JORC) of the Australasian Institute of Mining and Metallurgy, Australian Institute of Geoscientists and Minerals Council of Australia. Changes in the reserve or resource estimates may impact upon the carrying value of exploration and evaluation assets, mine properties, property, plant and equipment, provision for rehabilitation, and depreciation and amortisation charges.

Units of production depreciation
Estimated recoverable reserves are used in determining the depreciation and/or amortisation of mine specific assets. This results in a depreciation/amortisation charge proportional to the depletion of the anticipated remaining life of mine production. Each item's life, which is assessed annually, has regard to both its physical life limitations and to present assessments of economically recoverable reserves of the mine property at which the asset is located. These calculations require the use of estimates and assumptions, including the amount of recoverable reserves and estimates of future capital expenditure.

Provision for rehabilitation costs
The Group assesses its mine rehabilitation provision at each reporting date. Significant estimates and assumptions are made in determining the provision for mine rehabilitation as there are numerous factors that will affect the ultimate liability payable. These factors include estimates of the extent and costs of rehabilitation activities, technological changes, regulatory changes, cost increases and changes in discount rates (2014: 3.54% (2013: 3.42%)). Those uncertainties may result in future actual expenditure differing from the amounts currently provided. The provision at balance date represents management's best estimate of the present value of the future rehabilitation costs required.

Deferred taxation
Deferred income tax assets are only recognised to the extent that it is probable that future profits will be available against which deductible temporary differences can be utilised.

Production start date
The Group assesses the stage of each mine development project to determine when a mine moves into the production stage. The criteria used to assess the start date of a mine are determined based on the unique nature of each mine development project. The Group considers various relevant criteria to assess when the mine is substantially complete, ready for its intended use and moves into the production phase. Some of the criteria include:

- completion of a reasonable period of testing of the mine plant and equipment;
- ability to process iron ore in saleable form; and
- ability to sustain ongoing mining and processing of iron ore.

When a mine development project moves into the production stage, the capitalisation of certain mine development costs ceases and costs are either regarded as inventory or expensed, except for costs related to mining asset additions or improvements and mineable reserve development, which are capitalised. It is also at this point that depreciation/amortisation commences.

Impairment of assets
The Group assesses each asset or cash generating unit (CGU) (excluding goodwill, which is assessed annually regardless of indicators) at each reporting period to determine whether any indication of impairment exists. Where an indicator of impairment exists, a formal estimate of the recoverable amount is made, which is considered to be the higher of the fair value less costs to sell and value in use. These assessments require the use of estimates and assumptions such as long-term commodity prices (considering current and historical prices, price trends and related factors), discount rates, operating costs, future capital requirements, closure and rehabilitation costs, exploration potential, reserves and operating performance (which includes production and sales volumes). These estimates and

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

assumptions are subject to risk and uncertainty. Therefore, there is a possibility that changes in circumstances will impact these projections, which may impact the recoverable amount of assets and/or CGUs. Fair value is determined as the amount that would be obtained from the sale of the asset in an arm's length transaction between knowledgeable and willing parties. Fair value for mineral assets is generally determined as the present value of estimated future cash flows arising from the continued use of the asset, which includes estimates such as the cost of future expansion plans and eventual disposal, using assumptions that an independent market participant may take into account. Cash flows are discounted to their present value using a discount rate that reflects current market assessments of the time value of money and the risks specific to the asset/CGU. The key assumptions used to determine the recoverable amount for the different CGUs, including a sensitivity analysis, are disclosed and further explained in Note 16.

(e) Determination of fair values

A number of the Group's accounting policies and disclosures require the measurement of fair values, for both financial and non-financial assets and liabilities. When measuring fair value of an asset or liability, the Group uses market observable data as far as possible.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest. A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

Fair values are categorised into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities
- Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly
- Level 3: unobservable inputs for the asset or liability

If the inputs used to measure the fair value of an asset or liability might be categorised in different levels of the fair value hierarchy, then the fair value measurement is categorised in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

The Group recognises transfers between levels of the fair value hierarchy at the end of the reporting period during which the change has occurred (refer to Note 32).

(f) Business combinations

Business combinations are accounted for using the acquisition method. The cost of an acquisition is measured as the aggregate of the consideration transferred, measured at acquisition date fair value and the amount of any non-controlling interest in the acquiree. For each business combination, the acquirer elects to measure the components of non-controlling interest that are present ownership interests that entitle their holders to a proportionate share of the entity's net assets in the event of liquidation either at fair value, or at the proportionate share of the acquiree's identifiable net assets. Acquisition costs incurred are expensed and included in business combination expenses. When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date.

If the business combination is achieved in stages, the acquisition date fair value of the acquirer's previously held equity interest in the acquiree is remeasured to fair value as at the acquisition date (being the date the acquirer gains control) through profit or loss.

Any contingent consideration to be transferred by the acquirer will be recognised at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration which is deemed to be an asset or liability, will be recognised in accordance with AASB 139 *Financial Instruments: Recognition and Measurement* either in profit or loss or as change to other comprehensive income. If the contingent consideration is classified as equity, it shall not be remeasured. Subsequent settlement is accounted for within equity. In instances, where the contingent consideration does not fall within the scope of AASB 139, it is measured in accordance with the appropriate AASB.

Goodwill is included in intangible assets and initially measured at cost, being the excess of the aggregate of the consideration transferred and the amount recognised for non-controlling interest over the fair value of the identifiable net assets acquired and liabilities assumed. If this consideration is lower than the fair value of the identifiable net assets of the subsidiary acquired, the difference is recognised in profit or loss.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units that are expected to benefit from the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Group's cash-generating units that are expected to benefit from the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units.

Where goodwill forms part of a cash-generating unit and part of the operation within that unit is disposed of, the goodwill associated with the operation disposed of is included in the carrying amount of the operation when determining the gain or loss on disposal of the operation. Goodwill disposed of in this circumstance is measured based on the relative value of the operation disposed of and the portion of the cash-generating unit retained.

(g) Property, plant and equipment

Each class of property, plant and equipment is carried at cost less, where applicable, any accumulated depreciation and impairment losses.

The carrying amount of plant and equipment is reviewed to ensure it is not in excess of the recoverable amount from these assets. The recoverable amount is assessed on the basis of the expected net cash flows which will be received from the assets employment and subsequent disposal. The expected net cash flows have been discounted to their present values in determining recoverable amounts. The cost of plant and equipment constructed within the Group includes the cost of materials, direct labour, borrowing costs and an appropriate proportion of fixed and variable overheads that are directly attributable to the construction of plant and equipment.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the statement of comprehensive income during the financial period in which they are incurred.

Depreciation

Land is not depreciated but is subject to impairment.

Depreciation of buildings is calculated on a straight-line basis so as to write off the net costs over the expected useful life. The depreciation rate for buildings is between 5% and 10% per annum.

Depreciation of plant and equipment is calculated on a straight-line basis so as to write off the net costs of each asset over the expected useful life or the estimated life of the associated mine, if shorter. The rates vary between 5% and 40% per annum.

The assets' residual values and useful lives are reviewed and adjusted if appropriate, at each balance sheet date.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing proceeds with carrying amount. These are included in the statement of profit or loss and other comprehensive income.

(h) Impairment of assets

Financial assets

A financial asset is assessed at each reporting date to determine whether there is any objective evidence that it is impaired. A financial asset is considered to be impaired if objective evidence indicates that one or more events that occurred after the initial recognition of the asset have had a negative effect on the estimated future cash flows of that asset and that effect can be estimated reliably.

The Group considers evidence for impairment at the specific asset and collective level of assets with similar risk characteristics. An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows discounted at the asset's original interest rate. All impairment losses are recognised in the profit or loss.

Non-financial assets

The carrying amount of the Group's non-financial assets, other than inventories and deferred taxes, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. Goodwill and any intangible assets that have indefinite lives are tested annually for impairment.

The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For the purpose of impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of assets or groups of assets (cash-generating unit).

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

An impairment loss is recognised if the carrying amount of an asset or its related CGU exceeds its estimated recoverable amount. Impairment losses are recognised in the profit or loss. Impairment losses recognised in respect of CGUs are allocated first to reduce the carrying amount of any goodwill allocated to the CGU (group of CGUs), and then to reduce the carrying amounts of the other assets in the CGU (group of CGUs) on a pro rata basis.

An impairment loss in respect of goodwill is not reversed. For other assets, an impairment loss is reversed only to the extent that the asset's carrying amount does not exceed that carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

(i) Exploration and evaluation costs / mining tenements capitalised

Exploration and evaluation costs on an area of interest are written off in the year they are incurred if there is no expectation of commercial viability , apart from acquisition costs, which are carried forward where right of tenure of the area of interest is current, and they are expected to be recouped through sale or successful development and exploitation of the area of interest, or, where exploration and evaluation activities in the area of interest have not reached a stage that permits reasonable assessment of the existence of economically recoverable reserves. Evaluation expenditure on an area of interest, where commercial viability has been established, is capitalised.

Where an area of interest is abandoned, or the Directors decide that it is not commercially viable, any accumulated costs in respect of that area are written off in the financial period the decision is made. Each area of interest is also reviewed at the end of each accounting period and accumulated costs written off to the extent that they will not be recoverable in the future.

(j) Development costs

Mine and port development

Development costs include direct and indirect costs associated with mine infrastructure, pre-production development costs, development excavation, project execution costs and other subsurface expenditure pertaining to that area of interest. Costs related to surface plant and equipment and any associated land and buildings are accounted for as property, plant and equipment. The definition of an area of interest is the area serviced by a given mining operations centre.

Overburden and other mine waste materials are often removed during the initial development of a mine in order to access the mineral deposit. This activity is referred to as development stripping (i.e. overburden and other waste removal). The directly attributable costs (inclusive of an allocation of relevant overhead expenditure) are capitalised as development costs. Capitalisation of development stripping costs ceases when commercial production commences.

Development costs are carried forward in respect of areas of interest in the development phase until commerical production commences. When commercial production commences, carried forward development costs are amortised on a units of production basis over the life of economically recoverable reserves of the area of interest. The Group assesses future capital costs required to bring existing reserves into production and includes an estimate of these costs in the base when calculating amortisation expense.

Development assets are assessed for impairment if facts and circumstances suggest that the carrying amount exceeds the recoverable amount. For the purposes of impairment testing, development assets are allocated to CGUs to which the development activity relates.

Production stripping

Removal of waste material normally continues after commercial production commences and throughout the life of a mine. This activity is referred to as production stripping. The costs of production stripping are capitalised.

Where a mine operates several open pits that are regarded as separate operations for the purpose of mine planning, production stripping costs are accounted for separately by reference to the ore from each separate pit. If however, the pits are highly integrated for the purpose of mine planning, the second and subsequent pits are regarded as extensions of the first pit in accounting for stripping costs. The amount of stripping costs deferred is based on the ratio of waste tonnes mined and ore tonnes mined. Amortisation of the production stripping asset takes place on a unit of production based on the identified component of the ore body which is mined. An identifiable component is a specifc volume of the ore body that is made more accessible by the stripping activity. Significant judgement is required to identify and define these components, and also to determine the expected volumes (e.g. tonnes) of waste to be stripped and ore to be mined in each of these components. The Group assesses future production stripping costs required to bring existing reserves into production and includes an estimate of these costs in the base when calculating amortisation expense.

(k) Care and maintenance

When a mine moves into the care and maintenance stage the costs of maintaining the mine are expensed in the period as incurred unless there are future economic benefits for other operating mines.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(l) Leases

Leases of property, plant and equipment where substantially all the risks and benefits incidental to the ownership of the asset, but not the legal ownership, transfer to the Group, are classified as finance leases. Finance leases are capitalised by recording an asset and a liability at the lower of the amounts equal to the fair value of the leased property, plant and equipment or the present value of the minimum lease payments, including any guaranteed residual values. Lease payments are allocated between the reduction of the lease liability and the lease interest expense for the period. Leased assets are depreciated on a straight line basis over their estimated useful lives.\

Lease payments for operating leases, where substantially all the risks and benefits remain with the lessor, are recognised in the income statement on a straight line basis over the lease term.

(m) Income tax

Income tax expense comprises current and deferred tax. Current and deferred taxes are recognised in profit or loss except to the extent that it relates to a business combination, or items recognised directly in equity or in other comprehensive income.

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the reporting date and any adjustment to tax payable in respect of previous years. Current tax payable also includes any tax liability arising from the declaration of dividends.

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognised for:

- temporary differences on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss;
- temporary differences related to investments in subsidiaries and associates and jointly controlled entities to the extent that it is probable that they will not reverse in the foreseeable future; and
- taxable temporary differences arising on the initial recognition of goodwill.

Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realised simultaneously.

A deferred tax asset is recognised for unused tax losses, tax credits and deductible temporary differences, to the extent that it is probable that future taxable profits will be available against which they can be utilised. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

The Group and its wholly-owned Australian resident entities are part of a tax-consolidated group. As a consequence, all members of the tax-consolidated group are taxed as a single entity. The head entity within the tax-consolidated group is Atlas Iron Limited.

(n) Mineral Resource Rent Tax (MRRT)

MRRT is considered, for accounting purposes, to be a tax based on income. Accordingly, current and deferred MRRT expense is measured and disclosed on the same basis as income tax.

(o) Goods and Services Tax (GST)

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Australian Taxation Office. In these circumstances the GST is recognised as part of the cost of acquisition of the asset or as part of an item of the expense. Receivables and payables in the statement of financial position are shown inclusive of GST. Cash flows are presented in the cash flow statement on a gross basis, except for the GST component of investing and financing activities, which are disclosed as operating cash flows.

