



7 April 2010

ATLAS IRON UPDATE: KEY DSO GROWTH PROJECTS ON TRACK

Atlas Iron Limited (ASX Code: AGO) is pleased to provide an operational update on recent progress towards achieving iron ore exports at a combined rate of **6 million tonnes per annum (Mtpa)** from its Wodgina and Pardoo DSO operations in Western Australia by December 2010.

HIGHLIGHTS

- WODGINA MINING STARTS JUNE, FIRST EXPORTS TARGET SEPTEMBER 2010**
- WODGINA SITE CONSTRUCTION WORKS NEARING COMPLETION**
- WODGINA KEY PERMITTING MILESTONES COMPLETE**
- WODGINA MINING CONTRACT AWARD IMMINENT**
- PARDOO 18 MONTH EXPORT TARGET OF 1.5MT TO BE ACHIEVED LATE APRIL**
- PARDOO FACILITIES UPGRADE TO 2.4MTPA COMPLETE**
- GLOBAL IRON ORE PRICE RISES OF AROUND 90% ACHIEVED**
- AUROX MERGER PROGRESSING WITH STRONG SUPPORT**

WODGINA DSO PROJECT

All major operating contracts are either in place, or contract award is imminent to enable a Q2 2010 mining start at Wodgina. Approximately 90% of all construction and civil works on site are now complete. The company has been informally notified that all key environmental approvals have now been achieved. Formal notice is expected before the end of April. Recruitment of site personnel is running to schedule as the Company continues to attract high quality professionals across a range of disciplines.

Atlas is targeting commencement of mining at Wodgina in late Q2 of 2010 at an initial production rate of 2Mtpa, subsequently ramping up to 3.6Mtpa during Q4 of 2010. Atlas expects to export its first shipment of Wodgina DSO product in late Q3 or early Q4 of 2010 coincident with the commissioning of the new Utah Point berth facility at Port Hedland.

PARDOO DSO PROJECT

Atlas Iron is pleased to advise that the facilities upgrade of its 100% owned Pardoo DSO Project is now complete. The Company is aiming to ramp up production from Pardoo from the current production rate of 1.2Mtpa to 2.4Mtpa in Q3 of 2010, coincident with the commissioning of the new Utah Point berth facility in Port Hedland. Atlas expects to export its first shipment of Pardoo DSO product through the Utah Point berth facility in late Q3 or early Q4 of 2010.



1.5 MT DSO PARDOO EXPORT TARGET ACHIEVED

Atlas is pleased to advise that, following its next shipment scheduled through FMG's Anderson Point port facility in Port Hedland, Atlas will have met its 18 month target of exporting an aggregate of 1.5Mt of DSO to date and over 1Mt of DSO for the financial year ended 30 June 2010. Atlas will also have shipped over 500,000 tonnes in the period 1 January to 30 June 2010 through FMG's Anderson Point port facility.

Atlas has a Port Access Agreement with FMG within which, subject to FMG's own capacity constraints and after Atlas' next shipment, FMG is obliged to use reasonable endeavours to provide Atlas with additional shipments, up until the commissioning of the multi user export port at Utah Point. After taking into consideration FMG's advice that it will have capacity constraints impacting Atlas after its next shipment, Atlas will continue producing from its Pardoo DSO Project for export through FMG port (if capacity becomes available from June 2010), or alternatively to stockpile final product in readiness for export from the new Utah Point facility in late Q3 or early Q4 of 2010.

With increased production rates, economies of scale and lower cash operating costs that will come with increased production through the Utah facility (targeting \$A40-45/tonne FOB, ex royalties), Atlas expects to achieve significantly stronger cash flows moving forward, and in particular the latter part of the year as it makes up shipped tonnes through the Utah facility.

IRON ORE PRICE

Atlas continues to experience very strong demand for its iron ore. In recent weeks, the FOB price achieved for Pilbara Iron Ores has approached all-time record highs. Atlas continues to engage with its existing and potential new customers. The Company continues to see significant evidence of sustained demand for steel-making raw materials sufficient to underpin the growth of Atlas over the years to come.

In line with the timing of the recent pricing outcomes achieved by the iron ore majors, Atlas expects to achieve a similar revision upwards in the realised price of its iron ore from April 1 2010 which is likely to be approximately 90% above 2009/2010 benchmark prices.

