



MARCH 2010 QUARTERLY REPORT

30 April 2010

ATLAS IRON LIMITED

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About Atlas Iron Limited

- Atlas is a rapidly growing iron ore miner and explorer in the Pilbara of Western Australia.
- Atlas commenced the export of iron ore from Pardoo in December 2008, and is on target to grow production at Pardoo to 2.4Mtpa by mid 2010.
- With targeted production at Wodgina, Abydos and Mt Webber, Atlas is targeting a production rate of 6Mtpa of DSO from late 2010, and 12Mtpa by 2012.
- Atlas has merged with Warwick Resources, establishing a platform for further production growth from the South East Pilbara.

HIGHLIGHTS FOR THE QUARTER

- 342,085 WMT shipped for the quarter.
- 335,155 ore tonnes processed for the quarter.
- 389,703 ore tonnes mined for the quarter.
- Improved cost and operational performance at Pardoo.
- Pardoo mining camp construction complete.
- Construction at the Wodgina DSO Project largely complete.
- 332 exploration and resource definition holes drilled for 20,970 metres.
- Merger announced with Aurox Resources Ltd.
- \$115 million of cash on hand at 31 March 2010.

Subsequent to the end of the March Quarter

- Final environmental approvals for Wodgina received.
- Mining set to commence at Wodgina in early June.
- Wodgina mining contract awarded to BGC Contracting Pty Ltd.
- Announced capital raising of \$63.5 million to fast track ramp up of DSO production to benefit from strong market demand.



Figure 1: Upgraded DSO crush and screen plant at Pardoo capable of 2.4Mtpa

INTRODUCTION

Atlas Iron Limited (Atlas or the Company) is exporting iron ore through the port of Port Hedland and actively exploring for Direct Shipping Ore (DSO) in the Pilbara of Western Australia. With a growing number of high quality iron ore projects and one of the largest exploration landholdings in the Pilbara, the Company has the resources to underpin rapid expansion plans in the North Pilbara over the next three years taking production to 12Mtpa by 2012. In the longer term Atlas is seeking to expand its operations into the Newman area, through the development of its south-east Pilbara DSO projects near Newman.