(p) Employee benefits

Employee benefits are expensed in the profit or loss and provisions are made for benefits accumulated as a result of employees rendering services up to the reporting date. These benefits include wages and salaries, annual leave, long service leave and related on-costs such as superannuation, workers compensation and payroll tax. The Group's superannuation is a defined contribution plan under which fixed contributions are made to a superannuation fund with no further legal or constructive obligation to pay.

A liability is recognised for the amount expected to be paid under short-term bonus or profit sharing plans if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee, and the obligation can be measured reliably.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Liabilities arising in respect of wages and salaries, annual leave and any other employee benefits expected to be settled within twelve months of the reporting date are measured at their nominal amounts based on remuneration rates which are expected to be paid when the liability is settled. All other employee benefit liabilities are measured at the present value of the estimated future cash outflow to be made in respect of services provided by employees up to the reporting date. In determining the present value of future cash outflows, the market yield as at the reporting date on national government bonds, which have terms to maturity approximating the terms of the related liability, are used.

Share-based payments
The Group provides benefits to employees (including Executive Directors) of the Group in the form of share-based payment transactions, whereby employees render services in exchange for shares or rights over shares ('equity-settled transactions'). Share-based compensation benefits are provided to employees via the Long-Term Incentive Plan (subject to shareholder approval for Executive Directors) and the Free Shares Plan. Information relating to these plans is set out in Note 5.

During the previous financial year, key management personnel and selected direct reports were offered performance rights and share appreciation rights under the Long-Term Incentive Plan. The fair value of the awards granted is measured using a combination of a Black-Scholes option pricing model and a Monte Carlo simulation model, taking into account the terms and conditions upon which the awards were granted. Measurement inputs include share price on measurement date, exercise price of the instrument, expected volatility (based on weighted average historic volatility adjusted for changes expected due to publicly available information), weighted average expected life of the instruments (based on historical experience and general rights holder behaviour), expected dividends, and the risk-free interest rate (based on government bonds). Service and non-market performance conditions attached to the transactions are not taken into account in determining fair value.

The cost of the equity-settled option transactions with employees is measured by reference to the fair value at the date on which they are granted. The fair value is determined using a Black-Scholes option pricing model.

The cost of equity-settled transaction is recognised, together with a corresponding increase in equity, over the period in which the performance conditions are fulfilled, ending on the date on which the relevant employees become fully entitled to the award ('vesting date').

The cumulative expense recognised for equity-settled transactions at each reporting date until vesting date reflects (i) the extent to which the vesting period has expired and (ii) the number of options and rights that, in the opinion of the Directors of the Group, will ultimately vest. This opinion is formed based on the best available information at balance date. No adjustment is made for the likelihood of market performance conditions being met as the effect of these conditions is included in the determination of fair value at grant date.

No expense is recognised for awards that do not ultimately vest, except for awards where vesting is conditional upon a market condition. Where an equity-settled award is cancelled, no further expense is recognised. However, if a new award is substituted for the cancelled award, and designated as a replacement award on the date that it is granted, the cancelled and new award are treated as if they were a modification of the original award.

The Free Shares Plan is administered by the Atlas Iron Employee Share Trust, which is consolidated in accordance with the principals in Note 1(b).

Under the Free Shares Plan, shares issued by the Atlas Iron Employee Share Trust vest immediately on grant date. On this date, the market value of the shares issued is recognised as an employee expense with a corresponding increase in equity.

(q) Revenue recognition
Revenue is measured at the fair value of the consideration received or receivable. The Group recognises revenue when the amount of revenue can be reliably measured, it is probable that future economic benefits will flow to the entity and specific criteria have been met for each of the Group's activities. The amount of revenue is not considered to be reliably measurable until all material contingencies relating to the sale have been resolved.

Sale of goods
Revenue from the sale of goods and disposal of other assets is recognised when persuasive evidence, usually in the form of an executed sales agreement, or an arrangement exists, indicating there has been a transfer of risks and rewards to the customer, no further work or processing is required by the Group, the quantity and quality of the goods has been determined with reasonable accuracy, the price is fixed or determinable and collectability is reasonably assured. This is generally when title passes. The majority of the Group's sales agreements specify that title passes when the product is delivered to the destination specified by the customer, which is typically the vessel on which the product will be shipped. In practical terms, revenue is generally recognised on the bill of lading date, which is the date the commodity is delivered to the shipping agent. These sales agreements also allow for an adjustment to the sales price based on a survey of the goods by the customer (an assay for mineral content), therefore recognition of the sales revenue is based on the most recently determined estimate of product specifications. Revenue is not reduced for royalties and other taxes payable from the Group's production.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Provisional values are recognised on cargos which are provisionally priced at the date of sale. Adjustments to the sale price then occur subsequent to the date of sale based on movements in quoted market prices on which the final price is based, with adjustments reflected in sales and trade receivables. The period between provisional invoicing and final pricing is typically between 60 and 120 days. The revenue adjustment which is embedded within the provisionally priced sale arrangements is measured at fair value and is re-estimated continuously until final pricing is determined. Fair value adjustments, estimated by reference to forward market prices, are recognised as an adjustment to revenue.

(r) Issued capital

Ordinary shares are classified as equity. Any transaction costs arising on the issue of ordinary shares are recognised directly in equity as a reduction of the share proceeds received.

Repurchase and re-issue of ordinary shares (treasury shares)

Own equity instruments that are re-acquired (treasury shares) are recognised at cost including directly attributable incremental costs (net of income taxes) and deducted from equity. No gain or loss is recognised in the consolidated statement of profit or loss and other comprehensive income on the purchase, sale, issue or cancellation of Atlas' own equity instruments. Any difference between the consideration received and the carrying amount, if reissued, is recognised in the share based payments reserve. Shares held by the Atlas Iron Employee Share Trust are disclosed as treasury shares and are deducted from contributed equity.

(s) Earnings per share (EPS)

Basic earnings per share

Basic EPS is calculated as the profit/(loss) attributable to equity holders of the Group, excluding any costs of servicing equity other than ordinary shares, divided by the weighted average number of ordinary shares outstanding during the financial year, adjusted for any bonus elements in ordinary shares issued during the year.

Diluted earnings per share

Diluted EPS adjusts the figures used in the determination of basic EPS to take into account the after income tax effect of interest and other financing costs associated with dilutive potential ordinary shares and the weighted average number of shares assumed to have been issued for no consideration in relation to dilutive potential ordinary shares (share options granted to employees).

(t) Cash and cash equivalents

Cash and cash equivalents include cash on hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of six months or less.

(u) Rehabilitation provision

The Group records the present value of estimated costs of legal and constructive obligations required to restore operating locations in the period in which the obligation is incurred. The nature of these restoration activities includes dismantling and removing structures, rehabilitating mines, dismantling operating facilities, closure of plant and waste sites and restoration, reclamation and re-vegetation of affected areas. The obligation generally arises when the asset is installed or the ground/environment is disturbed at the production location. When the liability is initially recognised, the present value of the estimated cost is capitalised by increasing the carrying amount of the related mining assets. Over time, the discounted liability is increased for the change in present value based on the discount rates that reflect current market assessments and the risks specific to the liability. The periodic unwinding of the discount is recognised in the statement of comprehensive income as a finance cost. Additional disturbances or changes in rehabilitation costs are recognised as additions or charges to the corresponding assets and rehabilitation liability when they occur.

(v) Inventories

Iron ore stockpiles are physically surveyed or estimated and valued at the lower of cost or net realisable value. Net realisable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and costs of selling final product.

Cost is determined by the weighted average method and comprises direct purchase costs and an appropriate portion of fixed and variable overhead costs, including depreciation and amortisation, incurred in converting materials into finished goods. Materials and supplies are valued at the lower of cost or net realisable value. Any provision of obsolescence is determined by reference to specific items of stock. A regular review is undertaken to determine the extent of any provision for obsolescence.

(w) Asstes held for sale

Non-current assets, or disposal groups comprising assets and liabilities, are classified as held-for-sale if it is considered highly probable that they will be recovered principally through sale rather than continued use. Such assets, or disposal groups, are measured at the lower of their carrying value and fair value less costs to sell. Any impairment loss on disposal groups is allocated first to goodwill and then to the remaining assets and liabilities on a pro-rata basis, except that no loss is allocated to inventories, financial assets, deferred tax assets or employee benefits. Impairment losses on initial classification as held-for-sale and subsequent gains and losses on re-measurement are recognised in profit or loss. Whilst classified as held-for-sale, property, plant and equipment, intangibles and mine development are no longer amortised or depreciated, and any equity-accounted investee is no longer equity accounted.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(x) Intangible assets
Intangible assets acquired by the Group, such as port access rights, software and licences that have a finite life are recorded at cost or fair value in business combinations less accumulated amortisation or impairment charges. Amortisation is charged over the useful life of the finite asset according to consumption of benefits.

(y) Port access prepayments
Port access prepayments are initially recognised at cost and amortised over the period of the benefits obtained.

(z) Segment reporting
An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Group's other components. All operating segments' operating results are reviewed regularly by the Board of Directors to make decisions about resources to be allocated to the segment and to assess its performance, and for which discrete financial information is available.

Segment results that are reported to the Board of Directors include items directly attributable to a segment.

Segment capital expenditure is the total cost incurred during the period to acquire property, plant and equipment, and intangible assets other than goodwill.

(aa) Finance income and finance costs
Finance income comprises interest income on funds invested, dividend income, changes in the fair value of financial assets at fair value through profit or loss and gains on hedging instruments that are recognised in profit or loss. Interest income is recognised as it accrues in profit or loss, using the effective interest method.

Finance costs comprise interest expense on borrowings, unwinding of the discount on provisions, changes in the fair value of financial assets at fair value through profit or loss and impairment losses recognised on financial assets.

(bb) Foreign currency transactions
Transactions in foreign currencies are translated to the respective functional currencies of Group entities at exchange rates at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies at the reporting date are retranslated to the functional currency at the exchange rate at that date. The foreign currency gain or loss on monetary items is the difference between amortised cost in the functional currency at the beginning of the period, adjusted for effective interest and payments during the period and the amortised cost in foreign currency translated at the exchange rate at the end of the year. Non-monetary assets and liabilities denominated in foreign currencies that are measured at fair value are retranslated to the functional currency at the exchange rate at the date that the fair value was determined. Non-monetary items in a foreign currency that are measured in terms of historical cost are translated using the exchange rate at the date of the transaction. Foreign currency differences arising on retranslation are recognised in profit or loss.

(cc) Financial instruments
Non-derivative financial assets
The Group initially recognises loans and receivables and deposits on the date that they are originated. All other financial assets (including assets designated at fair value through profit or loss) are recognised initially on the trade date at which the Group becomes a party to the contractual provisions of the instrument.

The Group derecognises a financial asset when the contractual rights to the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows on the financial asset in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred. Any interest in transferred financial assets that is created or retained by the Group is recognised as a separate asset or liability.
Financial assets and liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Group has a legal right to offset the amounts and intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

Derivative financial assets
The Group has the following financial assets: financial assets at fair value through profit or loss.

Financial assets at fair value through profit or loss
A financial asset is classified at fair value through profit or loss if it is classified as held for trading or is designated as such upon initial recognition. Financial assets are designated at fair value through profit or loss if the Group manages such investments and makes purchase and sale decisions based on their fair value in accordance with the Group's documented risk management or investment strategy. Attributable transaction costs are recognised in profit or loss when incurred. Financial assets at fair value through profit or loss are measured at fair value and changes therein are recognised in profit or loss.

Financial assets designated at fair value through profit or loss comprise equity securities that otherwise would have been classified as available for sale and embedded derivatives.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Derivatives, including separated embedded derivatives are also classified as held for trading unless they are designated as effective hedging instruments.

Derivatives embedded in host contracts are accounted for as separate derivatives and recorded at fair value if their economic characteristics and risks are not closely related to those of the host contracts and the host contracts are not held for trading or designated at fair value through profit and loss. These embedded derivatives are initially measured at fair value on the date the derivative contract is entered into and are subsequently re-measured with changes in fair value recognised in profit or loss. Derivatives are recognised as financial assets when the fair value is positive and as financial liabilities when the fair value is negative.

Loans and receivables
Loans and receivables are financial assets with fixed or determinable payments that are not quoted in an active market. Such assets are recognised initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, loans and receivables are measured at amortised cost using the effective interest method, less any impairment losses.

Loans and receivables comprise cash and cash equivalents and trade and other receivables

(dd) Australian Accounting Standards and Interpretations issued but not adopted
The standards and interpretations relevant to Atlas that have not been early adopted are:

(i) AASB 9 *Financial Instruments*: applicable to annual reporting periods beginning on or after 1 July 2018.

This standard includes requirements for the classification and measurement of financial assets resulting from the first part of Phase 1 of the project to replace AASB 139 *Financial Instruments: Recognition and Measurement*. An assessment of the Groups financial assets and liabilities was performed to determine whether the change in standard would affect the classification and measurement of financial instruments currently held. The new standard is not expected to impact the measurement of Atlas' financial assets and liabilities. Additional disclosure requirements will be incorporated on adoption of the standard.

(ii) IFRIC 21 *Levies*: applicable to annual reporting periods beginning on or after 1 July 2014.
The interpretation confirms that the obligating event is the event that triggers the obligation to pay the levy under the legislation (e.g. the entity is operating in a specified market on a specified day, or the entity generates revenue in excess of a threshold), a liability is recognised when the obligating event occurs (e.g. the specified day, or when the entity reaches the threshold revenue amount). The interpretation applies to all levies imposed by governments in accordance with legislation, but excludes income taxes from its scope.