AUROX MERGER UPDATE

As announced on 10 March 2001, Atlas and Aurox have agreed the terms of a merger by way of Scheme of Arrangement (the Merger). The Aurox Board has unanimously recommended that, in the absence of a superior proposal, Aurox shareholders vote in favour of the Merger, and advised that, in the absence of a superior proposal, they will vote all shares which they control in favour of the Merger. Both Atlas and Aurox continue to receive very strong universal support for the transaction, which continues to run on schedule, with the Scheme Booklet to be despatched to shareholders in late April 2010 to allow Aurox shareholders to vote on the Merger in late May 2010.

BACKGROUND ATLAS IRON LIMITED

Atlas Iron Limited is mining and exporting from its 100%-owned Pardoo Iron Ore project, located 75 kilometres by road from Port Hedland in the Pilbara region of Western Australia. Atlas shipped over 1 million tonnes of Pardoo Direct Shipping Ore (DSO) in its first year of operation. Atlas is working to further expand its production following commissioning of the Utah Point port facility expected in late Q3 2010. When combined with additional export tonnages from its Wodgina DSO Project, the Company is targeting exports at an annualised rate of 6 million tonnes by the end of 2010, growing to 12 million tonnes by 2012.



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Figure 1: Atlas Northern Pilbara Projects Location Plan

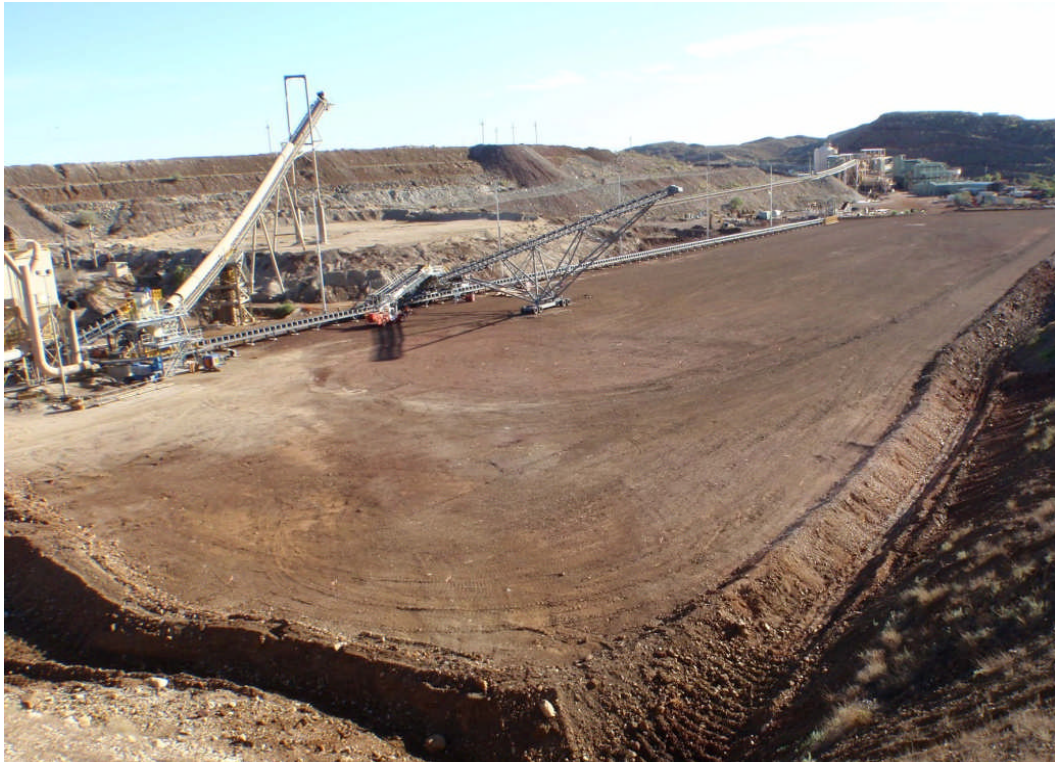


Figure 2: New Wodgina infrastructure, Stacker/Civil Works/Final Product Stockpile



Figure 3: Upgraded Pardoo Facilities - Crush and Screen Plant



Figure 4: Utah Point Port ship loader erect