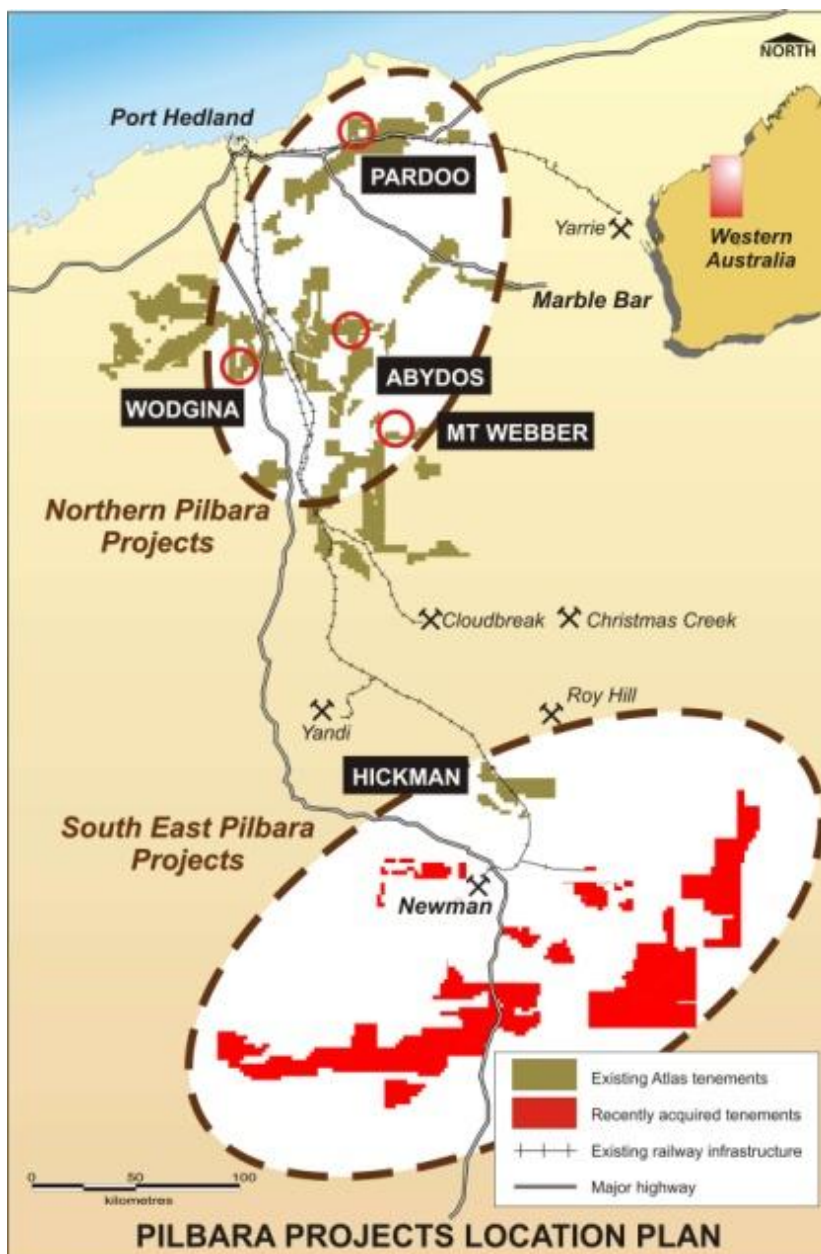


Figure 2 – Atlas Pilbara Project Tenements

While exporting iron ore from the Pardoo mine (Atlas' first mine development), Atlas is also active in feasibility assessment, new acquisitions, target generation and grass roots

exploration. Ongoing project definition through acquisition, exploration and feasibility studies has delivered a strong project pipeline.

As the Company demonstrates its capacity to discover, assess and develop, it is well positioned to advance a number of projects concurrently, with the intention to both expand the Company's production base and extend mine life.

PARDOO PROJECT

Atlas' Pardoo Project is located 75 kilometres by road from the Public Access Port of Port Hedland, in the Pilbara of Western Australia. Mining, processing and direct shipping iron ore exports are now in progress. Production at Pardoo is anticipated to reach an annualised rate of 2.4Mt, concurrent with the commissioning of the Utah Point port facility in September/October 2010, with an ultimate target of 3Mtpa mine production capacity.

Pardoo DSO Mine Development and Production

Mine production during the March quarter was primarily derived from the Bobby, Alice East and West pits, with pit development progressing at South Limb to the point where there was some initial ore production from this pit late in the quarter.

Table 1 below outlines the March 2010 quarter production in comparison to the previous quarter (December 2009).

Table 1: Pardoo Mine Production				
	March Quarter 10 (t)	December Quarter 09 (t)	Variance Quarter (t)	Variance Quarter (%)
Ore Tonnes Mined	389,703	195,930	+193,773	+99%
Ore Tonnes Processed	335,155	326,422	+8,733	+3%
Ore Tonnes Shipped (Dry)	326,521	317,606	+8,915	+3%
Table 2: Pardoo Inventory				
	March Quarter 10 (t)	December Quarter 09 (t)	Variance Quarter (t)	Variance Quarter (%)
Run of Mine Ore Stocks	71,936	29,099	+42,837	+147%
Final Product Stocks - Site	63,782	13,689	+50,093	+366%
Final Product Stocks - Port	101,766	130,371	-28,605	-22%

Atlas is pleased to advise that, following its shipment scheduled for late April 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. Following this shipment in late April, Atlas will have shipped over 500,000 tonnes in the period 1 January to 30 June 2010 through FMG's Anderson Point port facility.

The new crushing and screening facility at Pardoo is now fully commissioned and operating at its interim rated capacity of 1.5 Mtpa (as of February/March 2010). As a result of the new plants installation, Atlas has started to realise a substantial saving in crushing and screening costs, in addition to having additional plant capacity to support the Company's mine expansion objectives.

Construction of the Pardoo mine is complete with the facilities now fully commissioned, providing capacity of 75 rooms to support continuous shift operations for the mines 1.5Mtpa interim run rate.

As illustrated in Table 2, there was an overall increase in inventory as the new mining contractor, Mining and Civil Australia (MACA), settled into the site and manned-up each of their work crews following the change-out of mining contractors late last year. Mining performance over the March quarter was consistent with the interim targeted production rate of 1.5Mtpa.

Iron ore sales for the March quarter were 342,085 WMT (326,521 DMT), in two cargos. One cargo was delivered under the initial Pardoo sales contract and therefore priced on benchmark relativity, while the other was sold under a contract which includes the mutual fairness adjustment mechanism, whereby spot prices are also referenced in setting the ultimate sale price.

