



17 May 2010

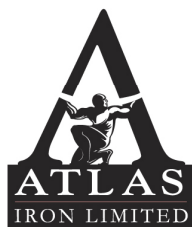
ATLAS DSO PRODUCTION TARGET CLARIFICATION

Pardoo, Wodgina and Abydos

Atlas Iron Limited (ASX Code: AGO) is pleased to announce that following final Government approval for its Wodgina DSO Iron Ore Project ("Wodgina"), mining at Wodgina is due to start early next month. Atlas remains on target to commence shipping ore through Utah Point in October 2010 and achieve iron ore exports at a combined rate of 6 million tonnes per annum (Mtpa) from its Wodgina and Pardoo DSO mines in Western Australia by December 2010, growing to a rate of 9 million tonnes by the end of 2011 following the planned commissioning of the Abydos project. These production targets are broken down as follows:

DSO Project	Proven and Probable Reserve (See Annexure 1)	Mineral Resources (See Annexure 2)	Production Target	Target Date	Note (See below)
Pardoo	8.4Mt	27.0 Mt	2.4 Mtpa	Ramp up completed by December 2010	1
Wodgina (incl Mt Dove)	20.8Mt	43.1 Mt	3.6 Mtpa	Ramp up completed by December 2010	2
Abydos	7.5Mt	22.3 Mt	3 Mtpa	Commencing in 2011	3

1. **Pardoo:** Atlas has Proved and Probable Ore Reserves for 3.5 years based on a production target of 2.4Mtpa. The remainder of Atlas' previously disclosed production target is based entirely on an assessment of the potential to convert Inferred Resources and Indicated Resources to Probable Ore Reserves. Following mining of Proved and Probable Ore Reserves, there remains at present insufficient certainty with respect to whether economically mineable mineralisation beyond the Proved and Probable Reserves exists to reliably estimate future production at Pardoo. As such, the production target for Pardoo beyond 3.5 years previously announced should not be used as a basis for investment decisions about shares in Atlas. Atlas is of the opinion that some of the Inferred and Indicated Resources at Pardoo have reasonable prospects for eventual economic extraction (this is the level of confidence that is required to estimate a mineral resource as opposed to an ore reserve. An ore reserve is the economically minable part of an indicated or measured mineral resource under reasonable financial and technical assumptions as of the date of reporting the ore reserve).
2. **Wodgina:** Atlas has Proved and Probable Ore Reserves for 5.8 years based on a production target of 3.6Mtpa. The remainder of Atlas' previously disclosed production target is based entirely on an assessment of the potential to convert Inferred Resources and Indicated Resources to Probable Ore Reserves. Following mining of Proved and Probable Reserves, there remains at present insufficient certainty with respect to whether economically mineable mineralisation beyond the Proved and Probable Ore Reserves exists to reliably estimate future production at Wodgina. As such, the production target for Wodgina beyond 5.8 years previously announced should not be used as a basis for investment decisions about shares in Atlas. Atlas is of the opinion that some of the Inferred and Indicated Resources at Wodgina have reasonable prospects for eventual economic extraction (this is the level of confidence that is required to estimate a mineral resource as opposed to an ore reserve. An ore reserve is the economically minable part of an indicated or measured mineral resource under reasonable financial and technical assumptions as of the date of reporting the ore reserve).



3. Abydos: Atlas has Probable Ore Reserves for 2.5 years based on a production target of 3 Mtpa. The remainder of Atlas' previously disclosed production target is based entirely on an assessment of the potential to convert Inferred Resources and Indicated Resources to Probable Ore Reserves. Following mining of Probable Reserves, there remains at present insufficient certainty with respect to whether economically mineable mineralisation beyond the Probable Ore Reserves exists to reliably estimate future production at Wodgina. As such, the production target for Abydos beyond 2.5 years previously announced should not be used as a basis for investment decisions about shares in Atlas. Atlas is of the opinion that some of the Inferred and Indicated Resources at Abydos have reasonable prospects for eventual economic extraction (this is the level of confidence that is required to estimate a mineral resource as opposed to an ore reserve. An ore reserve is the economically minable part of an indicated or measured mineral resource under reasonable financial and technical assumptions as of the date of reporting the ore reserve).