The Interpretation is not expected to materially impact on Atlas' financial statements.

(iii) *Revenue from Contracts with Customers* – IFRS 15

The AASB has yet to issue the Australian equivalent of this Standard. It is expected that the AASB will issue the Australian Accounting Standard that incorporates IFRS 15 *Revenue from Contracts with Customers* without modification, as soon as practicable. Once issued in Australia, the effective date for entities with June year-end, will be reporting period commencing 1 July 2017.

The core principle of IFRS 15 *Revenue from Contracts with Customers* is that an entity recognises revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. An entity recognises revenue in accordance with that core principle by applying the following steps:

- (i) Identify the contract(s) with a customer
- (ii) Identify the performance obligations in the contract
- (iii) Determine the transaction price
- (iv) Allocate the transaction price to the performance obligations in the contract
- (v) Recognise revenue when (or as) the entity satisfies a performance obligation

The Group is in the process of assessing the impact of this standard on the financial statements, which has not yet been finalised.

(ee) Comparative amounts
Certain comparative disclosures have been reclassified to conform to the current year's presentation.

2. OPERATING COSTS

	2014 $'000	2013 $'000
Mining and processing	(262,341)	(196,848)
Haulage	(173,762)	(101,883)
Port *	(120,286)	(78,825)
Shipping	(139,058)	(75,504)
Royalties	(92,011)	(54,281)
Depreciation and amortisation	(202,933)	(93,421)
Inventory write-down	(10,017)	-
Other operating costs	(6,950)	-
	(1,007,358)	(600,762)

*Port costs include the amortisation of contributions made to the Port Hedland Port Authority. Refer to Note 10.

3. IMPAIRMENT LOSS

	2014 $'000	2013 $'000
Undeveloped Horizon 1 and 2 exploration project areas	-	(440,200)
Non-core tenements	(3,178)	(17,933)
Disposal group's mining tenements held for sale impairment	(7,633)	-
Impairment loss on tenements	**(10,811)**	**(458,133)**
Associate impairment	(7,000)	-
Leasehold improvements	(1,011)	-
Impairment loss	**(18,822)**	(458,133)
Income tax benefit on impairment loss	303	127,968
MRRT benefit on impairment loss (net of income tax)	-	70,183
Impairment loss after tax	**(18,519)**	(259,982)

The Company has performed an assessment of indicators of impairment as at 30 June 2014. The Company considers the relationship between its market capitalisation and its book value, among other factors, when reviewing for indicators of impairment. As at 30 June 2014, the market capitalisation of the Company was below the book value of its net assets, indicating a potential trigger for impairment of assets.

A full assessment of impairment of assets was completed and following is the results of that assessment:

Undeveloped Horizon 1 and 2 exploration project areas
The recoverable amounts of the undeveloped Horizon 1 and 2 exploration project areas have been 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. 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 $3,178,000 (2013: $17,933,000) 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 of or surrendered.

Associate impairment
An impairment loss of $7,000,000 (2013: nil) has been recognised to re-state Atlas' investment in Centaurus Metals Limited (CTM) to Atlas' equivilant share of CTM's market value as at 30 June 2014.

Disposal group held for sale
An impairment loss of $7,633,000 (2013: nil) has been recognised in relation to the Shaw River disposal group held for sale to recognise the loss resulting from the sale announced to the market on 13 August 2014. Refer to Note 13.

4. ACQUISITION OF SUBSIDIARY

2013 - Acquisition of Shaw River Manganese Limited
During the prior period, 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 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 was 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:

	Fair Value $'000
Cash and cash equivalents	2,899
Trade and other receivables	4,833
Prepayments	122
Property, plant and equipment	1,146
Mining tenements capitalised	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**

(a) 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.
(b) The value of the share subscription in relation to the capital raising is based on the offer price of $0.018 per share

Transactions separate from the acquisition
In the period of ownership from 29 August 2012 to 30 June 2013, Shaw River contributed net finance costs of $342,000 and a net loss before tax of $6,203,000 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 current statement of comprehensive income. In determining these amounts, management has assumed that the fair value adjustments that arose on the date of acquisition would have been the same if the acquisition had occurred on 1 July 2012.

4. ACQUISITION OF SUBSIDIARY (CONTINUED)

Gain on bargain purchase
A gain on bargain purchase was recognised, as a result of the acquisition as follows:

	$'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.

30 June 2014
As at 30 June 2014, the Group's 53.45% interest in Shaw River's assets and liabilities have been reclassified as disposal group held for sale. Refer to Note 13.

5. SHARE BASED PAYMENTS

Employee and contractors option plan
The Group has historically provided benefits to its employees (including Directors) and contractors in the form of share based payment transactions, whereby options to acquire ordinary shares were issued as an incentive to improve employee and shareholder goal congruence. No options were issued in the current financial year.

Options granted carry no dividend or voting rights. When exercisable, each option is convertible into one ordinary share of the Group with full dividend and voting rights.

Set out below are summaries of the options granted:

	2014		2013	
	Number of options	**Weighted average Exercise price**	Number of options	Weighted average Exercise price
Outstanding at the beginning of the year	13,195,000	2.69	16,700,000	2.69
Exercised	-	-	(225,000)	1.49
Cancelled/lapsed	(1,510,000)	1.93	(3,280,000)	2.77
Outstanding at year end	**11,685,000**	**2.79**	13,195,000	2.69
Exercisable at year end	**11,685,000**	**2.79**	13,195,000	2.69

The weighted average remaining contractual life of share options outstanding at the end of the period was 0.91 years (2013: 1.75 years), and the exercise prices range from $2.05 to $4.20. The weighted average price of shares at the date of exercising options was $1.40 in 2013. There have been no options exercised during 2014.

5. SHARE BASED PAYMENTS (CONTINUED)

Unexercised options at the end of the financial year

Exercise price	**Expiry date**	**2014 Number of options ('000)**
$2.01 to $3.00	30 September 2014 to 30 June 2015	11,080
$3.01 to $4.00	31 December 2014 to 31 March 2015	505
$4.01 to $5.00	31 December 2015	100
End of the financial year		**11,685**

Exercise price	Expiry date	2013 Number of options ('000)
$1.01 to $2.00	30 September 2013 to 31 December 2013	970
$2.01 to $3.00	30 September 2013 to 30 June 2015	11,620
$3.01 to $4.00	31 December 2014 to 31 March 2015	505
$4.01 to $5.00	31 December 2015	100
End of the financial year		13,195

Unvested unlisted performance and share appreciation rights under the Long-Term Incentive Plan (LTIP)
On 2 December 2013 (2013: 20 December 2012), Key Management Personnel (KMP) and selected direct reports were granted performance rights and share appreciation rights. In 2014, the Board approved the removal of the original internal Iron Ore Shipping (IOS) target and replaced it with an Earnings Per Share (EPS) target. Both rights are subject to a Total Shareholder Return (TSR) hurdle as well an EPS target, with equal weightings for each hurdle.

No performance rights or share appreciation rights will vest until after an employee receives a vesting notification from the Board, advising them in writing the number of Long-Term Incentive (LTI) awards that have vested and the manner in which the awards will be settled, that is, cash or shares. Performance rights and share appreciation rights not vested on the vesting date, (30 June 2016 for LTIP granted on 2 December 2013 and 30 June 2015 for LTIP granted on 30 December 2012) will automatically lapse and be forfeited in accordance with the LTIP rules. LTI awards that vest to any Executive Director cannot be settled in equity without prior shareholder approval.

Share appreciation rights	**2014 Number of rights**	2013 Number of rights
Balance at 1 July	2,429,185	1,209,520
Granted during the year	5,199,712	1,795,200
Forfeited during the year	(176,355)	(575,535)
Balance at 30 June	**7,452,542**	2,429,185

Performance rights	**2014 Number of rights**	2013 Number of rights
Balance at 1 July	1,156,606	624,472
Granted during the year	2,193,771	807,700
Forfeited during the year	(80,330)	(275,566)
Balance at 30 June	**3,270,047**	1,156,606

5. SHARE BASED PAYMENTS (CONTINUED)

2014
The fair value of the services received in return for performance rights and share appreciation rights granted on 2 December 2013 is based on the fair value of rights granted, measured using a Black-Scholes and Monte-Carlo simulation models, incorporating the probability of the relative TSR vesting conditions being met, with the following inputs:

	Performance rights		Share appreciation rights	
Performance measure	EPS*	TSR	EPS*	TSR
Vesting conditions	See below	See below	See below	See below
Test date	30 June 2016	30 June 2016	30 June 2016	30 June 2016
Performance period	1 July 2013 to 30 June 2016	1 July 2013 to 30 June 2016	1 July 2013 to 30 June 2016	1 July 2013 to 30 June 2016
Share price at grant date	N/A	N/A	$1.15	$1.15
Share price to determine number allocated (exercise price)	N/A	N/A	$1.16	$1.16
Remaining life	2 years	2 years	2 years	2 years
Risk free rate	3.10%	3.10%	3.10%	3.10%
Volatility	55%	55%	55%	55%
Dividend yield	3%	3%	3%	3%
Fair value on grant date	$1.07	$0.94	$0.37	$0.36

*Was originally IOS target which was replaced with an EPS target approved by the Board.

Vesting conditions

Total Shareholder Return (TSR)
The TSR scorecard will be determined based on the percentile ranking of the Company's TSR results, relative to the TSR of each of the companies in the comparator group over the same performance period. The comparator group currently comprises selected constituents of the S&P ASX 300 Metals & Mining Index. The vesting schedule for the incentives subject to relative TSR testing and is as follows:

Relative TSR performance	TSR Scorecard
< 50^{th} percentile	Nil
Between 50^{th} and 75^{th} percentile	Pro rata between 50% and 100%, ie between 0.5 and 1
$\geq 75^{th}$ percentile	100%, ie 1

The hurdle price of the share appreciation rights, for the purposes of TSR, is equivalent to the 30 day volume weighted average share price at the commencement of the performance period. The hurdle price of the share appreciation rights for the 2013 offer was calculated at $1.16 per right (2012 offer was $2.04 per right).

Earnings Per Share (EPS)
The EPS Scorecard will be determined based on the portion of Atlas' pre-tax underlying profit that is allocated to one share for the financial year ending.

5. SHARE BASED PAYMENTS (CONTINUED)

2013
The fair value of the services received in return for performance rights and share appreciation rights granted on 20 December 2012 is based on the fair value of rights granted, measured using a Black-Scholes and Monte-Carlo simulation models, incorporating the probability of the relative TSR vesting conditions being met, with the following inputs:

	Performance rights		**Share appreciation rights**	
Performance measure	IOS	TSR	IOS	TSR
Vesting conditions	See below	See below	See below	See below
Test date	30 June 2015	30 June 2015	30 June 2015	30 June 2015
Performance period	1 July 2012 to 30 June 2015	1 July 2012 to 30 June 2015	1 July 2012 to 30 June 2015	1 July 2012 to 30 June 2015
Share price at grant date	N/A	N/A	$1.49	$1.49
Share price to determine number allocated (exercise price)	N/A	N/A	$2.04	$2.04
Remaining life	2 years	2 years	2 years	2 years
Risk free rate	2.75%	2.75%	2.75%	2.75%
Volatility	55%	55%	55%	55%
Dividend yield	2%	2%	2%	2%
Fair value on grant date	$1.42	$0.76	$0.35	$0.32

Vesting conditions

Total Shareholder Return (TSR)
The TSR scorecard will be determined based on the percentile ranking of the Company's TSR results, relative to the TSR of each of the companies in the comparator group over the same performance period. The comparator group currently comprises selected constituents of the S&P ASX 300 Metals & Mining Index. Where relative TSR performance is:

Relative TSR performance	TSR Scorecard
< 50^{th} percentile	Nil
Between 50^{th} and 75^{th} percentile	Pro rata between 50% and 100%, ie between 0.5 and 1
≥ 75^{th} percentile	100%, ie 1

The hurdle price of the share appreciation rights, for the purposes of TSR, is equivalent to the 30 day volume weighted average share price at the commencement of the performance period. The hurdle price of the share appreciation rights for the 2012 offer was calculated at $2.04 per right (2011 offer was $3.04 per right).

Iron Ore Shipping (IOS)
The IOS Scorecard will be determined based on the number of tonnes of iron ore shipped or exported by the Company during the last year of the performance period. The iron ore shipping target for the performance period is 12.7Mt shipped during the financial year ending 30 June 2015. Where the IOS performance is:

Relative IOS performance	IOS Scorecard
≤ 10 Mt	Nil
> 10Mt <12.7Mt	Pro rata between 20% and 100%
≥ 12.7Mt	100%

Free share plan
During the year the company has offered to eligible employees a share plan whereby fully paid ordinary shares may be granted by the company to eligible employees for no cash consideration. All Australian resident permanent employees who have completed 12 months continuous service as at the qualifying date are eligible to participate in the plan. Employees may elect not to participate in the plan.

The employee share scheme is administered by the Atlas Iron Employee Share Trust. The Trust is consolidated in accordance with Note 1(b). Shares issued by the Trust to employees are acquired on-market prior to issue. Shares held by the Trust and not yet issued to employees at the end of the reporting period are recorded as treasury shares in the financial statements (refer Note 23(b-d)).

