

# Appendix 5B

## Mining exploration entity quarterly report

Introduced 1/7/96. Origin: Appendix 8. Amended 1/7/97, 1/7/98, 30/9/2001, 01/6/10.

Name of entity

**Atlas Iron Limited**

ACN

110 396 168

Quarter ended ("current quarter")

30 September 2010

### Consolidated statement of cash flows

Cash flows related to operating activities		Current quarter \$A'000	Year to date (3 months) \$A'000
1.1	Receipts from product sales and related debtors	27,227	27,227
1.2	Payments for (a) exploration & evaluation	(5,648)	(5,648)
	(b) development	(19,390)	(19,390)
	(c) production	(22,314)	(22,314)
	(d) freight cost	(4,621)	(4,621)
	(e) administration	(4,599)	(4,599)
1.3	Dividends received	-	-
1.4	Interest and other items of a similar nature received	2,525	2,525
1.5	Interest and other costs of finance paid	-	-
1.6	Income taxes paid	-	-
1.7	Other – Port handling prepayment	(7,831)	(7,831)
<b>Net Operating Cash Flows</b>		<b>(34,651)</b>	<b>(34,651)</b>
<b>Cash flows related to investing activities</b>			
1.8	Payment for purchases of: (a) prospects	(110)	(110)
	(b) equity investments	-	-
	(c) other fixed assets	(238)	(238)
1.9	Proceeds from sale of: (a) prospects	-	-
	(b) equity investments	-	-
	(c) other fixed assets	-	-
1.10	Loans to other entities	(9,450)	(9,450)
1.11	Loans repaid by other entities	-	-
1.12	Acquisition of subsidiary net of cash acquired	(1,180)	(1,180)
<b>Net investing cash flows</b>		<b>(10,978)</b>	<b>(10,978)</b>
1.13	Total operating and investing cash flows (carried forward)	<b>(45,629)</b>	<b>(45,629)</b>

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1.13	Total operating and investing cash flows (brought forward)	(45,629)	(45,629)
	<b>Cash flows related to financing activities</b>		
1.14	Proceeds from issues of shares, options, etc.	91	91
1.15	Proceeds from sale of forfeited shares	-	-
1.16	Proceeds from borrowings	-	-
1.17	Repayment of borrowings	-	-
1.18	Dividends paid	-	-
1.19	Other - capital raising costs (net GST Refund)	(6)	(6)
	Other – issue of loan to Aurox Resources Ltd.	-	-
	<b>Net financing cash flows</b>	85	85
	<b>Net increase (decrease) in cash held</b>	(45,544)	(45,544)
1.20	Cash at beginning of quarter/year to date	154,933	154,933
1.21	Exchange rate adjustments to item 1.20	(420)	(420)
1.22	<b>Cash at end of quarter</b>	108,969	108,969

**Payments to directors of the entity and associates of the directors**

**Payments to related entities of the entity and associates of the related entities**

		Current quarter \$A'000
1.23	Aggregate amount of payments to the parties included in item 1.2	355
1.24	Aggregate amount of loans to the parties included in item 1.10	-

1.25 Explanation necessary for an understanding of the transactions

Item 1.23 includes aggregate amounts paid to directors and related entities including salary, directors' fees and superannuation.

**Non-cash financing and investing activities**

2.1 Details of financing and investing transactions which have had a material effect on consolidated assets and liabilities but did not involve cash flows.

2.2 Details of outlays made by other entities to establish or increase their share in projects in which the reporting entity has an interest.

**Financing facilities available**

Add notes as necessary for an understanding of the position.