Mt Webber

Atlas has previously announced the following production target in relation to Mt Webber:

DSO Project	Production Target	Mineral Resources (See Annexure 2)	Target Commencement Date
Mt Webber	3 Mtpa	43.7 Mt	2012

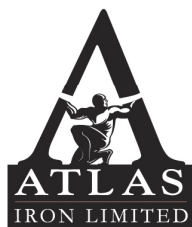
The Mt Webber production target is based entirely on an assessment of the potential to convert Inferred Resources to Indicated Resources, and therefore conversion to Probable Ore Reserves. Atlas has yet to report an Indicated Resource and/or a Probable Ore Reserve for the Mt Webber project. As such there remains at present insufficient certainty with respect to whether economically mineable mineralisation exists to reliably estimate future production at Mt Webber. As such, the production target for Mt Webber previously announced should not be used as a basis for investment decisions about shares in Atlas. Atlas is of the opinion that some of the Inferred Resources at Mt Webber have reasonable prospects for eventual economic extraction (this is the level of confidence that is required to estimate a mineral resource as opposed to an ore reserve. An ore reserve is the economically minable part of an indicated or measured mineral resource under reasonable financial and technical assumptions as of the date of reporting the ore reserve).

South East Pilbara and Mid West DSO Projects

Atlas has previously announced the following production target in relation to the South East Pilbara and Mid West DSO Projects:

DSO Project	Production Target	Target Commencement Date
South East Pilbara	14 Mtpa	2014
MidWest	3 to 4 Mtpa	See below

The South East Pilbara and Mid West production targets are based on an assessment of the potential to convert inferred resources and exploration targets to Indicated Resources, and therefore Ore Reserves. In the case of South East Pilbara it is based on 45.5Mt at 55.4% Fe of announced Inferred Resources and an exploration target exclusive of Inferred Resources of 185Mt to 446Mt at 57% to 60% Fe (see Annexure 3 for exploration targets inclusive of Mineral Resources). In the case of Midwest, it is based on 5Mt at 64.1% Fe of announced Inferred Resources and an exploration target exclusive of Inferred Resources of 25Mt to 35Mt at 60% to 66% Fe (see Annexure 3 for exploration targets inclusive of Mineral Resources). Atlas has yet to report an Indicated Resource and/or a Probable Ore Reserve for the South East Pilbara and Mid West projects. As previously announced, the South East Pilbara production target is subject to completion of feasibility studies, permitting and execution of all necessary infrastructure agreements.



Further, as previously announced, the Mid West production target is subject to the Oakajee port and rail development being completed and Atlas being granted access to this infrastructure, in addition to an assessment of the potential to convert inferred resources and exploration targets* to Indicated Resources, and therefore Ore Reserves. The exact timing of this is unknown.

As such, there remains at present insufficient certainty with respect to whether economically mineable mineralisation exists to reliably estimate future production from the South East Pilbara and Mid West Projects. As such, the production targets for the South East Pilbara and Mid West Projects previously announced should not be used as a basis for investment decisions about shares in Atlas.

WODGINA NORTH AND MT WEBBER DRILLING

Atlas is currently drilling at its Wodgina North iron ore prospect. Wodgina North has a previously announced exploration target of 20 to 40Mt at 57% Fe to 60% Fe. In the event that drilling is successful, Atlas will move to fast track feasibility studies, targeting a production expansion at Wodgina during late CY 2011.

Atlas is currently diamond drilling at Mt Webber (Atlas - 70%). This programme, which is expected to be completed during the June 2010 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 Wodgina resource from Inferred to Indicated category by third quarter of 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 a rate of 9 million tonnes by the end of 2011 following the planned commissioning of the Abydos project.

For further information please contact

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Exploration Results

The information in this announcement that relates to exploration results is based on information compiled by Mr. Andrew Paterson who is a member of the Australian Institute of Mining and Metallurgy and is an employee of Atlas Iron Limited. Andrew Paterson 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'. Andrew Paterson consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.

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 and Weld Range

The information in this announcement that relates to mineral resource results is based on information compiled by Mr. Shane Tomlinson. Shane Tomlinson is a member of the Australian Institute of Geoscientists. Shane Tomlinson is a full time employee of Atlas. 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 this announcement of the matters based on his information in the form and context in which it appears.