5. SHARE BASED PAYMENTS (CONTINUED)

Under the plan, eligible employees may be granted up to $1,000 of fully paid ordinary shares in Atlas Iron Limited annually for no cash consideration. The number of shares issued under the plan is the weighted average price that the Company's shares are traded on the ASX during the 5 days up to and including the final day of the offer period. The shares are recognised in the balance sheet as an issue of treasury shares by the Trust and as a part of employee benefits expense when the shares are granted.

Shares issued under the plan are subject to trading restrictions and may not be sold until the earlier of three years after the date of allocation or cessation of employment by the Group. In all other respects the shares rank equally with other fully paid ordinary shares.

	2014	2013
	'000	'000
Number of shares granted under the plan to participating employees	175	-

Each participant was issued with shares worth up to $1,000 based on the weighted market price of $0.92.

Total expenses arising from share-based payment transactions recognised during the period as a part of employee benefit expense were as follows:

	2014	2013
	$'000	$'000
Expenses arising from share-based payment transactions		
Share options	-	(357)
Free share plan	(368)	-
Performance and share appreciation rights	(2,045)	(912)
Total	**(2,413)**	(1,269)

6. ADMINISTRATIVE EXPENSES

	2014	2013
	$'000	$'000
Salaries and benefits*	(15,993)	(18,069)
Corporate expenses	(3,845)	(5,382)
Consultancy expenses	(10,025)	(9,033)
Building and properties	(6,768)	(7,332)
Other expenses	(2,132)	(2,177)
	(38,763)	(41,993)

Expenses comprise costs for both corporate activities and shared services.

* Contributions of $4,304,000 were made during the year (2013: $4,181,000) to defined contribution plans.

7. NET FINANCE INCOME/(EXPENSE)

	2014 $'000	2013 $'000
Interest income	8,608	13,049
Interest accretion	1,774	3,306
Finance income	**10,382**	16,355
Interest expense – Term Loan B	(26,235)	(16,041)
Amortisation of debt establishment costs	(4,414)	(2,434)
Other finance expenses	(4,556)	(552)
Finance expense	**(35,205)**	(19,027)

8. INCOME TAX

	2014 $'000	2013 $'000
The major components of income tax are:		
Deferred income tax		
Relating to origination and reversal of temporary differences	5,056	(122,369)
Adjustments in respect to prior year	(836)	(3,055)
Deferred MRRT:		
Relating to origination and reversal of temporary differences	(41,321)	(124,186)
Income tax benefit on MRRT	12,396	37,256
Tax benefit reported in the consolidated statement of profit or loss and other comprehensive income	**(24,705)**	(212,354)

A reconciliation between tax benefit and the product of accounting loss before income tax multiplied by the Group's applicable income tax rate is as follows:

	2014 $'000	2013 $'000
Accounting loss before income tax	(10,453)	(457,426)
At the Group's statutory income tax rate of 30% (2013: 30%)	(3,136)	(137,228)
Impairment on tenements	954	9,299
Other non-deductible	2,454	3,063
Equity accounting for share of loss of associates and joint ventures	1,049	2,583
Loss on sale of investment	-	1,106
Impairment on equity accounted investee	2,100	-
Fair value adjustments on acquisition of subsidiaries	-	(353)
Adjustment in respect of prior year	(836)	(3,055)
Current year losses not brought to account	1,635	(839)
MRRT:		
MRRT benefit	(41,321)	(124,186)
Income tax expense on MRRT	12,396	37,256
Income tax benefit reported in the consolidated statement of profit or loss and other comprehensive income	**(24,705)**	(212,354)

8. INCOME TAX (CONTINUED)

Deferred income tax — **Statement of financial position**

	2013 $'000	Recognised in profit or loss	Equity	**2014 $'000**
Deferred income tax at 30 June relates to the following:				
CONSOLIDATED				
Deferred income tax liabilities (DTL)/Deferred income tax assets (DTA)				
Port access rights	(22,762)	2,041	-	(20,721)
Mining tenements capitalised	(155,737)	4,963	718	(150,056)
Mine development costs	(33,664)	(50,911)	-	(84,575)
Prepayments and accruals	1,612	(62)	-	1,550
Other assets	8,483	(4,120)	47	4,410
Cash and interest bearing loans	7,227	(8,664)	-	(1,437)
Plant and equipment	535	1,586	-	2,121
Evaluation expenditure – reserve development	294	(10,180)	-	(9,886)
Provisions	11,093	10,854	-	21,947
Employee benefits	1,111	355	-	1,466
Movement in recognised tax losses	245,781	49,917	-	295,698
Gross deferred income tax assets	63,973	(4,221)	765	60,517
DTA arising from MRRT DTL	12,396	(12,396)	-	-
Net deferred income tax liabilities (DTL)/ tax asset DTA	76,369	(16,617)	765	60,517
Deferred tax liability arising from MRRT (Mining tenements capitalised)	(41,321)	41,321	-	-
	35,048			**60,517**
Transfer to disposal group held for sale (Refer to Note 13)				6,486
Total				**67,003**

8. INCOME TAX (CONTINUED)

Deferred income tax — **Statement of financial position**

	2012 $'000	Recognised in profit or loss	Business combination	Equity	**2013 $'000**
Deferred income tax at 30 June relates to the following:					
CONSOLIDATED					
Deferred income tax liabilities (DTL)/Deferred income tax assets (DTA)					
Port access rights	(23,599)	837	-	-	(22,762)
Mining tenements capitalised	(275,173)	126,684	(8,165)	917	(155,737)
Mine development costs	(17,822)	(15,842)	-	-	(33,664)
Prepayments and accruals	5,529	(3,916)	-	-	1,613
Other assets	4,037	4,445	-	-	8,482
Cash and interest bearing loans	284	6,943	-	-	7,227
Plant and equipment	140	395	-	-	535
Evaluation expenditure – reserve development	-	294	-	-	294
Provisions	7,805	3,288	-	-	11,093
Employee benefits	958	153	-	-	1,111
Movement in recognised tax losses	243,638	2,143	-	-	245,781
Gross deferred income tax assets	(54,203)	125,424	(8,165)	917	63,973
DTA arising from MRRT DTL	49,652	(37,256)	-	-	12,396
Net deferred income tax liabilities (DTL)/ tax asset DTA	(4,551)	88,168	(8,165)	917	76,369
Deferred tax liability arising from MRRT (Mining tenements capitalised)	(165,507)	124,186	-	-	(41,321)
Total	(170,058)				35,048
Recognised as:					
Deferred tax asset	-				83,619
Deferred tax liability	(170,058)				(48,571)
	(170,058)				35,048

The above disclosures have been prepared based on the tax consolidated group.

The Group has recognised revenue tax losses of $985,660,000 (2013: $819,270,000). Included in this carried forward tax loss balance is $835 million of losses that arose as a result of a tax deduction claimed for tenements acquired as part of the acquisition of Giralia Resources and were first used for exploration. The Group has proactively engaged with the ATO to confirm the claim and has now received confirmation that the deduction is available and the claimed value of $835 million continues to form part of Atlas' carried forward tax loss pool.

The Group has additional unrecognised tax losses of $208,150,000 (2013: $208,150,000) that were transferred to the tax consolidated group as a result of previous corporate acquisitions. Although these losses may be available for offset against future profits, these losses have not been recognised due the low available fraction that applies to their use.

The Group has an unrecognised MRRT benefit of $1,683,000,000 (gross) (2013: $1,680,000,000) arising in Australia that is available for offset against future profits subject to the MRRT. This relates to carried forward royalty allowances and the MRRT starting base of $1,953,000,000, partially offset by the accounting carrying value of the relevant projects. The Group is of the view that the realisation of the MRRT benefit is not probable as it is subject to significant uncertainty. As at 30 June 2014, the Group has not recognised any benefit in respect of MRRT.

9. DIVIDENDS PAID AND PROPOSED

Declared and paid during the year:

	2014 $'000	2013 $'000
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
Dividends declared on ordinary shares:		
Final unfranked dividend for 2014: 2.0 cents per share (2013: 3.0 cents per share)	**18,314**	27,272

*Varies from prior year estimate due to options exercised between dividend declaration and record date.

The dividend franking account has a nil balance as at 30 June 2014 (2013: nil).

10. PREPAYMENTS

	2014 $'000	2013 $'000
Current	20,110	29,703
Non-current	17,395	34,608
	37,505	64,311

Previously, 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 have been recouped against port handling charges since the berth commissioning in September 2010 and will continue to be recouped on future tonnes shipped. In the current year, the Group recouped $14,926,000 (2013: $6,265,000). Disclosed within Prepayments - Current is the amount expected to be recouped within the next 12 months, being $5,289,000 (2013: $5,806,000).

In the 2012 financial year the Group entered into a long-term infrastructure sharing agreement for Wodgina operations. As part of this arrangement the Group contributed a total of $59,730,000. An expense of $10,635,000 was recognised during the current financial year (2013: $17,264,000). Disclosed within Prepayments – Current is the amount expected to be recouped within the next 12 months, being $9,076,000 (2013: $16,920,000).

11. TRADE AND OTHER RECEIVABLES

	2014 $'000	2013 $'000
Current		
Trade receivables*	46,846	30,833
Security deposits**	22,077	2,194
Related party receivables	552	4,869
Loan receivable from joint arrangements (Note 30)	8,690	-
	78,165	37,896
Non–current		
Security deposits**	9,971	31,880
Loan receivable from joint arrangements (Note 30)	31,577	21,490
Other	-	8
	41,548	53,378

* Includes trade receivables past due but not impaired of nil (2013: $196,000).
** Security deposits represent cash backing for exploration and mining bonds, office bonds, bank guarantee and a credit card facility.

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 $31,960,836 (2013: $35,650,000).

12. INVENTORIES

	2014 $'000	2013 $'000
Current		
Consumables – at cost	139	183
Work in progress – at cost	5,118	37,141
Work in progress – at net realisable value	35,993	-
Finished goods – at cost	4,870	8,826
Finished goods – at net realisable value	7,305	-
Total current inventories	**53,425**	46,150

Write downs of inventories to net realisable value recognised as an expense during the year ended 30 June 2014 amounted to $10,017,000 (2013: nil). The expense has been included in operating costs in the consolidated statement of profit or loss and other comprehensive income. (Refer to Note 2).

13. DISPOSAL GROUP AND ASSETS HELD FOR SALE

	2014 $'000	2013 $'000
Disposal group held for sale	4,738	-
Mining and exploration tenements held for sale	15,000	-
	19,738	-
Disposal group and assets held for sale breakdown:		
Disposal group and assets held for sale	29,896	-
Disposal group liabilities held for sale	(7,534)	-
Disposal group reserves held for sale	1,164	-
Disposal group non-controlling interest	(3,788)	-
	19,738	-

Assets and liabilities of Disposal group held for sale

At 30 June 2014, the assets and liabilities of disposal group held for sale comprise the Group's 53.45% interest in Shaw River Manganese Limited (Shaw), which Atlas acquired control of on 29 August 2012 (refer to Note 4). An agreement was signed on 13 August 2014 for Atlas to sell a 9.69% interest in Shaw. In addition, Atlas has granted an option (subject to approval of Shaw's shareholders and approval under the Namibian Competition Act) for Bryve to acquire Atlas' remaining stake in Shaw within the next six months. As part of this transaction Atlas has varied the interest rate accruing on Atlas' historical loans to Shaw (the principal of which is $4,950,000) to 6% per annum and extended the term to 5 years, with the Atlas loan to receive priority of repayments from up to 40% of operational cash flow generated from Shaw's Otjozondu project. As a result of the Group's decision to divest its interest in Shaw, an impairment loss of $7,633,000 has been recognised. Refer to Note 3.

The Disposal group held for sale is stated at the lower of fair value less costs to sell or carrying value and comprised the following assets and liabilities:

13. DISPOSAL GROUP AND ASSETS HELD FOR SALE (CONTINUED)

	2014 $'000	2013 $'000
ASSETS		
Cash	331	-
Receivables	204	-
Prepayments	27	-
Investment in equity accounted investees	384	-
Property, plant and equipment	305	-
Mining tenements capitalised	13,645	-
LIABILITIES		
Trade and other payables	(353)	-
Employee benefits	(114)	-
Provisions	(581)	-
Deferred tax liability	(6,486)	-
Disposal group net assets held for sale	**7,362**	-
EQUITY		
Reserves	1,164	-
Non-controlling interest	(3,788)	-
Disposal group held for sale	**4,738**	-

Mining and exploration tenements
In June 2014, Atlas is expecting to sell a group of non-core mining and exploration tenements in the mid-west region of Western Australia. A Memorandum of Understanding was reached with an interested party to undertake due diligence and for the parties to negotiate with the intention of entering into a binding sale arrangement in respect of the tenements. As a result, an impairment losses of $1.7M has been recognised to write down these tenements to their fair value less cost to sell. Previously the mining and exploration tenements were accounted for as mining tenements capitalised. Refer to Note 19.

14. INVESTMENT IN EQUITY ACCOUNTED INVESTEES

	2014 $'000	2013 $'000
Investment in joint venture	27,211	26,169
Investment in associates	3,411	13,246
	30,622	39,415
The share of gain/(loss) of equity accounted investees is represented by:		
Share of loss of associate	(3,778)	(6,771)
Share of gain/(loss) of joint venture	729	(2,091)
Total share of loss of equity accounted investees	**(3,049)**	(8,862)

(i) Investment in joint venture

Name of entity	Principal activity		Ownership interest 2014 %	Ownership interest 2013 %
NWI Pty Limited	Port development	Joint Venture	**63.00**	63.00

14. INVESTMENT IN EQUITY ACCOUNTED INVESTEES (CONTINUED)

Significant judgements and assumptions
The Group has an interest of 63.00% in NWI Pty Ltd (NWI); however it does not have control under the AASB 10 *Consolidation of Financial Statements* definition, as decisions cannot be made without the unanimous approval of all shareholders as stated in the Corporate Governance Agreement. No individual shareholder controls NWI.