	Amount available \$A'000	Amount used \$A'000
3.1 Loan facilities	NIL	NIL
3.2 Credit standby arrangements	NIL	NIL

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### Estimated cash outflows for next quarter

	\$A'000
4.1 Exploration and evaluation	16,000
4.2 Development	8,000
4.3 Production	58,000
4.2 Administration	7,000
<b>Total</b>	<b>89,000</b>

### Reconciliation of cash

Reconciliation of cash at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts is as follows.	Current quarter \$A'000	Previous quarter \$A'000
5.1 Cash on hand and at bank	29,246	5,210
5.2 Deposits at call	80,000	150,000
5.3 Bank overdraft	-	-
5.4 Reclassification at year-end	(277)	-
<b>Total: cash at end of quarter</b> (item 1.22)	<b>108,969</b>	<b>155,210</b>

### Changes in interests in mining tenements

	Tenement reference	Nature of interest (note (2))	Interest at beginning of quarter	Interest at end of quarter
6.1 Interests in mining tenements relinquished, reduced or lapsed	G45/277	General purpose licence (WA)	100%	0%
	E45/2767	Exploration licence (WA)	100%	0%
	E08/1376	Exploration licence (WA)	100%	0%
	E08/1337	Exploration licence (WA)	100%	0%
	E08/1259	Exploration licence (WA)	100%	0%
	P52/1284	Prospecting licence (WA)	100%	0%
6.2 Interests in mining tenements acquired or increased		<u>Acquisitions/ Applications</u>	Interest at beginning of quarter	Interest at end of quarter
	E52/2457	Applications	0%	100%
	E20/720	Applications	0%	100%
	E20/721	Applications	0%	100%
	E09/1666	Applications	0%	100%
	E09/1667	Applications	0%	100%
	E09/1668	Applications	0%	100%
	E09/1669	Applications	0%	100%
	G45/315	Applications	0%	100%
	M45/1194	Applications	0%	100%

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L45/211	Applications	0%	100%
M45/1179	Applications	0%	100%
E52/2351	Applications	0%	100%
E52/2337	Applications	0%	100%
E52/2317	Applications	0%	100%
M59/725	Acquisitions	0%	100%
E59/1443	Acquisitions	0%	100%
P59/1897	Acquisitions	0%	100%
P59/1898	Acquisitions	0%	100%
P59/1899	Acquisitions	0%	100%
M59/648	Acquisitions	0%	100%
E59/1364	Acquisitions	0%	100%
P59/1696	Acquisitions	0%	100%
E59/1113	Acquisitions	0%	100%
E59/1239	Acquisitions	0%	100%
P59/1730	Acquisitions	0%	100%
E52/1570	Acquisitions	0%	100%
E80/4385	Acquisitions	0%	100%
E59/1642	Acquisitions	0%	100%
M47/1432	Acquisitions	0%	100%
E47/2152	Acquisitions	0%	100%
G47/1238	Acquisitions	0%	100%
L47/242	Acquisitions	0%	100%
L47/244	Acquisitions	0%	100%
L47/245	Acquisitions	0%	100%
L47/174	Acquisitions	0%	100%
L47/175	Acquisitions	0%	100%
M47/804	Acquisitions	0%	100%
G47/1229	Acquisitions	0%	100%
L47/171	Acquisitions	0%	100%
L47/168	Acquisitions	0%	100%
L47/57	Acquisitions	0%	100%
P47/1094	Acquisitions	0%	100%
M47/360	Acquisitions	0%	100%
M47/361	Acquisitions	0%	100%
M47/312	Acquisitions	0%	100%
M47/311	Acquisitions	0%	100%
M47/297	Acquisitions	0%	100%
M47/298	Acquisitions	0%	100%
L47/370	Acquisitions	0%	100%
G47/1240	Acquisitions	0%	100%
L47/384	Acquisitions	0%	100%
L47/385	Acquisitions	0%	100%
L47/386	Acquisitions	0%	100%
L47/387	Acquisitions	0%	100%
E47/2382	Acquisitions	0%	100%
L47/371	Acquisitions	0%	100%
L47/372	Acquisitions	0%	100%
L47/373	Acquisitions	0%	100%
L47/374	Acquisitions	0%	100%
L45/217	Acquisitions	0%	100%
L45/218	Acquisitions	0%	100%
L47/364	Acquisitions	0%	100%
E47/2251	Acquisitions	0%	100%
E47/2224	Acquisitions	0%	100%