The demand for product from Atlas' customers remains strong as evidenced by the two long-term off-take agreements with medium-sized Chinese steel mills announced on 22 January 2010, reflecting the general high demand for Australian iron ore.

Spot prices for the March quarter have been more than 100% above the benchmark prices agreed by major iron producers for markets outside China. Pricing for the 2010/11 year into China remains somewhat uncertain as the major producers do not appear to have agreed final pricing methodology with their key customers. Atlas' contracts provide for the pricing to follow that of the major Pilbara producers so we will continue to monitor the situation.

Net Australian dollar revenue has continued to be impacted during the March quarter by the continued strength of the Australian dollar versus the US dollar.

During the March quarter Atlas entered short dated forward exchange contracts totalling US\$5 million at an average rate of USD 86 cents, with settlement to occur 30 April 2010.

Pardoo DSO Resource Development

Resource Development drilling continued at Pardoo through the March Quarter, with one RC drill rig and one Diamond rig active at the mine. Development and grade control drilling was completed on the Alice East Extension, Chloe and Olivia pits, before moving onto the Emma deposit, all of which are scheduled for development during the 10/11 financial year. Development drilling will continue into May 2010, after which the rigs will progress to regional near-mine exploration opportunities.

174 RC and Diamond holes were drilled at Pardoo during the Quarter for 8,776 metres.

WODGINA DSO PROJECT

The Wodgina DSO Project is located approximately 100 kilometres south of Port Hedland and immediately adjacent to the existing Wodgina Tantalum mine, owned by Talison Minerals.

Mine Development

Construction at the Wodgina DSO Project is now largely complete. The upgrade to the intersection of the mine access road with the Great Northern Highway was completed during

the quarter. CSI Pty Ltd has completed the required modifications to the existing crushing and screening plant to facilitate iron ore sampling and final product stacking, with dry commissioning completed subsequent to the end of the quarter. Bulk earthworks to establish run-of-mine and final product stockyards are now also complete.



Figure 3: New Wodgina infrastructure, Stacker/Civil Works/Final Product Stockpile

Following an extensive tender process for the Wodgina mining contract Atlas is pleased to advise that it has awarded to BGC Contracting Pty Ltd (BGC). BGC is an experienced mining contractor, with several current contracts across Western Australian iron ore mine sites. Atlas and BGC look forward to a mutually rewarding relationship, with BGC participating in the growth of Atlas' business and Atlas leveraging of their experience.

Consistent with the timing of delivery of the Utah Point port facility in September/October this year, mining will commence at Wodgina in June 2010. With the imminent commencement of mining at Wodgina, and Pardoo poised for expansion, the Company is well on its way to achieving 6Mtpa of DSO production by the end of the year.

In January 2010, the Company announced it had entered into two new long term off-take agreements with medium-sized Chinese steel mills covering a total of 1.1 million tonnes per annum of Atlas DSO product. These two off-take agreements represent approximately 30% of the increased production that will occur upon commencement of the 100%-owned Wodgina DSO Project and cover the period to 31 March 2013. Atlas' marketing team has received numerous expressions of interest for the remaining tonnes and will look to finalise further agreements in coming months.