Summarised financial information for NWI is set out below. The following table summarises the financial information of NWI as disclosed in its own financial statements, adjusted for fair value adjustments at acquisition and differences in accounting policies. The table also reconciles the summarised financial information to the carrying amount of the Group's interest in NWI.

	2014 $'000	2013 $'000
Financial position as at 30 June		
Current assets	421	413
Non-current assets	137	163
Total assets	**558**	576
Current liabilities	(692)	(390)
Non-current liabilities	(27,908)	(28,848)
Net liabilities	**(28,042)**	(28,662)
Group share of net liabilities	**(17,666)**	(18,057)
Port rights recognised by Atlas on acquisition	32,170	32,170
Other adjustments	12,707	12,056
Carrying amount of the investment in NWI	**27,211**	26,169
Financial performance for period ending 30 June		
Total revenue	9	22
Total expenses	(6,008)	(7,462)
Total loss for the year after tax	(5,999)	(7,440)
Group's share of joint venture loss*	(497)	(2,091)
Group's share of joint venture fair value gain/(loss) on loan	1,226	(918)
Group's share of joint venture commitments	(38)	(38)

*The Group's share of loss includes adjustments to align with Atlas' accounting policies.

No dividends were received from NWI during the years 2013 and 2014.
The joint venture had no contingent liabilities as at 30 June 2014 and 2013.

(ii) Investment in associates

	2014 $'000	2013 $'000
Carrying value of interest in associates	**3,411**	13,246
Share of:		
- Loss from continuing operations	(3,778)	(6,771)
- Other comprehensive income	124	489
	(3,654)	(6,282)

Name of entity	**Principal activity**		**Ownership interest 2014 %**	**2013 %**
Centaurus Metals Limited	Iron ore exploration	Associate	[1]**20.97**	19.85
Kalamazoo Resources Pty Ltd	Mineral exploration	Associate	[2]**25.10**	25.10

14. INVESTMENT IN EQUITY ACCOUNTED INVESTEES (CONTINUED)

Significant judgements and assumptions

[1] Centaurus Metals Limited (Centaurus) has a financial year end at 31 December to synchronise with its Brazilian operations. During the period, the Group participated in Centaurus fundraising which increased its current interest to 21.34%. Atlas' consideration for the fundraising was $1,500,000. A change in shares on issue subsequent to the fundraising has reduced the Group's interest by 0.37% to 20.97%. The Group recognised a $7,000,000 impairment, based on a market price of $0.07 at 30 June 2014, to write down the carrying value of its investment to fair value.

[2] The Groups' equity interest in Kalamazoo Resources Pty Ltd is held through subsidiary Shaw River at 25.10%. Investment in Kalamazoo Resources Pty Ltd has been transferred to disposal group held for sale. Refer to Note 13 for further details.

15. PROPERTY, PLANT AND EQUIPMENT

		2014 **$'000**	2013 $'000
At cost		184,996	116,689
Accumulated depreciation		(41,153)	(22,802)
	15(a)	**143,843**	93,887

(a) Movements in carrying amounts

Movement in the carrying amounts for each class of property, plant and equipment between the beginning and end of the current financial year.

Property		
Carrying amount at beginning	14,724	24,916
Transfers	1,068	(3,605)
Additions		
- Buildings	323	268
- Under construction	705	1,751
Reimbursement of office fit-out	-	(5,717)
Depreciation expense	(2,720)	(2,889)
Transfers to disposal group held for sale (Note 13)	(154)	-
Carrying amount at end	**13,946**	14,724
Plant and equipment		
Carrying amount at beginning	14,910	6,498
Transfers	115,288	4,937
Additions	17,941	6,439
Additions from business combinations (Note 4)	-	1,146
Disposals	(115)	(253)
Transfers to disposal group held for sale (Note 13)	(150)	-
Depreciation expense	(16,966)	(3,857)
Impairment loss (Note 3)	(1,011)	-
Carrying amount at end	**129,897**	14,910
Assets under construction		
Carrying amount at beginning	64,253	-
Transfers	(64,253)	-
Additions	-	64,253
Carrying amount at end	**-**	64,253
Total	**143,843**	93,887

16. INTANGIBLES

		2014 $'000	2013 $'000
At cost		149,396	148,898
Accumulated amortisation		(14,049)	(7,844)
	16(a)	**135,347**	141,054

(a) Movements in carrying amounts
Movement in the carrying amounts for each class of intangible assets between the beginning and end of the current financial year.

	2014 $'000	2013 $'000
Goodwill		
Carrying amount at beginning	60,777	60,777
Carrying amount at end	**60,777**	60,777
Port access rights		
Carrying amount at beginning	75,838	78,291
Amortisation expense	(4,247)	(2,453)
Carrying amount at end	**71,591**	75,838
Other		
Carrying amount at beginning	4,439	4,566
Additions	1,402	2,457
Transfers	107	
Amortisation expense	(2,969)	(2,584)
Carrying amount at end	**2,979**	4,439
	135,347	141,054

For impairment testing, goodwill is allocated to the Group's singular operating segment (Note 31). The recoverable amount was measured using a combination of life-of-mine value in use calculations, which was determined by discounting future cash flows of the business and fair value, which in turn was determined by other valuation methodologies including resource multiples. No impairment losses were recognised.

Key assumptions contained in future cash flows are based on external sources of information where available, or reflect past experience and include forward iron ore price and foreign exchange rates (based on external market analysis), discount rates, reserves and resources, production volumes and operating costs and capital expenditure. Reserve multiples are observed from external sources. The nominal pre-tax discount rate applied to cash flow projections ranged from 15 – 17%.

Increases in the discount rates or changes in other key assumptions, such as iron ore pricing, operating costs or market conditions, may cause the carrying values of cash generating units to exceed their recoverable amounts. The Directors' believe that no reasonably possible change in any of the above key assumptions would cause the carrying value of the cash generating unit to materially exceed its recoverable amount due to existing headroom.

17. MINE DEVELOPMENT COSTS

	2014 $'000	2013 $'000
At cost	844,666	575,118
Accumulated amortisation	(329,509)	(161,364)
	515,157	413,754

17. MINE DEVELOPMENT COSTS (CONTINUED)

	2014 $'000	2013 $'000
Mine development cost breakdown:		
Carrying amount at beginning	413,754	174,364
Additions	301,202	205,855
Reassessment of rehabilitation asset	22,146	25,374
Transfers from mining tenements capitalised	3,124	92,820
Transfers (to)/from evaluation expenditure - reserve development	(4,785)	1,552
Transfers to property, plant and equipment	(52,139)	(1,332)
Amortisation	(168,145)	(84,879)
Carrying amount at end	**515,157**	413,754

18. EVALUATION EXPENDITURE – RESERVE DEVELOPMENT

	2014 $'000	2013 $'000
Evaluation expenditure – reserve development	49,615	10,870
Evaluation expenditure – reserve development breakdown:		
Carrying amount at beginning	10,870	7,529
Additions	31,544	13,194
Impairment (Note 3)	-	(8,301)
Transfer from mine tenement acquisition costs	2,416	-
Transfer from/(to) mine development costs	4,785	(1,552)
Carrying amount at end	**49,615**	10,870

19. MINING TENEMENTS CAPITALISED

	2014 $'000	2013 $'000
Tenement acquisition costs	**716,874**	764,704
Tenement acquisition cost breakdown:		
Carrying amount at beginning	764,704	1,282,003
Additions from business combination (Note 4)	-	27,302
Other acquisition	350	3,943
Disposals	-	(2,454)
Impairment (Note 3)	(10,811)	(449,832)
Other	-	(1,024)
Transfers to reserve development costs	(2,416)	-
Transfers to mine development costs	(3,124)	(92,820)
Transfers to assets held for sale (Note 13)	(15,000)	-
Transfers to disposal group held for sale (Note 13)	(13,645)	-
Foreign exchange difference	(3,184)	(2,414)
Carrying amount at end	**716,874**	764,704

The ultimate recoupment of costs carried forward for exploration and evaluation phases is dependent on the successful development and commercial exploitation or sale of the respective mining areas.

20. TRADE AND OTHER PAYABLES

	2014 $'000	2013 $'000
Current		
Trade payables*	25,749	50,887
Accrued expenses	102,872	69,253
Royalty payable	18,846	18,149
Provisional pricing and rebates payable	33,025	26,626
Other payables	7,259	1,373
	187,751	166,288
Non-current		
Other payables and accruals	**-**	1,311
	-	1,311

*Trade payables are non-interest bearing and are normally settled on a 30-day basis.

21. INTEREST BEARING LOANS AND BORROWINGS

	2014 $'000	2013 $'000
Current		
Unsecured pre-export finance facility	14,331	9,703
Secured debt facility	2,920	2,965
	17,251	12,668
Non-current		
Secured debt facility	284,634	292,049
Borrowing costs	(13,529)	(17,279)
	271,105	274,770

On 10 December 2012, Atlas entered into a Term Loan B facility of US$275,000,000 which was fully drawn. The term of the facility is 5 years with an interest rate of LIBOR plus 7.50% (LIBOR floor of 1.25%). The facility is secured over all assets of Atlas and each material subsidiary subject to agreed exceptions and in some certain circumstances, to obtaining third party consents. The facility has no earnings or net asset based maintenance covenants, but has an asset coverage covenant. It is repayable at the Company's option at par, without penalty in most circumstances, with minor penalties being payable in the event of refinancing in the Term Loan B market (soft call protection). The facility amortises at 1% per annum and then the remainder paid out on maturity. As at 30 June 2014, the outstanding balance was US$270.9 million (2013: US$273.6 million). Establishment fees paid in relation to this facility total $19,605,000, with an amortisation expense of $3,918,000 (2013: $2,158,000) being recognised during the current financial period. Interest expense recognised is $26,235,000 (2013:$13,695,000).

On 10 December 2012, Atlas also put in place a A$50,000,000 three-year revolving facility. As of 30 June 2014 this facility remains undrawn. Establishment fees paid in relation to this facility totalled $1,486,000 with an amortisation expense of $495,000 (2013: $276,000) being recognised during the current financial period. This facility has a 2.25% commitment fee for any undrawn amounts, with an expense of $1,125,000 (2013: $626,000) being recognised during the current financial period.

Atlas has a US$50,000,000 (2013: US$50,000,000) pre-export funding facility to improve timing of funds received on iron ore sales. The facility is provided on an uncommitted and unsecured basis, with recourse (against funds outstanding) and payable within 180 days, with interest payable at LIBOR, plus a margin. As at 30 June 2014, $14,331,000 (US$13,500,000) (2013: $9,703,000, US$9,000,000) had been drawn against this facility; the interest rate on the drawdown was 1.0315% respectively (2013: 1.0925%) per annum, and matured on 1 July 2014 (2013: 12 July 2013). Subsequent to the period end, the drawdown has been settled, as payment has been received from customers.

21. INTEREST BEARING LOANS AND BORROWINGS (CONTINUED)

Facility	2014 Available funds $'000	2014 Amount drawn $'000	2013 Available funds $'000	2013 Amount drawn $'000
Term Loan B facility*	287,553	287,553	295,013	295,013
Three year revolving facility	50,000	-	50,000	-
Pre-export funding facility*	53,079	14,331	53,908	9,703
Balance at end of year	**390,632**	**301,884**	398,921	304,716

*Facilities are denominated in USD and shown per their AUD equivalent in the table.

22. PROVISIONS

	2014 $'000	2013 $'000
Current		
Rehabilitation and demobilisation	2,750	19,080
Onerous lease	1,178	-
	3,928	19,080
Non-current		
Rehabilitation and demobilisation	61,665	30,576
Onerous lease	5,125	-
	66,790	30,576
Provisions breakdown:		
Carrying amount at beginning	49,656	25,963
Provisions made during the year	30,253	18,901
Provisions used during the year	(9,189)	(1,869)
Other movements / changes in estimate	-	5,460
Unwind of discount	579	548
Provisions arising from business combination (see Note 4)	-	653
Transfer provisions to disposal group held for sale (see Note 13)	(581)	-
Carrying amount at end	**70,718**	49,656

Rehabilitation provision
When developing its mines, the Group makes provision for the future cost of rehabilitating mine sites on a discounted basis. This provision represents the present value of rehabilitation costs relating to the mine sites, which are expected to be incurred through the life of mine. These provisions have been determined in conjunction with the work undertaken by external consultants. Assumptions based on the current economic environment, have been made in determining current rehabilitation provisions, which management believes are a reasonable basis upon which to estimate the future liability. These estimates are reviewed at each reporting date to take into account any material changes to the assumptions. However, actual rehabilitation costs will ultimately depend upon future market prices for the necessary decommissioning works required, which will reflect market conditions at the relevant time. Furthermore, the timing of rehabilitation is likely to depend on when the mines cease to produce at economically viable rates. This in turn, will depend upon future iron ore prices, which are inherently uncertain.

Onerous lease
In 2012, the Group entered into a non-cancellable lease for office space which will expire in 2024. Due to changes in requirements, a portion of the office space will be sublet to a third party for part of the remaining lease term but changes in market conditions have meant that the rental income will be lower than the rental expense. The obligation for the discounted future payments, net of expected rental income, has been provided for by the Group.