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E47/2225	Acquisitions	0%	100%
G45/317	Acquisitions	0%	100%
G45/318	Acquisitions	0%	100%
G45/319	Acquisitions	0%	100%
G45/320	Acquisitions	0%	100%
E45/3558	Acquisitions	0%	100%
E45/3557	Acquisitions	0%	100%
E47/2165	Acquisitions	0%	100%
E47/2166	Acquisitions	0%	100%
E47/2167	Acquisitions	0%	100%
E47/2147	Acquisitions	0%	100%
E47/2148	Acquisitions	0%	100%
E47/2149	Acquisitions	0%	100%
P47/1521	Acquisitions	0%	100%
P47/1522	Acquisitions	0%	100%
L47/325	Acquisitions	0%	100%
P47/1437	Acquisitions	0%	100%
L47/243	Acquisitions	0%	100%
G47/1234	Acquisitions	0%	100%
L47/229	Acquisitions	0%	100%
L47/230	Acquisitions	0%	100%
L47/231	Acquisitions	0%	100%
E47/1829	Acquisitions	0%	100%
G47/1230	Acquisitions	0%	100%
G47/1231	Acquisitions	0%	100%
P47/1300	Acquisitions	0%	100%
E47/1743	Acquisitions	0%	100%
E47/1744	Acquisitions	0%	100%
M47/541	Acquisitions	0%	100%

\* Application made for 100%

\*\* Fe rights only

**Issued and quoted securities at end of current quarter**

*Description includes rate of interest and any redemption or conversion rights together with prices and dates.*

	Total number	Number quoted	Issue price per security (see note 3) (cents)	Amount paid up per security (see note 3) (cents)
7.1 <b>Preference securities</b> <i>(description)</i>				
7.2 Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs, redemptions				
7.3 <b>+Ordinary securities</b>	540,009,119	540,009,119		
7.4 Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs	66,335,303	66,335,303		
7.5 <b>+Convertible debt securities</b> <i>(description)</i>				
7.6 Changes during quarter (a) Increases through issues (b) Decreases through securities matured, converted				
7.7 <b>Options</b> <i>(description and conversion factor)</i>	35,563,000	various classes of unlisted options – See attaching listing	<i>Exercise Price</i>	<i>Expiry Date</i>
7.8 Issued during quarter	5,500,000 4,750,000		\$2.873 \$2.80	30/06/2015 30/06/2015
7.9 Exercised during quarter	50,000 50,000	- -	60c 70c	31/01/2012 31/01/2012
7.10 Expired/Cancelled during quarter	410,000	13 classes (per Appendix 3B released on 14 Sep 2010)		
7.11 <b>Debentures</b>	-	-		
7.12 <b>Unsecured notes</b>	-	-		

+ See chapter 19 for defined terms.

### Compliance statement

- 1 This statement has been prepared under accounting policies which comply with accounting standards as defined in the Corporations Act or other standards acceptable to ASX (see note 4).
- 2 This statement does ~~does not~~\* (*delete one*) give a true and fair view of the matters disclosed.



Sign here:  
Anthony Walsh - Company Secretary

Date: **27 October 2010**

### Notes

- 1 The quarterly report provides a basis for informing the market how the entity's activities have been financed for the past quarter and the effect on its cash position. An entity wanting to disclose additional information is encouraged to do so, in a note or notes attached to this report.
- 2 The "Nature of interest" (items 6.1 and 6.2) includes options in respect of interests in mining tenements acquired, exercised or lapsed during the reporting period. If the entity is involved in a joint venture agreement and there are conditions precedent which will change its percentage interest in a mining tenement, it should disclose the change of percentage interest and conditions precedent in the list required for items 6.1 and 6.2.
- 3 **Issued and quoted securities** The issue price and amount paid up is not required in items 7.1 and 7.3 for fully paid securities.
- 4 The definitions in, and provisions of, *AASB 1022: Accounting for Extractive Industries* and *AASB 1026: Statement of Cash Flows* apply to this report.
- 5 **Accounting Standards** ASX will accept, for example, the use of International Accounting Standards for foreign entities. If the standards used do not address a topic, the Australian standard on that topic (if any) must be complied with.

