

Pilbara Minerals to farm into Atlas lithium asset

Highlights

- **Pilbara to farm into Atlas' Cisco lithium prospect; Atlas free-carried to a decision to mine.**
- **Atlas and Pilbara outline key terms for Atlas to provide haulage, crushing and port services for direct shipping ore from Pilbara's Pilgangoora lithium project**

Atlas Iron Limited (ASX: AGO) is pleased to advise that it will partner with Pilbara Minerals Limited (ASX: PLS) in relation to two lithium projects in the Pilbara region of Western Australia.

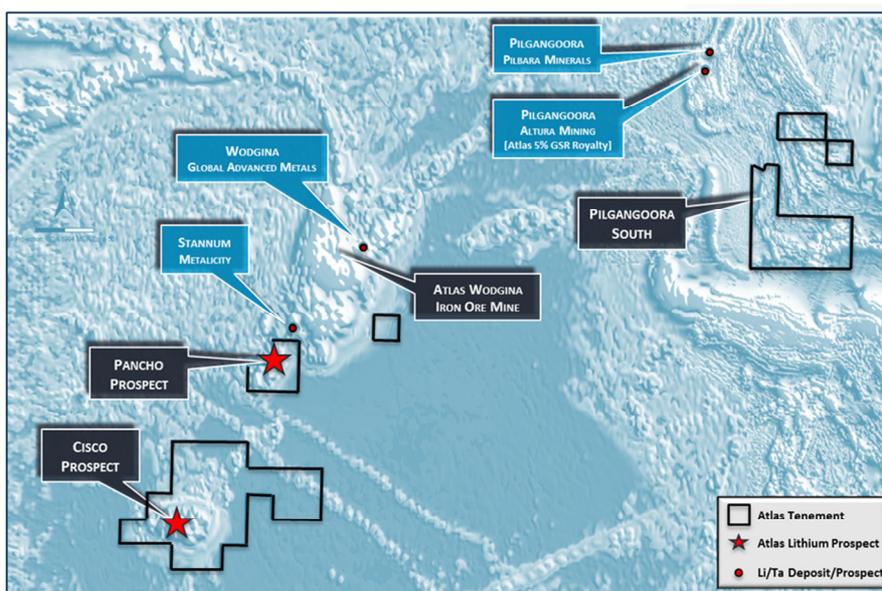
Pilbara has agreed to acquire and farm into Atlas' Cisco lithium prospect, where sampling has identified lithium enrichment at grades which are in line with Pilbara's flagship Pilgangoora lithium project.

Atlas and Pilbara have also entered into a memorandum of understanding setting out terms for Atlas to provide logistics services to a direct shipping ore phase of Pilbara's Pilgangoora lithium project.

Atlas retains ownership of other lithium prospects in the region.

Atlas Managing Director Cliff Lawrenson said the agreements would diversify Atlas' business for minimal capital outlay. "This agreement gives Atlas the opportunity to realise the value of Cisco using Pilbara's lithium expertise and investment, and a farm-in model which frees Atlas of any expense until a decision to mine," Mr Lawrenson said.

"At the same time, we can generate additional revenue by providing a logistics service to Pilbara which leverages our existing operations and skills, developed over a decade of work in the Pilbara region."