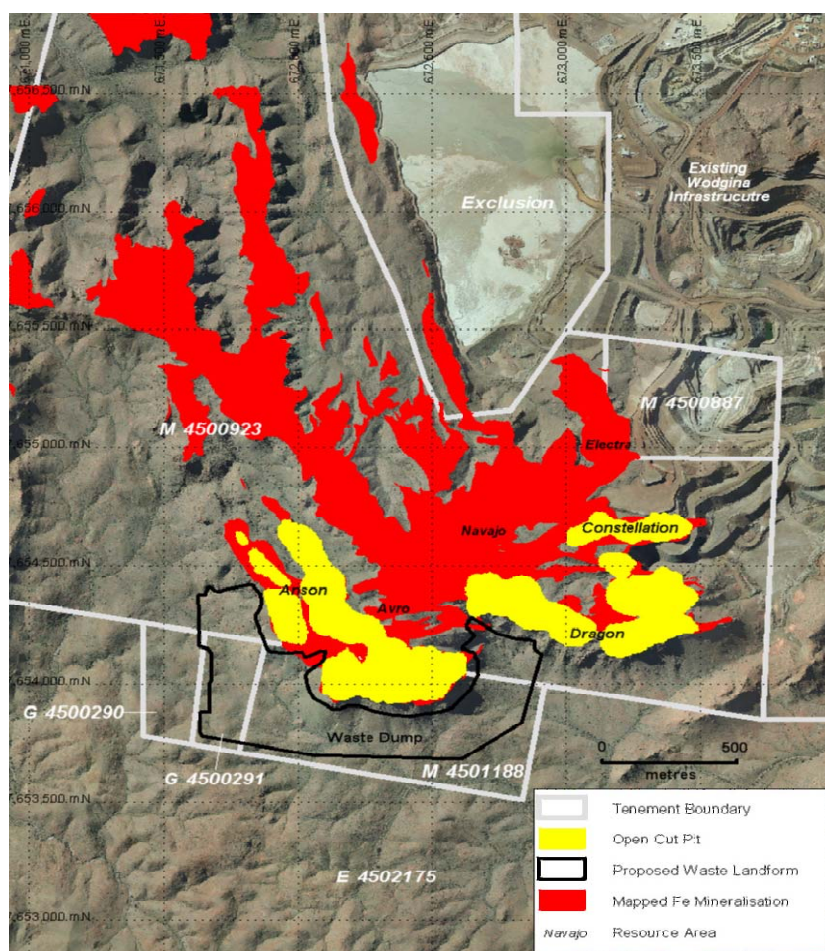


Figure 4: Wodgina Project Initial Mine Development Layout

Wodgina Reserves

In January 2010, Atlas announced a 120% increase in the Wodgina Reserves to 20.9Mt at 57.7%Fe, as a result of additional infill and exploration drilling in the second half of 2009.

The revised Wodgina Reserves are detailed in the following table.

Wodgina DSO Reserve Table (Proven and Probable) – January 2010

Deposit	Ore Type	Reserve Classification	Kt	Fe (%)	SiO ₂ (%)	Al ₂ O ₃ (%)	P (%)	S (%)	LOI (%)	CaFe (%)
Anson	Bedded	Proven	7,926	58.5	5.0	1.5	0.10	0.03	8.9	64.3
		Probable	5,515	56.6	7.3	1.9	0.08	0.04	8.9	62.1
Constellation	Bedded	Probable	1,321	57.3	5.1	2.2	0.03	0.13	9.2	63.1
Dragon	Bedded	Probable	6,109	57.7	6.0	1.5	0.06	0.09	8.5	63.0
Grand Total			20,871	57.7	5.9	1.6	0.08	0.05	8.8	63.3

Optimisation and design studies at Wodgina contributing to this Reserve statement have resulted in overall strip ratios (waste:ore tonnes) of approximately 1.5:1.

ABYDOS DSO PROJECT

The Abydos Project is located 100 kilometres south of the Public Access Port of Port Hedland in the Pilbara of Western Australia. Atlas is advancing project approvals at Abydos as part of the Company's next step up in production to 9 million tonnes per annum by the end of 2011. Work is progressing well and approvals are expected to be achieved ahead of schedule.

MT WEBBER DSO PROJECT

The Mt Webber DSO project is located approximately 150km southeast of Port Hedland, 40km east of the FMG railway line and adjacent to the Woodstock to Marble Bar road. Mt Webber is a 70:30 joint venture between Atlas Iron and Altura Mining Ltd. The project is the fourth of Atlas' main Pilbara DSO project areas, along with Pardoo, Wodgina and Abydos, which are expected to underpin the Company's expansion through to 2012.

Drilling recommenced at Mt Webber in late March 2010, with two diamond holes completed for 125 metres by the end of the quarter. This programme, which is expected to be completed during the June quarter, will provide data on metallurgical characteristics, bulk density, RC-Diamond assay quality and geotechnical parameters. Given the existing RC data set and the uniformity of both the physical shape and grade distribution within the Mt Webber mineralisation envelope, the additional diamond drilling data is expected to allow upgrading of a significant portion of the resource from Inferred to Indicated category.

SOUTH EAST PILBARA DSO PROJECT

The Woggaginna DSO Project is located approximately 55km southeast of Newman in the Southeast Pilbara region of Western Australia. Surface iron enrichment over Archaean BIF horizons was first identified in a number of areas by Warwick Resources Limited, who commenced drilling the Wishbone prospect in 2009. A number of other exploration targets within the project area are yet to be tested.