23. ISSUED CAPITAL, RESERVES AND ACCUMULATED PROFIT/(LOSS)

(a) Issued and paid up capital

	Notes	**2014** Number of shares ('000)	**2014** $'000	2013 Number of shares ('000)	2013 $'000
(i) share capital					
Ordinary shares fully paid	23(b)	915,161	1,989,359	909,718	1,984,654
		915,161	**1,989,359**	909,718	1,984,654

(b) Movements in share capital and other equity securities

Beginning of the financial year	909,718	1,984,654	904,580	1,977,877
Issued during the year:				
- Ordinary shares issued upon exercise of options	-	-	225	335
- Treasury shares	(335)	(212)	-	-
- Ordinary shares issued through dividend reinvestment plan	5,778	4,917	4,913	6,681
- Less transaction costs	-	-	-	(239)
End of the financial year	**915,161**	**1,989,359**	909,718	1,984,654

(c) Ordinary shares

Ordinary shares entitle the holder to participate in dividends and the proceeds on winding up of the Group in proportion to the number of, and amounts paid on the shares held. There are no restrictions attached to this class of share.

On a show of hands, every holder of ordinary shares present at a meeting in person or by proxy, is entitled to one vote and upon a poll, each share is entitled to one vote.

All issued shares are fully paid. The Group does not have any par value in respect of its issued shares.

(d) Reserves

	2014 **$'000**	2013 $'000
Share based payments reserve	30,604	30,007
Foreign currency translation reserve	-	(188)
Associate's reserve	(692)	(804)
Total reserves	**29,912**	29,015
Foreign currency translation reserve – disposal group held for sale	(1,164)	-
Total reserves including the disposal group held for sale	**28,748**	-

Refer to statement of changes in equity for details of movements.

(e) Nature and purpose of reserves

The share based payments reserve is used to recognise:

(i) the grant date fair value of options issued but not exercised
(ii) the difference between the grant date fair value of shares issued to employees less the issue of shares held by the Atlas Iron Employee Share Trust.

The foreign currency translation reserve comprises all foreign currency differences arising from the translation of the financial statements of foreign operations.

The associate's reserve mainly recognises Atlas' share of the foreign currency translation reserve belonging to the associates.

24. STATEMENT OF CASH FLOWS

(a) Reconciliation of the profit/(loss) after income tax to the net cash flows from operations

	2014 $'000	2013 $'000
Net profit/(loss)	14,252	(245,072)
Non-cash items		
Depreciation and amortisation of non-current assets	207,893	113,859
Share based payment expense	2,413	1,269
Impairment loss	18,822	458,133
Loss on disposal of fixed assets	173	696
Net foreign exchange (gain)/loss	(37)	7,342
Amortisation of debt establishment costs	4,413	2,434
Net interest expense/(income) - other	1,631	(932)
Interest expense on borrowing facilities	27,387	13,480
Gain on control of subsidiary	-	(1,174)
Gain on dilution of associate	-	(84)
Share of loss of equity accounted investees (including impairment)	3,049	8,862
(Gain)/loss on listed investments	(64)	3,686
Other	(5,164)	(1,740)
Tax expense	(24,705)	(212,354)
Changes in operating assets and liabilities		
(Increase)/decrease in trade and other receivables	(11,288)	1,544
Decrease/(increase) in prepayments	15,347	(722)
Increase in inventories	(4,810)	(29,425)
Increase in trade and other payables	32,234	22,520
Increase in employee entitlements	1,352	752
Increase/(decrease) in provisions	6,303	(1,321)
Net cash inflow from operating activities	**289,201**	141,753

(b) Reconciliation of cash and cash equivalents

Cash and cash equivalents comprises:

	2014 $'000	2013 $'000
Cash at bank and in hand	160,548	84,899
Short term deposits	103,694	334,737
Bank overdraft	-	(2,714)
Closing cash and cash equivalents balance	**264,242**	416,922

Cash at bank and on hand earns interest at floating rates based on daily bank deposit rates. Short term deposits are made for varying periods, depending on the immediate cash requirements of the Group and earn interest at the respective short term deposit rates.

(c) Non-cash financing and investing activities

There were no non-cash financing and investing activities for the year ending 30 June 2014.

25. INTEREST IN JOINT OPERATIONS

Name of operation	Principal activity		Ownership interest 2014 %	2013 %
Mt Webber	Mineral exploration	Joint operation	**70.00**	70.00

Significant judgements and assumptions
The Group has a 70.00% interest in the Mt Webber operation.The Mt Webber arrangement is not a separate vehicle as it does not have a separately identified financial structure and is not a separate legal entity and the contractual rights give the parties rights and obligations for the liabilities of the arrangement. Therefore the Mt Webber joint arrangement is treated as a joint operation and Atlas recognises its share of assets, liabilities, revenue and expenses.

The principal place of business of the joint operation is Australia.

The Mt Webber project consists of the Mt Webber joint operation and the Dalton's Iron Ore Joint Venture, of which the Group has 100% interest in the Daltons joint venture mining rights.

26. EXPENDITURE COMMITMENTS, GUARANTEES AND CONTINGENT LIABILITIES

(a) Exploration commitments

The Group has certain commitments to meet minimum expenditure requirements on the mineral exploration assets it has an interest in.
Outstanding exploration commitments are as follows:

	2014 $'000	2013 $'000
Not later than one year	7,990	10,716
One year or later and not later than five years	14,481	19,549
More than five years	30,715	22,281
	53,186	52,546

(b) Contractual commitments

	2014 $'000	2013 $'000
Port handling fees		
Not later than one year	11,168	9,914
One year or later and no later than five years	2,540	12,168
	13,708	22,082
Other		
Not later than one year	45,460	35,262
	45,460	35,262

The Group has entered into operational contracts that are cancellable, in which case a minimum commitment applies. These mainly relate to mining, crushing and hauling contracts.

(c) Lease expenditure commitments

Operating lease commitments – Group as lessee
Operating leases (non-cancellable): Minimum lease payments

	2014 $'000	2013 $'000
Not later than one year	10,570	10,107
Later than one year and not later than five years	32,764	31,579
More than five years	39,888	41,186
Aggregate expenditure contracted for at reporting date	**83,222**	82,872

26. EXPENDITURE COMMITMENTS, GUARANTEES AND CONTINGENT LIABILITIES (CONTINUED)

The Group has entered into leases for office and accommodation buildings, motor vehicles, office equipment and port handling facilities.

During the year, an expense of $10,687,377 was recognised in profit or (loss) in respect of operating leases (2013: $9,487,000).

Operating lease commitments – Group as lessor
Operating leases (non-cancellable):

	2014	2013
	$'000	$'000
Not later than one year	1,367	1,299
Later than one year and not later than five years	1,230	2,828
Aggregate expenditure contracted for at reporting date	**2,597**	4,127

The Group has entered into a non-binding commercial property lease proposal to sublease the Group's surplus office building. A number of leases include a clause to enable upward revision of the rental charge on a bi-annual basis according to prevailing market conditions. Refer to Note 22 for onerous lease discussion.

(d) Guarantees

Atlas has provided a guarantee to an unrelated party for their performance in a lease agreement. The maximum liability to Atlas is $1,606,000 over 1 year (2013: $3,887,000). No liability is expected to arise.

27. SUBSEQUENT EVENTS

On 13 August 2014, Atlas entered into an agreement to sell 9.69% of Shaw River Manganese Limited (Shaw) to Bryve Resources Pty Ltd (Bryve). In addition Atlas, has granted an option (subject to approval of Shaw's shareholders and approval under the Namibian Competition Act) for Bryve to acquire Atlas' remaining stake within the next six months. As part of this transaction Atlas has varied the interest rate accruing on Atlas' historical loans to Shaw (the principle of which is $4,950,000) to 6% per annum and extended the term to 5 years, with the Atlas loan to receive priority of repayments from up to 40% of operational cash flow generated from Shaw 's Otjozondu project. Refer to Note 13 of the financial statements for further details.

On 27 August 2014 a dividend of 2 cents per share was declared by the Group. Refer to Note 9.

No other matters have arisen since 30 June 2014, 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.

28. PROFIT/(LOSS) PER SHARE

(a) Reconciliation of earnings to profit or (loss)

	2014	2013
	$'000	$'000
Net profit/(loss)	14,252	(245,072)
Profit/(loss) used in calculating basic profit/(loss) per share	**14,252**	(245,072)

(b) Weighted average number of ordinary shares outstanding during the year used in calculating basic profit/(loss) per share

	2014	2013
	Number of shares	Number of shares
Weighted average number of ordinary shares used in calculating basic profit/(loss) per share	**914,351,906**	907,532,182

Effect of dilutive securities:
The calculation of diluted earnings per share at 30 June 2014 was based on profit attributable to ordinary shareholders of $14,252,000 and a weighted average number of shares outstanding after adjustments for the effects of all dilutive potential ordinary shares of 925,074,495 calculated below:

28. PROFIT/(LOSS) PER SHARE (CONTINUED)

(c) Weighted averge number of ordinary shares (diluted)

	2014	2013
	Number of shares	Number of shares
Weighted average number of ordinary shares (basic)	914,351,906	907,532,182
Effect of share options/rights on issue	10,722,589	-
Weighted average number of ordinary shares (diluted)	**925,074,495**	907,532,182

Diluted earnings per share as at 30 June 2014 was 1.54 cents profit per share.

Atlas' potential ordinary shares at 30 June 2013, being its options and rights granted, are not considered dilutive as the conversion to these options and rights would result in a decrease in the net loss per share.

The average market value of the Group's shares, for the purposes of calculating the dilutive effect of share options, was based on the quoted market prices for the period that the options were outstanding.

29. AUDITOR'S REMUNERATION

	2014	2013
	$'000	$'000
Audit or review of the financial report of the Group	251,550	392,867
Audit of the Mt Webber Joint Operation	25,000	-
Audit and review services	**276,550**	392,867
Project controls and advisory services	80,975	-
Contracts review services	17,665	-
Administrative staff secondments	55,500	-
Other services provided to the Group	12,000	10,560
Other services	**166,140**	10,560
	442,690	403,427

Amounts received or due to KPMG for audit or review of Shaw River's financial report have not been included above.

30. RELATED PARTY DISCLOSURES

The financial statements include the financial statements for the Group and the subsidiaries listed in Note 33. Summarised financial information for the Group's associates and joint ventures are contained within Note 14.

(a) Key management personnel and Director related transactions
Geoff Simpson, a Non-Executive Director of the Group is also a partner at Allen & Overy. In the prior year Allen & Overy provided legal services in relation to the review of, and provision of Directors and officers deeds of indemnity during the period. The total cost for the services provided in the prior year was $14,450, which was outstanding as at 30 June 2013. No legal services were provided in the current year and no balance is outstanding as at 30 June 2014.

Kerry Sanderson AO, a Non-Executive Director of the Group is also a Director of Downer EDI Limited (Downer). Snowden Mining Industry Consultants Pty Ltd, a subsidiary of Downer, was engaged by the Group to provide consulting services in relation to production scheduling, ore reserves statements, software maintenance and training and development. The total cost for services provided was $126,411 (2013: $32,876), of which $15,690 is outstanding as at 30 June 2014 (2013: nil).

Sook Yee Tai, a Non-Executive Director of the Group is also the Managing Director of IMC Industrial Group. During the period, the Group sold iron ore to IMC Resources (China) Ltd, a subsidary of IMC Industrial Group to the value of $41,640,136 net CFR (2013: $17,314,245). As at 30 June 2014, the Group received all payments for shipments. There are two shipments pending final adjustments. IMC Resources (China) Ltd had provided integrated logistics solutions to the Group. The total cost for services provided was $525,399 (2013: nil), none of which was outstanding as at 30 June 2014 (2013: nil). Oriental Bulk Shipping Pte Ltd, a subsidiary of IMC Industrial Group, provided freight services to the Group. The total cost for service provided was $12,761,253 (2013: $1,875,625), none of which was outstanding as at 30 June 2014 (2013: nil).

30. RELATED PARTY DISCLOSURES (CONTINUED)

(i) *Compensation of key management personnel by category*

The information regarding individual Directors and Executives compensation required by Corporations Regulation 2M.3.03 is provided in the remuneration section of the Directors' Report.

	2014	2013
	$'000	$'000
Short term	4,013	4,359
Long term	67	117
Post employment	276	459
Share-based payment	1,420	651
	5,776	5,586

(ii) *Loans to key management personnel*

There were no loans provided to key management personnel during the year.

There were no related party transactions between key management personnel and the Group, other than those related to compensation, which has been disclosed above.

(b) Investments in other entities

Name of related party		Ownership interest %	Loans to related parties $'000	Other related party transactions $'000
Mt Webber Joint Operation	**2014**	70.00	18,105	553
	2013	70.00	-	4,763
NWI Pty Limited	**2014**	63.00	22,162	(62)
	2013	63.00	21,490	-
Centaurus Metals Limited	**2014**	20.97	-	-
	2013	19.58	-	-
Kalamazoo Resources Pty Ltd	**2014**	25.10	-	-
	2013	25.10	-	-

Outstanding balances at year end are unsecured and interest free and settlement occurs in cash except for loans described below. There have been no guarantees provided or received for any related party receivables or payables. For the year ended 30 June 2014, the Group has not recorded any impairment of receivables relating to amounts owed by related parties (2013: nil). This assessment is undertaken each financial year through examining the financial position of the related party and the market in which the related party operates.