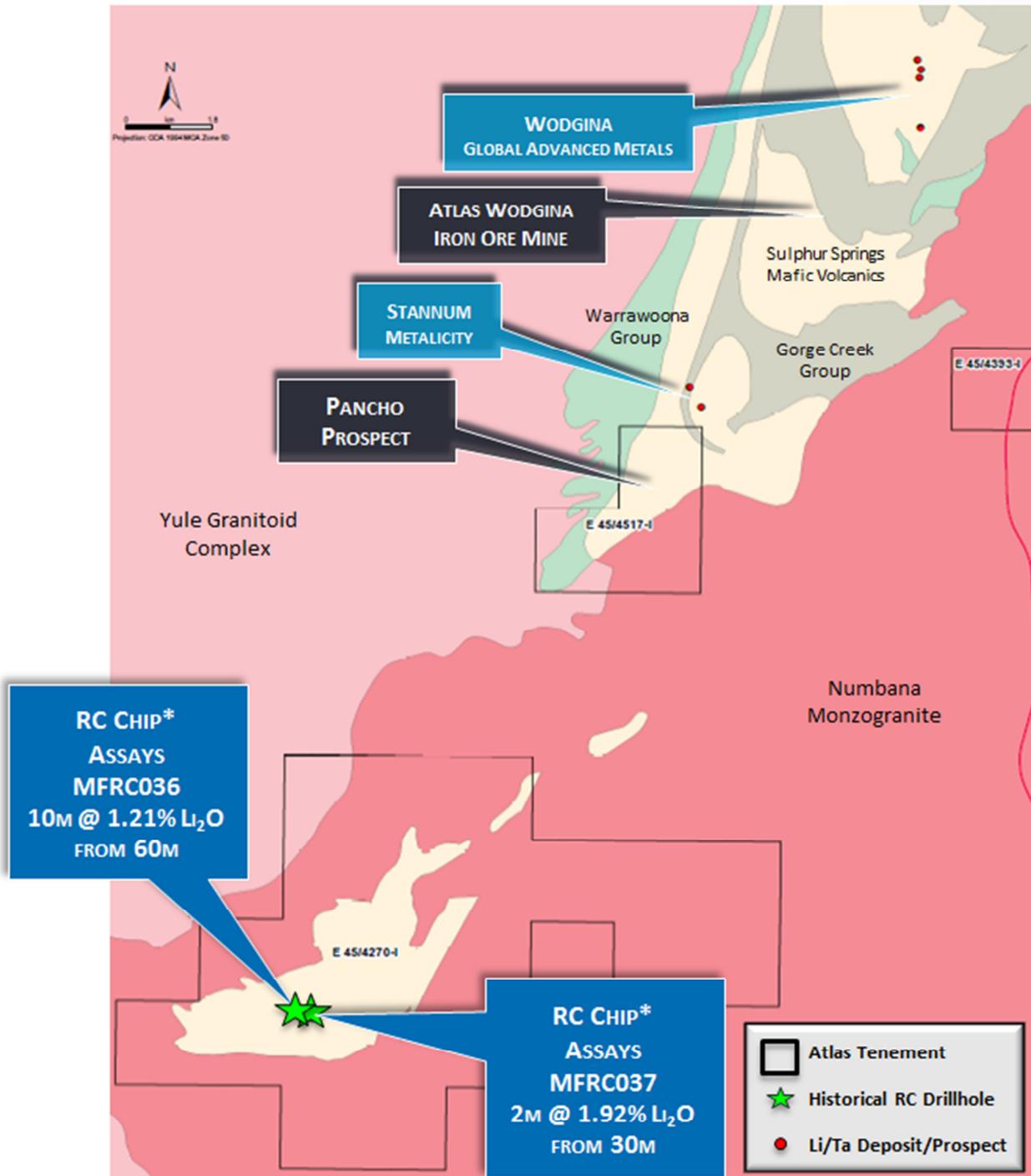


Cisco Prospect previous called Mt Francisco by Talison/Global Advanced Metals

Location of Cisco Prospect and PLS Pilgangoora Lithium Project

Cisco Farm-in and Joint Venture Agreement

The Atlas-owned exploration licence (E45/4270) sits in a zone of known lithium deposits. The area has been explored for tantalum and tin by its previous holder. Atlas re-analysed this data to identify the Cisco lithium prospect ~20km south-west of Wodgina.



Rock Chip samples from Cisco prospect (see Appendix for RC Rock Chip Results)

Lithium analysis completed on material collected from retained historical RC drilling chips originally taken from drill spoil piles and stored in plastic chip trays. Samples collected were 2m composite from original 1m chip retentions.

Key terms of Cisco Farm-in and Joint Venture Agreement:

- Pilbara to purchase a 51% interest in E45/4270 for \$2.3m (cash or shares issued at 95% of the 5-day volume weighted average price at PLS election)
- Pilbara may then spend a further \$1M on exploration in the first year to increase its interest to 70%.
- Pilbara will free-carry Atlas to completion of a definitive feasibility study and progress the project to a decision to mine to increase its interest to 80%. At this point, Atlas must either fund its share of expenses or dilute. Atlas may elect to exchange its participating interest in the joint venture for a 2% gross sales royalty.

Logistics services

Pilbara has completed a definitive feasibility study for a long-life lithium project at the Pilgangoora site, ~30km east of Atlas' Wodgina mine. Pilbara has advised the market that it aims to commission Pilgangoora by the end of this year, with production scheduled to ramp up during 2018.

