



MACQUARIE
ACN 002 574 923

Macquarie Private Wealth



Atlas Iron

Business Description

Atlas Iron Limited (AGO) is an iron ore exploration company located in Western Australia. Projects are predominantly located within the highly prospective Northeast Pilbara region and cover around 8900 km² of ground prospective for iron ore, gold and base metals.

Strategy Analysis

AGO continues to pursue acquisitions predominantly within the Pilbara region, which will be seen to add value. An aggressive exploration program has been rolled out with a substantial increase in the resource and reserves position so far. There is a focus on an aggressive exploration program which is expected to underpin long term production as the company plans to move towards near term cashflows and low capital cost. AGO recently secured third party port and rail infrastructure access and will look towards working with the West Australian State Government and other iron ore majors for future beneficial contracts. Atlas Iron reported positive cash flow of \$29.46m for quarter ended 30 September 2009. Operating cash flow for the period was \$(17.86m). Payments for exploration and evaluation were \$(5.23m). Investing cash flow was \$(4.88m). Financing cash flow was \$52.21m. Cash in hand at the end of the quarter was \$153.84m.

06 September 2010

Recommendation

Recommendation: Underperform
Relative to: All Ind (ex Fins)

Investment Fundamentals

ASX code: AGO
Stock price: \$2.20
Market cap: \$1,188m

	Y/E 30/06/2010	2011e	2012e	2013e	2014e
Reported e	\$m	156.0	265.9	269.6	231.5
Adjusted e	\$m	156.0	265.9	269.6	231.5
EPS adjusted	¢	28.1	47.7	48.3	41.5
EPS growth	%	-435.5	69.6	1.4	-14.1
PE	x	7.8	4.6	4.6	5.3
PE relative	x	0.5	0.4	0.5	0.6
DPS	¢	0.0	0.0	0.0	
Yield	%				
Franking	%	0.0	0.0	0.0	

Share Price



Source: ASX and Company accounts

Segment Performance

Results by Industry	Revenue (%)	Return on Sales (%)	Return on Assets (%)	Annual Shareholders' Return	
				1 year	3 year
Mining	100.0	100.0	100.0	35.0%	5.0%
Total	100.0	100.0	100.0	55.0%	0.0%
Results by Geography				Dividend Reinvestment	
Australia	100.0	100.0	100.0	Plan	No
Total	100.0			Shareholder	
				Discounts	No

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