As at 30 June 2014, the Group has a loan receivable from Altura Mining Limited (30% interest in the Mt Webber Joint Operation) of $18,105,000 (2013: nil). A loan agreement dated 5 July 2013 was executed to allow Altura to borrow funds to fund their share of cash requirements. Funds are repayable by the earlier of 36 months from first ore or five years from the date of the agreement. Amounts owed by Altura under the loan agreement are secured by a Deed of Cross Security and Featherweight General Security Deed. Under the Deed of Cross Security, Altura has granted security in favour of Atlas over Altura's rights and interests in the Production Joint Venture Agreement, including Altura's interest in joint operation property and joint operation iron ore. Under the Featherweight General Security Deed, Altura grants a security interest in favour of Atlas over all its present and future acquired property to secure the payment of all moneys owing in connection with the Loan Agreement. The loan earns interest at 12% per annum. The loan will be repaid from payments by the Group for the purchase of iron ore.

As at 30 June 2014, the Group has a loan receivable from NWI Pty Limited of $22,162,000 (2013: $21,490,000). During the period, a variation deed executed on 2 October 2013 extending the interest free period of the loan from three to five years, in turn, extending the term of the loan from five to seven years. The loan is unsecured, and earns interest at the Australian Government five year bond rate plus a margin of 2% (subsequent to the interest free period) and is repayable by May 2018.

31. SEGMENT INFORMATION

Segment products and locations
The Group 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 of Directors (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.

32. FINANCIAL INSTRUMENTS, RISK MANAGEMENT OBJECTIVE AND POLICIES

Financial risk management
The Group is exposed to risks that arise from its use of financial instruments. These risks arise in the normal course of business and are managed in accordance with the Group's Financial Risk Management policy. The Board of Directors has overall responsibility for the establishment and oversight of the risk management framework and has delegated the authority for monitoring risk management policies to the Audit & Risk Committee.

The Group's Treasury Committee reports to the Audit and Risk Committee and provides assurance that the Group's financial activities are governed by appropriate policies and procedures and that financial risks are identified, measured and managed in accordance with the Group's policies and risk objectives. It is the Group's policy that no trading in derivatives for speculative purposes shall be undertaken, however derivative positions may be utilised to manage the Group's financial risks. The Group's Financial Risk Management Policy does not allow the Group to enter into any sold option positions.

Fair value hierarchy
The following table shows the fair value of financial assets including their levels in the fair value hierarchy. The Group has not disclosed the fair values for financial instruments such as short-term trade receivables, payables and interest bearing loans, because their carrying amounts are a reasonable approximation of fair values.

	2014	2013
	$'000	$'000
Financial Assets		
Level 1		
Financial assets classified as held for trading	1,711	3,316
Level 3		
Financial instruments – embedded derivatives	1,665	-
	3,376	3,316

*Level 1 denotes: quoted prices (unadjusted) in active markets for identical assets.
*Level 2 denotes: inputs other than quoted prices included within Level 1 that are observable for the asset, either directly (as prices) or indirectly (derived from prices).
*Level 3 denotes: valuation techniques (for which the lowest level input that is significant to the fair value measurement is unobservable).

The Level 3 financial instruments relate to embedded derivatives included within service contracts linked to future iron ore commodity prices. The fair value of the embedded derivatives have been determined using a discounted cash flow model and estimates of realised prices to be achieved by the Group.

Financial risks
The Group is exposed to credit risk, liquidity risk, market risk (including foreign exchange risk, interest rate risk and commodity price risk) and operational risk.

Credit risk
Credit risk is the risk of financial loss if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Group's cash and cash equivalents and receivables from customers.

To manage credit risk, the Group maintains policies governing credit approvals and investment counterparties.

The Group's exposure to credit risk is influenced by the characteristics of its customers. The majority of the Group's sales revenue arises from customers based in China and the Group has mitigated the risk of financial loss by undertaking trade finance through letters of credit.

The Group's policies limit its exposure to credit risk arising from cash and cash equivalents by investing and transacting with banks that hold minimum investment credit ratings of A-1, where exposure to an individual counterparty with this rating is limited to 20% of the total portfolio. Where an investment credit rating is above A-1, exposure is limited to 33% of the total portfolio. The Company is currently in compliance with these limits. Certain different limits apply with respect to potential counterparties for commodity hedging transactions. Refer to Commodity price risk below.

32. FINANCIAL INSTRUMENTS, RISK MANAGEMENT OBJECTIVE AND POLICIES (CONTINUED)

Exposure to credit risk
The maximum exposure to credit risk at the reporting date is the carrying amount of the Group's financial assets:

	Notes	2014 $'000	2013 $'000
Cash and cash equivalents	24(b)	264,242	416,922
Cash and cash equivalents – disposal group held for sale	13	331	-
Trade and other receivables*	11	119,713	91,274
		384,286	508,196

* Includes trade receivables past due but not impaired of nil (2013: $196,000). Based on historical default rates, the Group believes that no impairment allowance is necessary in respect of trade receivables past due.
No impairment losses have been recognised during the year as a result of credit risk.

Liquidity risk
The Group's liquidity risk arises from the possibility that it will not be able to meet financial obligations as they fall due. The Group manages its exposure to liquidity risk by monitoring forecast and actual cash flows to ensure that it maintains sufficient liquidity to meet liabilities when due, under both normal and stressed conditions. The Group prepares detailed financial models as part of its budget planning process, which are used to predict liquidity needs to support the Group's funding requirements.

The expected maturity profile of the Group's financial liabilities at the reporting date, based on contractual amounts including estimated interest payments, is as follows:

30 June 2014 $'000	**Carrying amount**	**Contractual cash flows**	**6 months or less**	**6 - 12 months**	**1 - 2 years**	**2 - 5 years**	**More than 5 years**
Non-derivative financial liabilities							
Interest bearing loan	287,553	(374,253)	(14,234)	(14,099)	(28,142)	(317,778)	-
Pre-export finance	14,331	(14,344)	(14,344)	-	-	-	-
Trade and other payables	187,751	(187,751)	(187,751)	-	-	-	-
Trade and other payables – disposal group held for sale	353	(353)	(353)	-	-	-	-
	489,988	**(576,701)**	**(216,682)**	**(14,099)**	**(28,142)**	**(317,778)**	**-**

30 June 2013 $'000	Carrying amount	Contractual cash flows	6 months or less	6 - 12 months	1 - 2 years	2 - 5 years	More than 5 years
Non-derivative financial liabilities							
Interest bearing loan	295,013	(409,142)	(14,588)	(14,451)	(28,775)	(351,328)	-
Pre-export finance	9,703	(9,712)	(9,712)	-	-	-	-
Trade and other payables	167,600	(167,600)	(167,600)	-	-	-	-
	472,316	(586,454)	(191,900)	(14,451)	(28,775)	(351,328)	-

Market risk
Market risk is the risk that changes in market prices, including foreign exchange rates, commodity price and interest rate will affect the Group's income or the value of its holdings of financial instruments. The Group is exposed to fluctuations in commodity prices, foreign currency and interest rates.

The objective of market risk management is to manage and control market risk exposures within acceptable parameters while optimising return.

Commodity price risk
Commodity price risk arises from fluctuations in market prices of iron ore. Contract iron ore sales are generally based on an international iron ore index with some contracts from time to time concluded on a fixed price basis. For such fixed price contracts, derivative arrangements may be used when available to return realised prices to the index. As at 30 June 2014, the Group has entered derivative arrangements on 250,000 tonnes of ore to be settled against July and August 2014 average pricing. Other than these, the Group is exposed to commodity price risk on future sales and some operating mining services contracts. The Group monitors market expectations on future commodity prices and considers entering into longer term contracts or commodity swaps or put option positions (either exchange traded or OTC) if necessary to manage the risks in a manner consistent with its risk management objectives.

32. FINANCIAL INSTRUMENTS, RISK MANAGEMENT OBJECTIVE AND POLICIES (CONTINUED)

The Group has entered into provisionally priced commodity sales contracts. These are provisionally priced sales volumes for which price finalisation is referenced to the relevant index at a future date. Provisional pricing mechanisms embedded within these sales arrangements have the character of a commodity derivative and are carried at fair value. The Group's exposure at 30 June 2014 to the impact of movements in commodity prices upon provisionally invoiced sales volumes is set out in the following table.

Impact on equity and profit before tax of a 10% increase in market price

	2014	2013
	$'000	$'000
Iron Ore	**13,001**	3,190

The sensitivities in the above tables have been determined as the absolute impact on fair value of a 10% increase in commodity prices at each reporting date, while holding all other variables, including foreign currency and exchange rates, constant.

The relationship between commodity prices and exchange rates is complex and movements in exchange rates can impact commodity prices. The sensitivities should therefore be used with care.

The Group's policies allow iron ore commodity risk trades (e.g swaps) with counterparties of credit ratings A – (A minus) which is lower than for foreign exchange trades and short term investments, recognising the nature of the counterparties which regularly participate in the iron ore swap markets.

Foreign currency risk
The Group is exposed to foreign currency risk on sales and purchases which are denominated in currencies other than the Group's functional currency. The Group's sales are denominated in US dollars and approximately 14% (2013: 12%) of its operating costs are also denominated in US dollars. To hedge exposure to foreign exchange movements, the Group may enter into spot and forward foreign exchange contracts or foreign exchange options as required. There were no such contracts outstanding as at 30 June 2014 or 30 June 2013. Where an investment grade credit rating is above A-1, the counterparty is limited to 33% of the total portfolio.

Additionally the Group holds US dollar denominated debt and the Group holds a portion of cash in USD to satisfy its risk management objectives.

The Group's exposure to foreign currency risk at the reporting date was as follows, based on notional amounts and the AUD equivalent:

30 June 2014	**Notes**	**AUD $'000**	**USD $'000**	**Total $'000**
Cash and cash equivalents	24(b)	50,433	213,809	264,242
Cash and cash equivalents – disposal group held for sale	13	331	-	331
Trade and other receivables	11	84,995	34,922	119,917
Trade and other payables	20	(147,948)	(39,803)	(187,751)
Trade and other payables – disposal group held for sale	13	(353)	-	(353)
Interest bearing loan	21	-	(287,553)	(287,553)
Pre-export finance	21	-	(14,331)	(14,331)
		(12,542)	**(92,956)**	**(105,498)**

30 June 2013	Notes	AUD $'000	USD $'000	Total $'000
Cash and cash equivalents	24(b)	200,880	216,042	416,922
Trade and other receivables	11	71,252	20,022	91,274
Trade and other payables	20	(140,475)	(27,125)	(167,600)
Interest bearing loan	21	-	(295,013)	(295,013)
Pre-export finance	21	-	(9,703)	(9,703)
		131,657	**(95,777)**	**35,880**

The following exchange rates applied during the financial year:

	Average rate		**Reporting date spot rate**	
	2014	2013	**2014**	2013
US$	**0.9187**	1.0270	**0.9420**	0.9275

32. FINANCIAL INSTRUMENTS, RISK MANAGEMENT OBJECTIVE AND POLICIES (CONTINUED)

Sensitivity analysis
A 5% fluctuation of the Australian dollar against the US dollar at 30 June 2014 would have increased/(decreased) equity and profit or (loss) by the amounts shown below. The analysis assumes that all other variables, including interest rates remain constant.

	Strengthening		Weakening	
	Equity $'000	Profit or (loss) $'000	Equity $'000	Profit or (loss) $'000
30 June 2014				
+/-5%	**-**	**4,892**	-	**(4,426)**
	-	**4,892**	-	**(4,426)**
30 June 2013				
+/-5%	-	4,099	-	(4,530)
	-	4,099	-	(4,530)

Interest rate risk
The Group is exposed to interest rate risk on borrowing and investments from the possibility that changes in interest rates will affect future cash flows. The Group does not manage its exposure to movements in market interest rates. The Group adopts a policy of ensuring that as far as possible, it maintains excess cash and cash equivalents in short-term deposits at interest rates with maturities not exceeding 90 days.

The interest rate profile of the Group's interest bearing financial instruments at the reporting date was:

	2014 $'000	2013 $'000
Fixed rate instruments		
Financial assets	135,742	368,439
Financial liabilities	(14,331)	(9,703)
	121,411	358,736
Variable rate instruments		
Financial assets	160,548	84,890
Financial liabilities	(287,553)	(301,686)
	(127,005)	(216,796)

Refer to Note 21 for further information regarding interest bearing loans and borrowings.

Cash flow sensitivity analysis for variable rate instruments
A change of 100 basis points in interest rates at the reporting date would have increased/(decreased) equity and profit or (loss) by the amounts shown below. This analysis does not reflect any change in profit or (loss) in relation to the variable Term B loan, as even if the reasonably possible increase in interest rates occurs the interest rate floor on the Term B loan will not be exceeded. This analysis assumes that all other variables, including foreign exchange rates, remain constant.

	Profit or (loss)		Equity	
	100bp increase $'000	100bp decrease $'000	100bp increase $'000	100bp decrease $'000
30 June 2014				
Variable rate instruments	1,605	(1,605)	-	-
	1,605	**(1,605)**	**-**	**-**
30 June 2013				
Variable rate instruments	804	(804)	-	-
	804	(804)	-	-

The carrying values of financial assets and financial liabilities approximately reflect their fair values.

32. FINANCIAL INSTRUMENTS, RISK MANAGEMENT OBJECTIVE AND POLICIES (CONTINUED)

Capital management

The Board's policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence whilst sustaining future development of the business. Capital consists of share capital plus retained earnings/(loss). The Board monitors both retained earnings/(loss) in addition to the Group's underlying earnings. Underlying earnings adjust retained earnings/(loss) for acquisition related costs and material non-cash, non-recurring adjustments such as asset impairment. The Board considers underlying earnings and cash flows when determining dividends to ordinary shareholders.