Geological Data, Interpretation and Resource Estimation – Pardoo, Abydos, Mt Dove and Wodgina

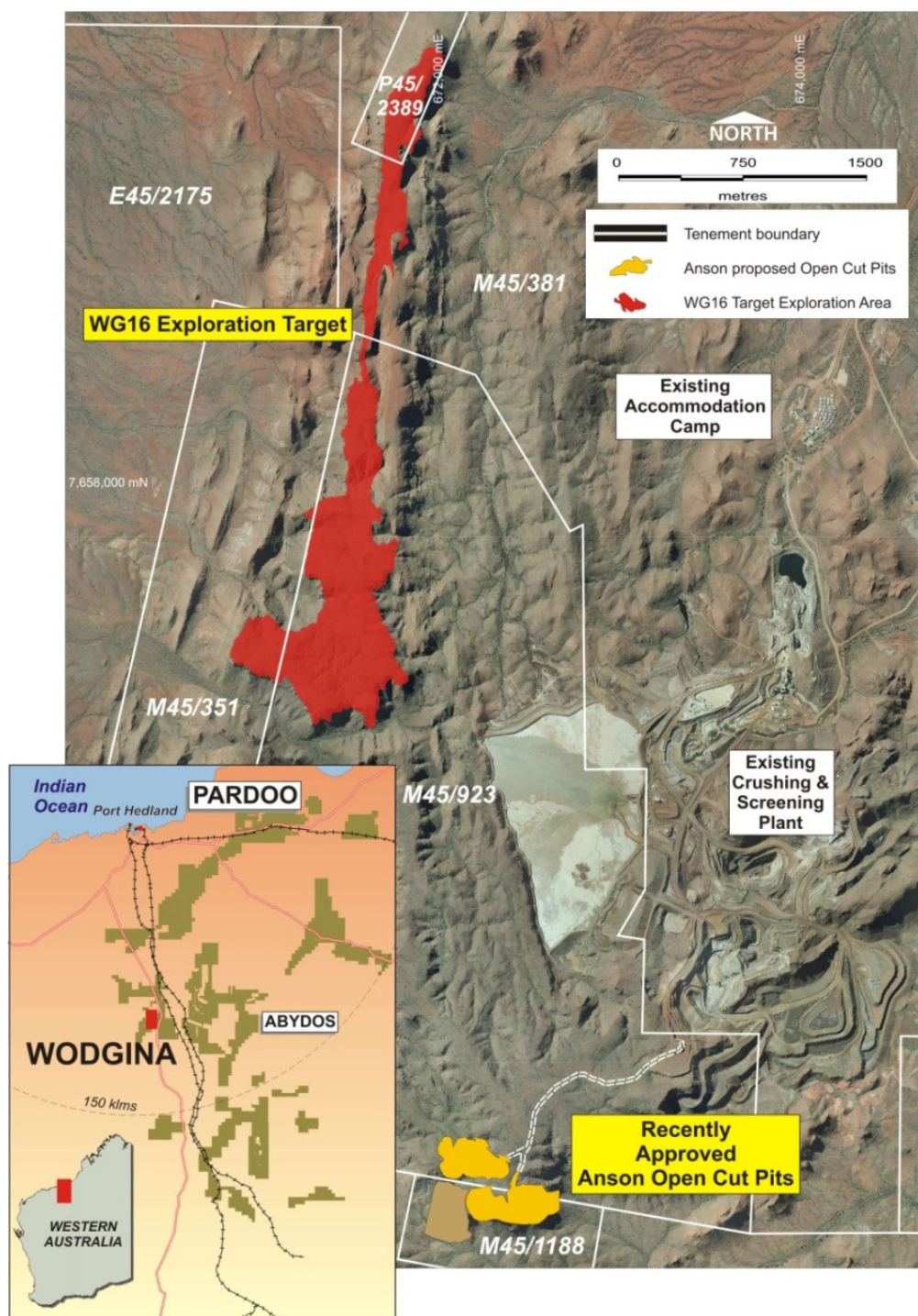
The information in this announcement that relates to mineral resource results is based on information compiled by Mr. Tony Cormack who is a member of the Australasian Institute of Mining and Metallurgy. Tony Cormack is a full time employee of Atlas. Tony Cormack has sufficient experience which is relevant 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 this announcement of the matters based on his 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 announcement 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 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 announcement of the matters based on their information in the form and context in which it appears.

Ore Reserve estimation on DSO projects

The information in this announcement that relates to reserve estimations on Atlas DSO projects 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. 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 JORC Code. Ken Brinsden consents to the inclusion in this announcement of the matters based on his information in the form and context in which it appears.