Exploration recommenced at the Wishbone prospect during March 2010, with a programme designed to carry on from Warwick Resources' previous drilling in late 2009. By the end of March, 35 RC holes were completed for 2,806 metres. Subsequent to the end of the quarter the Wishbone drilling was completed, and the rig moved onto other targets within the project area, to the northeast.

Drilling was successful in extending the Wishbone mineralisation along strike to the north and south. Although the mineralised envelope remains open in some areas, an initial inferred resource estimation will be compiled during the June quarter. Ongoing exploration will continue both within the project area and also within the region, with drilling planned at McCameys North and Hickman in the June quarter.

RIDLEY MAGNETITE PROJECT

Atlas completed the Preliminary Feasibility Study (PFS) for the Ridley Magnetite Project on 14 April 2009. The completion of the PFS marked the culmination of two years work in diamond drilling, resource modelling, metallurgical test work, process development and mine planning managed by Atlas.

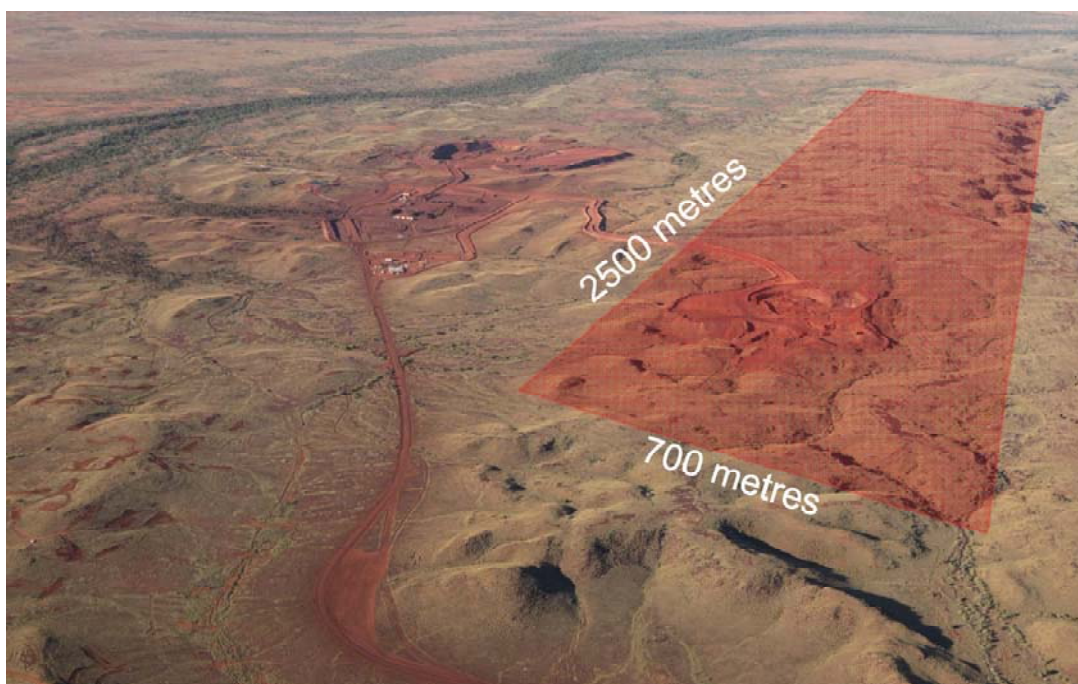


Figure 5: Ridley Project located adjacent to the Pardoo DSO operations

During the March quarter, Atlas continued to progress negotiations with a number of significant international entities regarding the purchase of equity in the Ridley project. Post quarter end, extensive negotiations have occurred with one party and detailed formal contracts have been prepared in conjunction with that party's advisors. Final agreement has not yet been reached and discussions continue with a range of parties.

PILBARA INFRASTRUCTURE DEVELOPMENTS

Port Hedland Port Authority – Utah Berth Facility

Construction of Utah continued during the period and completion remains scheduled for September/October 2010. Atlas is actively working with PHPA on options to fast track project commissioning and the commencement of exports from the facility.

As announced on 22 February 2010, Atlas entered a port cooperation agreement with Aurox Resources Ltd (Aurox) under which Atlas advanced an interest free loan of \$13.86 million to Aurox in consideration for Aurox granting Atlas a first right of use over any of Aurox's unused or surplus berth, shiploading and stockpiling capacity, as well as other potential future benefits.