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<b>UNLISTED OPTIONS</b>	
<b>Number</b>	<b>Class</b>
1,000,000	16/11/10 20 cent options
23,000	16/11/10 25 cent options
3,000,000	24/03/11 30 cent options
3,000,000	24/03/11 40 cent options all vested
450,000	22/05/11 50 cent options all vested
350,000	15/08/11 60 cent options all vested
650,000	15/08/11 70 cent options all vested
500,000	24/03/11 60 cent options all vested
300,000	31/01/12 50 cent options all vested
100,000	31/01/12 60 cent options all vested
150,000	31/01/12 70 cent options all vested
25,000	05/03/12 60 cent options all vested
75,000	05/03/12 70 cent options all vested
75,000	21/03/12 70 cent options all vested
2,500,000	31/03/12 72 cent performance options all vested
1,800,000	28/02/12 70 cent unlisted options all vested
1,500,000	31/05/12 60 cent performance options all vested
50,000	16/07/12 \$1.06 options all vested
75,000	30/09/12 \$2.20 options all vested
75,000	30/09/12 \$2.50 options all vested
50,000	30/09/12 \$1.60 options all vested
25,000	30/09/12 \$1.40 options all vested
25,000	30/09/12 \$1.50 options all vested
400,000	30/09/12 \$1.50 options all vested
150,000	30/09/12 \$3.00 options all vested
150,000	30/09/12 \$3.35 options all vested
125,000	30/09/12 \$2.50 options all vested
125,000	30/09/12 \$2.85 options all vested
120,000	30/09/12 \$2.50 performance options all vested
25,000	30/09/12 \$2.55 options all vested
55,000	30/09/12 \$2.85 options all vested
500,000	20/08/12 \$2.46 options all vested
50,000	30/09/12 \$2.25 options all vested
25,000	30/09/12 \$2.55 options all vested
75,000	30/09/12 \$1.90 options all vested
75,000	30/09/12 \$2.15 options all vested
100,000	30/09/12 \$1.90 performance options all vested
135,000	30/09/12 \$2.45 options all vested
135,000	30/09/12 \$2.75 options all vested
75,000	30/09/12 \$2.45 performance options all vested.
25,000	30/09/12 \$2.50 options all vested
25,000	30/09/12 \$2.85 options all vested
35,000	30/09/12 \$2.30 options all vested
35,000	30/09/12 \$2.65 options all vested
40,000	31/03/13 \$2.45 options all vested
40,000	31/03/13 \$2.75 options all vested
15,000	31/03/13 \$2.10 options all vested
15,000	31/03/13 \$2.40 options all vested
50,000	31/03/13 \$2.15 options all vested
50,000	31/03/13 \$2.45 options all vested
50,000	31/03/13 \$2.65 options all vested
50,000	31/03/13 \$3.00 options all vested
2,250,000	01/05/11 \$4.50 options all vested
25,000	30/06/13 \$4.35 options all vested
25,000	30/06/13 \$4.95 options all vested
90,000	30/06/13 \$4.45 options all vested
40,000	30/06/13 \$5.00 options all vested
40,000	30/06/13 \$4.25 options all vested
40,000	30/06/13 \$4.80 options all vested
125,000	30/06/13 \$4.08 options all vested
125,000	30/06/13 \$4.62 options all vested
30,000	30/09/12 \$2.55 options all vested
30,000	30/09/12 \$2.85 options all vested

