

SE Business  
 HD **Atlas upbeat as margin slashed**  
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Atlas **iron** maintained the slimmest of cash margins in the September quarter, booking a leeway on cash operating costs of less than \$2 a tonne despite slashing costs by 8 per cent at its Pilbara mines.

Regarded by many as the most vulnerable WA producer to plunging **iron ore** prices, Atlas cut its all-in cash costs — which includes production, royalties, administration and freight costs, but not interest expenses or capital spending — to \$68.90 for each wet metric tonne delivered to **China**. It received an average of \$70.83/t through the quarter, leaving cash margins of \$1.93/t, or in aggregate \$5.97 **million**, for the 3.1 **million** tonnes shipped.

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After spending \$67 **million** on development projects — and despite receiving \$18 **million** after environmental **bonds** were freed up by the State Government's **mining** rehabilitation fund reforms — Atlas' cash position fell \$60 **million** in the three months to September 30.

Atlas' cash pile has fallen from \$461 **million** in July last year to \$205 **million** at September 30.

It owes a \$US270 **million** term loan and \$14 **million** through other facilities, and has flagged interest payments of about \$28 **million** this financial year.

Managing director Ken Brinsden said yesterday Atlas was not concerned about the fall in its cash position, given the money was being spent on construction of expansion projects.

"It was always going to be the case, particularly in the current pricing environment, that we would continue to draw down our net debt position because there was continued investment going on," he said.

"However, it in essence has peaked. We might marginally increase the net debt position in the current quarter but we don't expect it to go much further.

"It's not a serious or significant impost. Yes, we have continued to go a little bit more net debt but we're not concerned about the relative position of cash to net debt. The debt was there for that purpose, to continue to invest in our mines."

Mr Brinsden said Atlas expected to make further cuts to operating costs over the rest of this year, and the **company** had cut or deferred more than \$30 **million** from its capital expenditure budget, down to \$94 **million**. Atlas shares closed steady at 36¢.

Tight squeeze \$1.93/t Atlas **iron**'s cash operating margin, on a tonne of **iron ore** shipped to **China**, last quarter.

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atlagd : Atlas Iron Ltd.

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