On 10 March 2010 Atlas and Aurox announced their intention to merge the two companies. If successful Atlas will obtain additional port capacity at Utah and become the largest customer of the facility.



Figure 6: Utah Point Shiploader being assembled

North West Iron Ore Alliance

Atlas Iron is a founding member of the North West Iron Ore Alliance (NWIOA), a group of independent iron ore producers and explorers progressing projects in the Pilbara of Western Australia.

The NWIOA is progressing the development of its South West Creek port and stock handling facility, with pre feasibility works completed and definite feasibility work underway.

CORPORATE

At the end of the March 2010 quarter Atlas Iron Limited had 447,352,286 shares on issue. The top 20 shareholders hold approximately 61% of the issued capital. Since the end of the March quarter, the Company has issued 640,000 shares pursuant to the exercise of unlisted options.

As at 31 March 2009, the Company had \$115 million of cash on hand.

Since the last quarterly report the Company has issued 469,500 shares. The shares were issued following exercise of options.

SHAW RIVER RESOURCES LIMITED

At the date of this report Atlas holds a 45% interest in Shaw River Resources Limited (Shaw) (ASX Code: SRR). Shaw holds non iron ore mineral rights over the majority of Atlas' Pilbara tenements. For further details on Shaw River's activities, please refer to Shaw River's Quarterly Reports or its website (www.shawriver.com.au).

AUROY RESOURCES LIMITED

On 10 March 2010 Atlas and Aurox Resources Ltd announced their intention to merge by scheme, with Aurox shareholders to receive one Atlas share for every three Aurox shares. The scheme meeting is planned for June 2010.

PLANNED WORK JUNE 2010 QUARTER

Pardoo:

- Continue mining and upgrade production rate from 1.5Mtpa to 2.4Mtpa in the second half.

Wodgina:

- Mobilise the mining contractor to site and commence mining.
- Ongoing exploration at Wodgina North.

Abydos:

- Progress mining environmental approvals.

Mt Webber:

- Continue resource conversion for inclusion in mid-year reserves.
- Progress mining environmental approvals.

Mid West:

- Reconnaissance mapping of new exploration areas.

S.E.Pilbara

- Ongoing exploration within project area

COMPETENT PERSONS AND JORC COMPLIANCE STATEMENTS***Atlas Iron Limited – Statement on Global Exploration Target***

Atlas has reported a total resource inventory of 186.6 million tonnes at 56.6% Fe consisting of resources at Pardoo, Abydos, Turner River, Mt Webber, Wodgina, Weld Range, Jimblebar Range, Western Creek and Caramulla South. While the Company intends to do further exploration on its tenements and remains optimistic it will report additional resources and reserves in the future, any discussion in relation to targets, resources, reserves or 'ore' over and above the resource of 186.6 million tonnes at 56.6% Fe is only conceptual in nature. There has been insufficient exploration to define a Mineral Resource over and above the resource of 186.6 million tonnes at 56.6% Fe, and it is uncertain if further exploration will result in the determination of a Mineral Resource over and above the resource of 186.6 million tonnes at 56.6% Fe.

Geological Data, Interpretation and Resource Estimation – Mt Webber

The information in this report that relates to mineral resource results is based on information compiled by Mr Shane Tomlinson and Mr Chris Allen. Shane Tomlinson is a member of the Australian Institute of Geoscientists and Chris Allen is a member of the Australasian Institute of Mining and Metallurgy. Shane Tomlinson is a full time employee of Atlas Iron Limited and Chris Allen is a full time employee of CSA Global Pty Ltd. Shane Tomlinson and Chris Allen have sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which they have undertaken to qualify as a Competent Person as defined in the 2004 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves'. Shane Tomlinson and Chris Allen consent to the inclusion in the report of the matters based on their information in the form and context in which it appears.

Geological Data, Interpretation and Resource Estimation – Alice, Clare, Hubert, Glenda, and Connie Resources

The information in this report that relates to mineral resource results is based on information compiled by Mr Tony Cormack and Mr Richard Gaze who are members of the Australasian Institute of Mining and Metallurgy. Tony Cormack is a full time employee of Atlas Iron Limited and Richard Gaze is a full time employee of Golder Associates Pty Ltd. Tony Cormack and Richard Gaze have sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which they have undertaken to qualify as a Competent Person as defined in the 2004 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves'. Tony Cormack and Richard Gaze consent to the inclusion in the report of the matters based on their information in the form and context in which it appears.