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UNLISTED OPTIONS Number	(CONTINUED) Class
50,000	30/06/13 \$2.35 options all vested
25,000	30/06/13 \$2.30 options all vested
25,000	30/06/13 \$2.60 options all vested
350,000	30/09/13 \$1.65 options all vested
350,000	30/09/13 \$1.85 options vesting 06/10/10
25,000	30/09/13 \$1.15 options vesting 20/10/10
25,000	30/09/13 \$1.10 options all vested
15,000	30/09/13 \$2.00 options all vested
40,000	30/12/13 \$0.90 options vesting 17/11/10
25,000	30/12/13 \$1.05 options all vested
25,000	30/12/13 \$1.20 options vesting 04/11/10
100,000	30/12/13 \$1.30 options all vested
50,000	30/12/13 \$1.35 options all vested
50,000	30/12/13 \$1.50 options vesting 05/01/11
15,000	30/12/13 \$1.50 options all vested
15,000	30/12/13 \$1.70 options vesting 12/01/11
200,000	30/06/14 \$2.30 options all vested
200,000	30/06/14 \$2.60 options vesting 03/08/11
50,000	31/12/14 \$2.50 options vesting 19/01/11
50,000	31/12/14 \$2.80 options vesting 19/01/12
15,000	31/03/15 \$2.25 options vesting 24/05/11
15,000	31/03/15 \$2.55 options vesting 24/05/12
40,000	31/03/15 \$2.75 options vesting 10/05/11
40,000	31/03/15 \$3.10 options vesting 10/05/12
25,000	31/03/15 \$2.25 options vesting 8/06/11
25,000	31/03/15 \$2.55 options vesting 8/06/12
15,000	31/03/15 \$2.65 options vesting 21/06/11
15,000	31/03/15 \$3.00 options vesting 21/06/12
25,000	31/03/15 \$2.25 options vesting 14/06/11
25,000	31/03/15 \$2.55 options vesting 14/06/12
25,000	31/03/15 \$2.05 options vesting 25/05/11
25,000	31/03/15 \$2.30 options vesting 25/05/12
40,000	31/03/15 \$2.45 options vesting 17/05/11
40,000	31/03/15 \$2.75 options vesting 17/05/12
25,000	31/03/15 \$2.80 options vesting 29/03/11
25,000	31/03/15 \$3.15 options vesting 29/03/12
30,000	31/03/15 \$2.70 options vesting 22/03/11
30,000	31/03/15 \$3.05 options vesting 22/03/12
75,000	31/03/15 \$2.70 options vesting 22/03/11
75,000	31/03/15 \$3.05 options vesting 22/03/12
30,000	31/03/15 \$2.80 options vesting 23/03/11
30,000	31/03/15 \$3.20 options vesting 23/03/12
25,000	31/03/15 \$2.65 options vesting 9/03/11
25,000	31/03/15 \$3.00 options vesting 9/03/12
15,000	31/03/15 \$2.65 options vesting 8/03/11
15,000	31/03/15 \$3.00 options vesting 8/03/12
75,000	31/03/15 \$2.70 options vesting 3/05/11
75,000	31/03/15 \$3.05 options vesting 3/05/12
75,000	31/03/15 \$2.70 options vesting 3/05/11
75,000	31/03/15 \$3.05 options vesting 3/05/12
250,000	31/12/14 \$2.10 options vesting 1/02/11
250,000	31/12/14 \$2.35 options vesting 1/02/12

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UNLISTED OPTIONS	(CONTINUED)
Number	Class
50,000	31/12/14 \$2.10 options vesting 1/02/11
50,000	31/12/14 \$2.35 options vesting 1/02/12
50,000	31/12/14 \$2.25 options vesting 4/01/11
50,000	31/12/14 \$2.55 options vesting 4/01/12
30,000	31/12/14 \$2.25 options vesting 4/01/11
30,000	31/12/14 \$2.55 options vesting 4/01/12
30,000	31/12/14 \$2.25 options vesting 5/01/11
30,000	31/12/14 \$2.55 options vesting 5/01/12
15,000	31/12/14 \$2.45 options vesting 20/01/11
15,000	31/12/14 \$2.80 options vesting 20/01/12
50,000	31/12/14 \$2.70 options vesting 15/01/11
50,000	31/12/14 \$3.05 options vesting 15/01/12
15,000	30/09/14 \$2.15 options vesting 16/11/10
15,000	30/09/14 \$2.45 options vesting 16/11/11
75,000	30/09/14 \$2.15 options vesting 26/10/10
75,000	30/09/14 \$2.40 options vesting 26/10/11
30,000	30/09/14 \$2.10 options vesting 19/10/10
30,000	30/09/14 \$2.40 options vesting 19/10/11
5,500,000	30/06/15 \$2.873 options vested
4,750,000	30/06/15 \$2.80 options vested

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