Wodgina DSO Project – Wodgina North Exploration Target



ANNEXURE 1

ATLAS DSO ORE RESERVES

Atlas DSO Ore Reserves Table (Proven and Probable) – July 2009 and January 2010								
Project Area	Reserve Classification	Kt	Fe (%)	SiO ₂ (%)	Al ₂ O ₃ (%)	P (%)	S (%)	LOI (%)
Pardoo Jul 09	Proved	1,006	57.8	5.4	2.0	0.16	0.02	9.0
	Probable	7,415	57.4	7.3	1.7	0.10	0.03	7.6
Abydos Jul 09	Probable	7,549	58.2	5.2	1.6	0.06	0.01	9.5
Wodgina Jan 10	Proved	7,926	58.5	5.0	1.5	0.10	0.03	8.9
	Probable	12,945	57.2	6.4	1.7	0.07	0.07	8.7
Total	Proved	8,931	58.5	5.1	1.5	0.11	0.03	8.9
	Probable	27,909	57.5	6.4	1.7	0.07	0.04	8.6
Grand Total		36,840	57.7	6.0	1.7	0.08	0.04	8.7

Notes:

- (1) Bedded Ore Reserves estimated at cut-off grades in the range of 54-56% Fe.
- (2) Channel Iron Deposits, Connie, estimated at a cut-off grade of 50% Fe.
- (3) Abydos Reserves defined at a 54% Fe cut-off grade.
- (4) Wodgina Reserves defined at a 55% Fe cut-off grade.
- (5) Atlas has produced approximately 1Mt from Pardoo since July 2009



ANNEXURE 2

ATLAS DSO MINERAL RESOURCES

Atlas DSO Resource Inventory 31 December 2009									
Project Area ⁽¹⁾	Resource Classification	Kt	Fe	SiO ₂	Al ₂ O ₃	P	S	LOI	CaFe ⁽³⁾
			(%)	(%)	(%)	(%)	(%)	(%)	(%)
Pardoo	Measured	2,150	56.6	6.7	2.5	0.17	0.02	9.1	62.3
	Indicated	14,071	56.5	8.3	1.7	0.11	0.03	8.0	61.4
	Inferred	10,764	55.4	8.9	2.2	0.08	0.04	8.4	60.5
Abydos	Indicated	10,080	57.8	5.7	1.7	0.05	0.01	9.5	63.9
	Inferred	12,240	56.6	6.8	2.2	0.06	0.02	9.4	62.5
Wodgina	Measured	8,140	58.4	5.2	1.5	0.10	0.03	8.9	64.1
	Indicated	16,490	56.6	7.0	1.9	0.06	0.07	8.8	62.1
	Inferred	15,990	54.8	8.1	3.0	0.05	0.06	9.2	60.4
Mt Webber ⁽²⁾	Inferred	43,690	57.4	6.3	2.1	0.09	0.03	8.7	62.8
Mt Dove	Inferred	2,470	58.5	6.1	1.8	0.11	0.03	7.9	63.5
Weld Range	Inferred	5,020	64.1	3.3	2.7	0.05	0.01	1.6	65.1
Western Creek	Inferred	19,100	55.1	6.6	4.1	0.06	0.00	9.3	60.7
Jimblebar Range	Inferred	12,600	57.5	7.0	2.0	0.06	0.04	7.9	62.4
Caramulla South	Inferred	13,800	53.9	8.6	5.4	0.04	0.03	8.1	58.7
Total	Measured	10,290	58.0	5.5	1.7	0.11	0.03	8.9	63.7
	Indicated	40,641	56.9	7.1	1.8	0.08	0.04	8.7	62.3
	Inferred	135,674	56.4	7.0	2.9	0.07	0.03	8.5	61.7
Grand Total		186,605	56.6	6.9	2.6	0.07	0.03	8.5	61.9

Notes:

- (1) Pardoo, Wodgina & Mt Webber resources quoted at >53% cut off grade. Abydos, Mt Dove, Weld Range, Western Creek, Jimblebar, Caramulla South resources and Connie Deposit quoted at >50% cut off grade.
- (2) The Mt Webber resource is subject to a joint venture between Atlas and Altura Mining Limited in the ratio 70:30 AGO:AJM. The number quoted above is the unadjusted total resource.
- (3) CaFe% is calcined Fe calculated by Atlas using the following formula $(Fe\% / (100 - LOI\%)) * 100$.



ANNEXURE 3

ATLAS DSO EXPLORATION TARGETS

Atlas DSO Exploration Target Table - January 2010 ⁽¹⁾					
Project Area	Tonnage Range		Grade Range		Current Resource
	Mt	Mt	Fe %	Fe %	Mt
Northeast Pilbara	166	226	56	60	136
Southeast Pilbara	231	492	57	60	46
Mid-West WA	30	40	60	66	5
Total	427	758	57	60	187

Note:

- (1) DSO Exploration targets quoted above are inclusive of current resources.
- (2) Per Annexure 2, 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.