Geological Data, Interpretation and Resource Estimation – Bobby, Floyd, Emma, Olivia, Avalon Point, Mettams, Mullaloo, and Trigg Resources

The information in this report that relates to mineral resource results is based on information compiled by Mr Tony Cormack and Mr David Williams who are members of the Australasian Institute of Mining and Metallurgy. Tony Cormack is a full time employee of Atlas Iron Limited and David Williams is a full time employee of CSA Global Pty Ltd. Tony Cormack and David Williams have sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which they have undertaken to qualify as a Competent Person as defined in the 2004 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves'. Tony Cormack and David Williams consent to the inclusion in the report of the matters based on their information in the form and context in which it appears.

Geological Data, Interpretation and Resource Estimation – South Limb and Dean Resources

The information in this report that relates to mineral resource results is based on information compiled by Mr Tony Cormack and Mr Malcolm Titley who are members of the Australasian Institute of Mining and Metallurgy. Tony Cormack is a full time employee of Atlas Iron Limited and Malcolm Titley is a full time employee of CSA Global Pty Ltd. Tony Cormack and Malcolm Titley have sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which they have undertaken to qualify as a Competent Person as defined in the 2004 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves'. Tony Cormack and Malcolm Titley consent to the inclusion in the report of the matters based on their information in the form and context in which it appears.

Geological Data, Interpretation and Resource Estimation – Mt Dove

The information in this report that relates to mineral resource results is based on information compiled by Mr Tony Cormack who is a member of the Australasian Institute of Mining and Metallurgy. Tony Cormack is a full time employee of Atlas Iron Limited. Tony Cormack has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which he has undertaken to qualify as a Competent Person as defined in the 2004 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves'. Tony Cormack consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.

Geological Data, Interpretation and Resource Estimation – Wodgina

The information in this report that relates to mineral resource results is based on information compiled by Mr Steve Warner who is a member of the Australasian Institute of Mining and Metallurgy. Steve Warner is a full time employee of BM Geological Services. Steve Warner has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which he has undertaken to qualify as a Competent Person as defined in the 2004 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves'. Steve Warner consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.

Geological Data, Interpretation and Resource Estimation – Alice Extension

The information in this report that relates to mineral resource results is based on information compiled by Mr Simon Gobbett who is a member of the Australasian Institute of Mining and Metallurgy. Simon Gobbett is a full time employee of Atlas Iron Limited. Simon Gobbett has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which he has undertaken to qualify as a Competent Person as defined in the 2004 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves'. Simon Gobbett consents to the inclusion in the report of the matters based on their information in the form and context in which it appears.

Geological Data, Interpretation and Resource Estimation – Western Creek, Jimblebar Range and Caramulla South

The information in this report that relates to mineral resource results for Western Creek, Jimblebar Range and Caramulla South is based on information compiled by Mr Tony Cormack and Mr Chris De-Vitry. Tony Cormack is a member of the Australasian Institute of Mining and Metallurgy and Chris De-Vitry is a member of the Australasian Institute of Geoscientists. Tony Cormack is a full-time employee of Atlas Iron Limited and Chris De-Vitry is a full-time employee of Quantitative Group. Tony Cormack and Chris De-Vitry have sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which they have undertaken to qualify as Competent Persons as defined in the 2004 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves'. Tony Cormack and Chris De-Vitry consent to the inclusion in this report of the matters based on their information in the form and context in which it appears.

Geological Data, Interpretation and Resource Estimation – Weld Range

The information in this report that relates to mineral resource results is based on information compiled by Mr Shane Tomlinson, who is a member of the Australian Institute of Geoscientists. Shane Tomlinson is a full time employee of Atlas Iron Limited. Shane Tomlinson has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which he has undertaken to qualify as a Competent Person as defined in the 2004 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves'. Shane Tomlinson consents to the inclusion in the report of the matters based on their information in the form and context in which it appears.

Reserve Estimation

The information in this report that relates to reserve estimations is based on information compiled by Mr Ken Brinsden, who is a member of the Australasian Institute of Mining and Metallurgy. Ken Brinsden is a full time employee of Atlas Iron Limited. Ken Brinsden has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which he is undertaking to qualify as a Competent Person as defined in the 2004 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves'. Ken Brinsden consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.

Dollars

Means Australian dollars.