

1 September 2010

## ATLAS LAYS FOUNDATIONS FOR FUTURE GROWTH 50% INCREASE IN NORTH PILBARA RESERVES

Atlas Iron Limited (ASX Code: AGO) is pleased to announce a 50% increase in Reserves for its northern Pilbara Projects in a move which paves the way for the Company to increase production from the current planned rate of 6Mtpa towards its next target production rate of 12Mtpa by the end of 2012.

The increase takes the revised Reserve estimate for the Northern Pilbara Projects, which comprise the Pardoo, Wodgina, Abydos and Mt Webber projects, to 53.7Mt grading 57.7 per cent Fe. This Reserve figure includes the maiden reserve at Mt Webber of 19.1Mt at 57.6% Fe \*\*.

Atlas is ramping up production to the rate of 6Mtpa by Christmas. The latest reserve increase will enable the Company to push ahead with its plans to lift this production rate to as much as 12 Mtpa.

### HIGHLIGHTS

- **MAIDEN RESERVES FOR MT WEBBER OF 19.1MT at 57.6%Fe\*\***
- **50% INCREASE IN RESERVES**
- **ATLAS' PROPOSED TURNER RIVER HUB TO BENEFIT FROM INCREASED RESERVES**
- **LOW ALUMINA AND PHOSPHOROUS**
- **RESERVES SET TO INCREASE FURTHER WITH ADDITIONAL DRILLING**

Atlas Summary Reserves Table - June 30th 2010									
	Reserve Classification	Kt	Fe (%)	SiO <sub>2</sub> (%)	Al <sub>2</sub> O <sub>3</sub> (%)	P (%)	S (%)	LOI (%)	CaFe (%)
Sub Total	Proven	14,273	58.2	5.5	1.5	0.09	0.05	8.7	63.7
	Probable	39,418	57.5	6.2	1.9	0.08	0.03	8.9	63.1
Grand Total**	All Reserves	53,691	57.7	6.0	1.8	0.08	0.03	8.8	63.2

**Note:** Bedded Ore Reserves estimated at cut-off grades in the range of 54-56% Fe

\*\*Reserves at Mt Webber are subject to Joint Venture interests in the ratio AGO 70% : AJM 30%.

The Reserves have been estimated in compliance with the JORC Code (see Attachment 1 for further details)

"This latest reserve upgrade is an extremely strong result which will underpin Atlas' next phase of growth from 6Mtpa," Managing Director David Flanagan said. "It is pivotal to our overall objective of increasing mine life, production, sales and shareholder returns."

The maiden Reserve at Mt Webber of 19.1Mt at 57.6%Fe represents over 97% conversion of the Indicated Resource at Ibanez. Atlas plans to complete infill drilling at the other iron deposits at Mt Webber in the current half and expects to announce a resource and a reserve upgrade for Mt Webber in Q4 2010.

Reserve conversion is also underway at the Wodgina Project, in particular at the Avro Resource, where further Reserve extensions are expected in the near term. Atlas plans to complete infill drilling at Wodgina in the current quarter and expects to announce a resource and a reserve upgrade for Wodgina in Q4 2010.

Please see the Resource Estimate in Attachment 2 for further details on the Company's Resources.



Further detailed results contributing to the Company's Reserves can be found in the following Reserve Tables.