The Group does not purchase its own shares, except where purchased under an employee share plan (refer Note 5). The Group's Term Loan B facility includes some restrictions on capital management that are standard for the Term Loan B market.

There were no changes to the Group's approach to capital management during the year.

33. SUBSIDIARIES

Name of entity	Country of incorporation	Ownership 2014 (%)	Ownership 2013 (%)
Parent entity			
Atlas Iron Limited (i)	Australia		
Subsidiaries			
Atlas Operations Pty Ltd (ii)	Australia	**100**	100
St George Magnetite Pty Ltd (ii)	Australia	**100**	100
Mt Gould Minerals Pty Ltd (ii)	Australia	**100**	100
Weld Range Iron Ore Pty Ltd (ii)	Australia	**100**	100
Tiziflower Investments Inc (ii)	Panama	**100**	100
Jakkitower Enterprises SA (ii)	Panama	**100**	100
Warwick Resources Pty Ltd (ii)	Australia	**100**	100
Aurox Resources Pty Ltd (ii)	Australia	**100**	100
Ferro Metals Australia Pty Ltd (ii)	Australia	**100**	100
Giralia Resources Pty Ltd (ii)	Australia	**100**	100
Tallering Resources Pty Ltd (ii)	Australia	**100**	100
Carlinga Mining Pty Ltd (ii)	Australia	**100**	100
Wheelbarrow Prospecting Pty Ltd (ii)	Australia	**100**	100
PM Gold Asia Pty Ltd (ii)	Australia	**100**	100
FerrAus Pty Ltd (ii)	Australia	**100**	100
Australian Manganese Pty Ltd (ii)	Australia	**100**	100
FerrAus Manganese Pty Ltd (ii)	Australia	**100**	100
South East Pilbara Assets Pty Ltd (ii)	Australia	**100**	100
Minera Atacamena Limitada	Chile	**100**	100
Atlas Pty Ltd (ii)	Australia	**100**	100
Atlas America Finance Inc	United States of America	**100**	100
Atlas Iron Employee Share Trust	Australia	**100**	-
Shaw River Manganese Limited	Australia	**53.45**	53.45
Shaw River Namibia Pty Ltd	Australia	**53.45**	53.45
Shaw River Mauritius	Mauritius	**53.45**	53.45
Otjozondu Holdings (Pty) Ltd	Namibia	**53.45**	53.45
Otjozondu Mining (Pty Ltd)	Namibia	**53.45**	40.35
Shaw River Ghana Pty Ltd	Australia	**53.45**	53.45
Shaw River International Ltd	British Virgin Islands	**53.45**	53.45
Butre Ahanta Exploration Limited	Ghana	**40.10**	40.10
Mt Minnie Mining Company Pty Ltd	Australia	**53.45**	53.45
Twelve Mile Pty Ltd	Australia	**53.45**	53.45
Pickaxe City Pty Ltd	Australia	**53.45**	53.45

(i) Atlas Iron Limited is the ultimate parent entity within the consolidated Group.
(ii) These companies are members of the Atlas tax consolidated Group.

33. SUBSIDARIES (CONTINUED)

Significant judgements and assumptions
Management has reassessed its involvement in all subsidiaries in accordance with AASB 10's revised control definition and guidance. 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. In making its judgement, management considered the Group's voting rights, the relative size and dispersion of the voting rights held by other shareholders and the extent of recent participation by those shareholders in general meetings. The adoption of AASB 10 has had no impact on this judgement.

Subsequent to year end, Shaw River's assets and liabilities have been reclassified as disposal group held for sale. Refer to Note 13.

Interests in unconsolidated structured entities
The Group has no interests in unconsolidated structured entities.

34. PARENT COMPANY

As at and throughout the financial year ended 30 June 2014, the parent entity of the Group was Atlas Iron Limited.

(a) Financial position of parent company at year end

	2014	2013
	$'000	$'000
Total current assets	398,920	489,685
Total non-current assets	2,142,236	2,003,874
TOTAL ASSETS	**2,541,156**	2,493,559
Total current liabilities	591,040	526,644
Total non-current liabilities	339,180	313,206
TOTAL LIABILITIES	**930,220**	839,850
NET ASSETS	**1,610,936**	1,653,709
TOTAL EQUITY OF THE PARENT ENTITY COMPRISING OF:		
Issued capital	1,989,359	1,984,654
Reserves	27,786	25,739
Accumulated (loss)	(406,209)	(356,684)
TOTAL EQUITY	**1,610,936**	1,653,709
RESULTS OF PARENT ENTITY		
Loss for the year	(22,234)	(418,473)
Other comprehensive income for the year	112	489
TOTAL COMPREHENSIVE LOSS FOR THE YEAR	**(22,122)**	(417,984)

(b) Guarantees entered into by the Parent
Atlas Iron Limited has not entered into a deed of cross guarantee with its 100% owned subsidiaries.
The Parent has a guarantee in respect of a lease agreement as disclosed in Note 26(d).

(c) Contingent liabilities of the Parent
The Parent does not have any contingent liabilities.

(d) Commitments of the Parent
The commitments of the Parent are the commitments of the Group, see Note 26.

Directors' Declaration

The Directors of Atlas Iron Limited declare that:

(1) (a) In the Directors opinion, the consolidated financial statements and notes that are contained in pages 60 to 107 and the remuneration disclosures that are contained in the Remuneration Report in the Directors' Report are in accordance with the Corporations Act 2001, including:

(i) giving a true and fair view of the Group's financial position as at 30 June 2014 and its performance for the year ended on that date; and

(ii) complying with Australian Accounting Standards and the Corporations Regulations 2001.

(b) There are reasonable grounds to believe that the Group will be able to pay its debts as and when they become due and payable; and

(c) The Directors have been given the declarations required by s295A of the Corporations Act 2001 from the Managing Director and Chief Financial Officer for the financial year ended 30 June 2014.

(2) The Directors draw attention to Note 1(a) to the consolidated financial statements, which include a statement of compliance with International Financial Reporting Standards.

Signed in accordance with a resolution of the Board of Directors.

Dated this 27th day of August 2014

Ken Brinsden
Managing Director
Perth, Western Australia

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 audit for the financial year ended 30 June 2014 there have been:

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

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

KPMG

R Gambitta
Partner

Perth

27 August 2014

Independent Audit Report

KPMG

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

Report on the financial report

We have audited the accompanying financial report of Atlas Iron Limited (the company), which comprises the consolidated statement of financial position as at 30 June 2014, and consolidated statement of profit and loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year ended on that date, notes 1 to 34 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 year's end or from time to time during the financial year.

Directors' responsibility for the financial report

The directors of the company are responsible for the preparation of the 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 financial report that is free from material misstatement whether due to fraud or error. In note 1(a), the directors also state, in accordance with Australian Accounting Standard AASB 101 *Presentation of Financial Statements*, that the financial statements of the Group comply with International Financial Reporting Standards.

Auditor's responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. These Auditing Standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of the financial report that gives a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

We performed the procedures to assess whether in all material respects the financial report presents fairly, in accordance with the *Corporations Act 2001* and Australian Accounting Standards, a true and fair view which is consistent with our understanding of the Group's financial position and of its performance.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

KPMG

Independence

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

Auditor's opinion

In our opinion:

(a) the financial report of the Group is in accordance with the *Corporations Act 2001*, including:

(i) giving a true and fair view of the Group's financial position as at 30 June 2014 and of its performance for the year ended on that date; and

(ii) complying with Australian Accounting Standards and the Corporations Regulations 2001.

(b) the financial report also complies with International Financial Reporting Standards as disclosed in note 1(a).

Report on the remuneration report

We have audited the Remuneration Report included in the directors' report for the year ended 30 June 2014. The directors of the company are responsible for the preparation and presentation of the remuneration report in accordance with Section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the remuneration report, based on our audit conducted in accordance with auditing standards.

Auditor's opinion

In our opinion, the remuneration report of Atlas Iron Limited for the year ended 30 June 2014, complies with Section 300A of the *Corporations Act 2001*.

KPMG

R Gambitta
Partner

Perth

27 August 2014

ASX additional information

Additional information required by the Australian Securities Exchange Ltd and not shown elsewhere in this report is as follows. The information is current as at 20 August 2014.

(a) Substantial shareholders

The names of substantial shareholders who have notified the Company in accordance with section 671B of the Corporations Act 2001 are:

		Number of ordinary shares held	% Holding
1.	IMC Resource Investments Pte Ltd	66,749,653	9.41%
2.	Dimensional Group	45,988,738	5.02%

(b) Ordinary Shares on Issue

915,701,543 ordinary shares are on issue. A total of 612,783 ordinary shares are restricted pursuant to the Atlas Employee Share Plan.

(c) Performance Rights and Share Appreciation Rights

The following Performance Rights and Share Appreciation Rights are issued to employees of Atlas under the Atlas Long Term Incentive Plan:

5,493	Performance Rights vesting on 30 June 2014 are subject to TSR and IOS hurdles
588,750	Performance Rights vesting on 30 June 2015 are subject to TSR and IOS hurdles
2,193,771	Performance Rights vesting on 30 June 2016 are subject to TSR and EPS hurdles
2,788,014	**TOTAL**
1,308,558	Share Appreciation Rights vesting on 30 June 2015 are subject to TSR and IOS hurdles
5,199,712	Share Appreciation Rights vesting on 30 June 2016 are subject to TSR and EPS hurdles
6,508,270	**TOTAL**

(d) Unlisted Options

A listing of each class of option on issue is set out in the "Share Options" section in the Directors Report. The Company has 11,685,000 unlisted options on issue. There are 53 classes of unlisted options.

(e) Voting Rights

All ordinary shares (whether fully paid or not) carry one vote per share without restriction.

(f) Distribution of equity securities

Range	Ordinary shares number of holders
1-1,000	5,785
1,001- 5,000	11,976
5,001- 10,000	5,599
10,001- 100,000	7,302
101,000- and over	621
Total number of shareholders	**31,283**

(g) Unmarketable Parcels

The minimum parcel size at $0.68 per unit is 730 shares.
3,810 shareholders hold unmarketable parcels.

(h) Twenty largest shareholders of Atlas Iron Limited

The names of the twenty largest holders of quoted shares are:

Rank	Name	Units	% of Units
1.	HSBC CUSTODY NOMINEES <AUSTRALIA>	136,482,803	14.90
2.	IMC RESOURCES INVESTMENTS PTE LTD	66,749,653	7.29
3.	J P MORGAN NOMINEES AUSTRALIA LIMITED	63,676,091	6.95
4.	NATIONAL NOMINEES LIMITED	55,267,047	6.04
5.	CITICORP NOMINEES PTY LIMITED	49,676,350	5.42
6.	BNP PARIBAS NOMS PTY LTD <DRP>	27,299,123	2.98
7.	ZERO NOMINEES PTY LTD	14,006,700	1.53
8.	MR STANLEY ALLAN MACDONALD	9,139,280	1.00
9.	HSBC CUSTODY NOMINEES <AUSTRALIA>	8,112,799	0.89
10.	MR JOSE MANUEL DO REGO MEDEIROS	6,000,000	0.66
11.	RBC INVESTOR SERVICES AUSTRALIA NOMINEES PTY LIMITED <RVGAF2 A/C>	4,395,278	0.48
12.	CS FOURTH NOMINEES PTY LTD	4,323,802	0.47
13.	PENFOLD LIMITED	4,048,526	0.44
14.	CHINA WEST MINING (HONG KONG) COMPANY LIMITED	3,786,473	0.41
15.	CITICORP NOMINEES PTY LIMITED <COLONIAL FIRST STATE INV A/C>	3,387,680	0.37
16.	QIC LIMITED	2,978,411	0.33
17.	MR DAVID FLANAGAN <FLANAGAN FAMILY A/C>	2,500,000	0.27
18.	UBS NOMINEES PTY LTD	2,341,900	0.26
19.	MS NADA GRANICH	2,153,754	0.24
20.	AMP LIFE LIMITED	1,827,789	0.20
	Top 20 Total	468,153,459	51.13

Corporate information

Atlas Iron Limited

ABN 63 110 396 168

Directors

David Flanagan	NON-EXECUTIVE CHAIRMAN
David Smith	NON-EXECUTIVE DIRECTOR, LEAD INDEPENDENT DIRECTOR
Jeff Dowling	NON-EXECUTIVE DIRECTOR
David Hannon	NON-EXECUTIVE DIRECTOR
Kerry Sanderson AO	NON-EXECUTIVE DIRECTOR
Sook Yee Tai	NON-EXECUTIVE DIRECTOR
Geoffrey Simpson	NON-EXECUTIVE DIRECTOR
Ken Brinsden	MANAGING DIRECTOR
Mark Hancock	EXECUTIVE DIRECTOR, COMMERCIAL

Group Company Secretaries

Yasmin Broughton — GENERAL COUNSEL & COMPANY SECRETARY
Mark Hancock

Registered Office

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Perth WA 6000

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Internet address

www.atlasiron.com.au

ASX Code

Shares AGO

Solicitors

Ashurst
Level 32, Exchange Plaza
2 The Esplanade
Perth WA 6000

Bankers

National Bank Australia
100 St Georges Terrace
Perth WA 6000

Share Register

Computershare Investor
Services Pty Limited

Level 2, 45 St Georges Terrace
Perth WA 6000, Australia

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E www.investorcentre.com/contact
W www.computershare.com

Auditors

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