Pilbara has also announced that it is investigating the opportunity to export 1.9 mt of direct shipping spodumene ore as early as July 2017 via an offtake agreement with a Chinese lithium carbonate producer (see Pilbara ASX announcement dated 31 January 2017). The offtake agreement between Pilbara and its customer remains subject to a number of conditions precedent including Australian and Chinese regulatory approvals and a final investment decision from the Pilbara board.

Atlas and Pilbara have entered into a non-binding memorandum of understanding (MOU) setting out the key terms on which Atlas proposes to assist Pilbara to export direct shipping spodumene ore. Atlas plans to leverage its existing logistics chain to provide haulage, crushing and port services to Pilbara. The parties intend to negotiate formal binding documentation which would remain subject to conditions including board and regulatory approvals, and Pilbara's offtake agreement becoming unconditional.

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Appendix - Cisco RC Rock Chip Results Table

Hole ID *	Collar Location (MGA94 Zone 50)			Sample ID	Depth From	Depth To	Li2O ppm	Ta ppm
	Eastings	Northing	RL					
MFR036	661267	7636188	310	MFA178	52	54	418	4
MFR036	661267	7636188	310	MFA179	54	56	515	90
MFR036	661267	7636188	310	MFA180	56	58	3,853	86
MFR036	661267	7636188	310	MFA181	58	60	227	20
MFR036	661267	7636188	310	MFA182	60	62	10,057	32
MFR036	661267	7636188	310	MFA183	62	64	15,513	40
MFR036	661267	7636188	310	MFA184	64	66	16,761	61
MFR036	661267	7636188	310	MFA185	66	68	7,155	55
MFR036	661267	7636188	310	MFA186	68	70	11,297	26
MFR036	661267	7636188	310	MFA187	70	72	625	15
MFR036	661267	7636188	310	MFA188	72	74	303	25
MFR036	661267	7636188	310	MFA189	74	76	176	51
MFR036	661267	7636188	310	MFA190	76	78	733	47
MFR036	661267	7636188	310	MFA191	78	80	1,277	80
MFR036	661267	7636188	310	MFA192	80	82	371	87
MFR036	661267	7636188	310	MFA193	82	84	283	168
MFR037	661178	7636202	308	MFA194	4	6	96	66
MFR037	661178	7636202	308	MFA195	6	8	243	16
MFR037	661178	7636202	308	MFA196	8	10	234	18
MFR037	661178	7636202	308	MFA197	10	12	207	33
MFR037	661178	7636202	308	MFA198	12	14	195	41
MFR037	661178	7636202	308	MFA199	14	16	147	7
MFR037	661178	7636202	308	MFA200	16	18	570	10
MFR037	661178	7636202	308	MFA201	18	20	284	24
MFR037	661178	7636202	308	MFA202	20	22	392	29
MFR037	661178	7636202	308	MFA203	22	24	785	20
MFR037	661178	7636202	308	MFA204	24	26	596	29
MFR037	661178	7636202	308	MFA205	26	28	1,544	37
MFR037	661178	7636202	308	MFA206	28	30	1,711	16
MFR037	661178	7636202	308	MFA207	30	32	19,197	103
MFR037	661178	7636202	308	MFA208	32	34	2,527	21
MFR037	661178	7636202	308	MFA209	34	36	1,356	8
MFR037	661178	7636202	308	MFA210	36	38	1,234	7
MFR037	661178	7636202	308	MFA211	38	40	219	13
MFR037	661178	7636202	308	MFA212	40	42	620	83
MFR037	661178	7636202	308	MFA213	42	44	344	82

Competent Person's Statement included in May 2016 Investor Presentation

The information in this report that relates to Geology and Exploration Results is based on, and fairly represents, information and supporting documentation compiled by Leigh Slomp who is a member of the Australasian Institute of Mining and Metallurgy. Leigh Slomp is a full time employee and shareholder of Atlas Iron Ltd and has sufficient experience that is relevant to the style of mineralisation and type of deposit under consideration and to the activity which he is undertaking to qualify as Competent Person as defined in the 2012 Edition of the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves. Leigh Slomp consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.

Table 1 Information

The information required by Table 1 of JORC 2012 was included in May 2016 Investor Presentation.