Atlas Iron Reserves 30 June 2010										
Pardoo DSO Reserves Table (Proven and Probable) - 30 June 2010										
Location	Ore Type	Reserve Classification	Kt	Fe (%)	SiO <sub>2</sub> (%)	Al <sub>2</sub> O <sub>3</sub> (%)	P (%)	S (%)	LOI (%)	CaFe (%)
Floyd	Bedded Ore	Probable	1,687	56.7	6.2	2.3	0.11	0.01	9.5	62.7
Bobby	Bedded Ore	Probable	881	58.2	6.6	1.0	0.13	0.01	8.2	63.4
Glenda	Bedded Ore	Probable	161	58.5	5.1	1.0	0.17	0.01	9.4	64.6
Alice Extension	Bedded Ore	Proven	306	62.9	3.1	1.1	0.17	0.01	4.9	66.1
	Bedded Ore	Probable	275	63.4	3.0	0.7	0.17	0.01	4.6	66.5
Chloe	Bedded Ore	Probable	250	57.4	5.6	1.5	0.05	0.05	7.3	61.9
Olivia / Emma	Bedded Ore	Probable	1,986	56.1	10.2	1.6	0.03	0.08	6.1	59.7
South Limb	Bedded Ore	Proven	1,100	57.7	5.6	2.0	0.16	0.02	9.1	63.5
	Bedded Ore	Probable	276	57.1	6.1	2.6	0.17	0.02	9.0	62.8
Run-of-Mine Ore Stocks	Bedded Ore	Proven	46	56.7	7.9	2.1	0.12	0.02	8.0	61.6
Final Product Stocks	Bedded Ore	Proven	260	55.0	8.4	3.0	0.10	0.02	8.5	60.1
Sub Total		Proven	1,712	58.2	5.6	2.0	0.15	0.02	8.2	63.4
		Probable	5,515	57.2	7.5	1.7	0.09	0.04	7.7	61.9
Total			7,227	57.4	7.1	1.8	0.10	0.03	7.8	62.3

Note:

Ore Reserves estimated at cut-off grades in the range of 54-56% Fe.

Wodgina DSO Reserves Table (Proven and Probable) - 30 June 2010										
Location	Ore Type	Reserve Classification	Kt	Fe (%)	SiO <sub>2</sub> (%)	Al <sub>2</sub> O <sub>3</sub> (%)	P (%)	S (%)	LOI (%)	CaFe (%)
Anson	Bedded Ore	Proven	7,279	58.6	4.9	1.5	0.10	0.03	9.0	64.4
		Probable	5,450	56.6	7.2	1.9	0.08	0.03	8.9	62.2
Constellation	Bedded Ore	Probable	1,269	57.3	5.1	2.2	0.03	0.13	9.1	63.1
Dragon	Bedded Ore	Proven	5,282	57.6	6.2	1.4	0.05	0.09	8.4	62.9
	Bedded Ore	Probable	458	56.1	6.8	2.6	0.10	0.04	9.3	61.9
Sub Total		Proven	12,561	58.2	5.4	1.4	0.1	0.1	8.7	63.7
		Probable	7,177	56.7	6.8	2.0	0.1	0.1	9.0	62.3
Total			19,738	57.6	5.9	1.6	0.08	0.05	8.8	63.2

Note:

Ore Reserves estimated at cut-off grades in the range of 54-56% Fe.

Abydos DSO Reserves Table (Probable) - August 2010										
Location	Ore Type	Reserve Classification	Kt	Fe (%)	SiO <sub>2</sub> (%)	Al <sub>2</sub> O <sub>3</sub> (%)	P (%)	S (%)	LOI (%)	CaFe (%)
Trigg	Bedded Ore	Probable	7,584	58.2	5.2	1.7	0.06	0.01	9.5	64.2
Total			7,584	58.2	5.2	1.7	0.06	0.01	9.5	64.2

Note:

Ore Reserves defined at a 54% Fe cut-off grade.

Mt Webber DSO Reserves Table (Probable) - August 2010										
Location	Ore Type	Reserve Classification	Kt	Fe (%)	SiO <sub>2</sub> (%)	Al <sub>2</sub> O <sub>3</sub> (%)	P (%)	S (%)	LOI (%)	CaFe (%)
Ibanez	Bedded Ore	Probable	19,141	57.6	5.9	2.0	0.08	0.02	8.9	63.3
Total**			19,141	57.6	5.9	2.0	0.08	0.02	8.9	63.3

Note:

Ore Reserves defined at a 54% Fe cut-off grade.

\*\*Reserves at Mt Webber are subject to Joint Venture interests in the ratio AGO 70% : AJM 30%.



### 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 1.1 million tonnes of Pardoo Direct Shipping Ore (DSO) in the year ended 30 June 2010. Atlas is working to further expand its production following commissioning of the Utah Point port facility in September 2010. When combined with additional export tonnages from its Wodgina and Abydos DSO Projects, 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.

### For further information please contact

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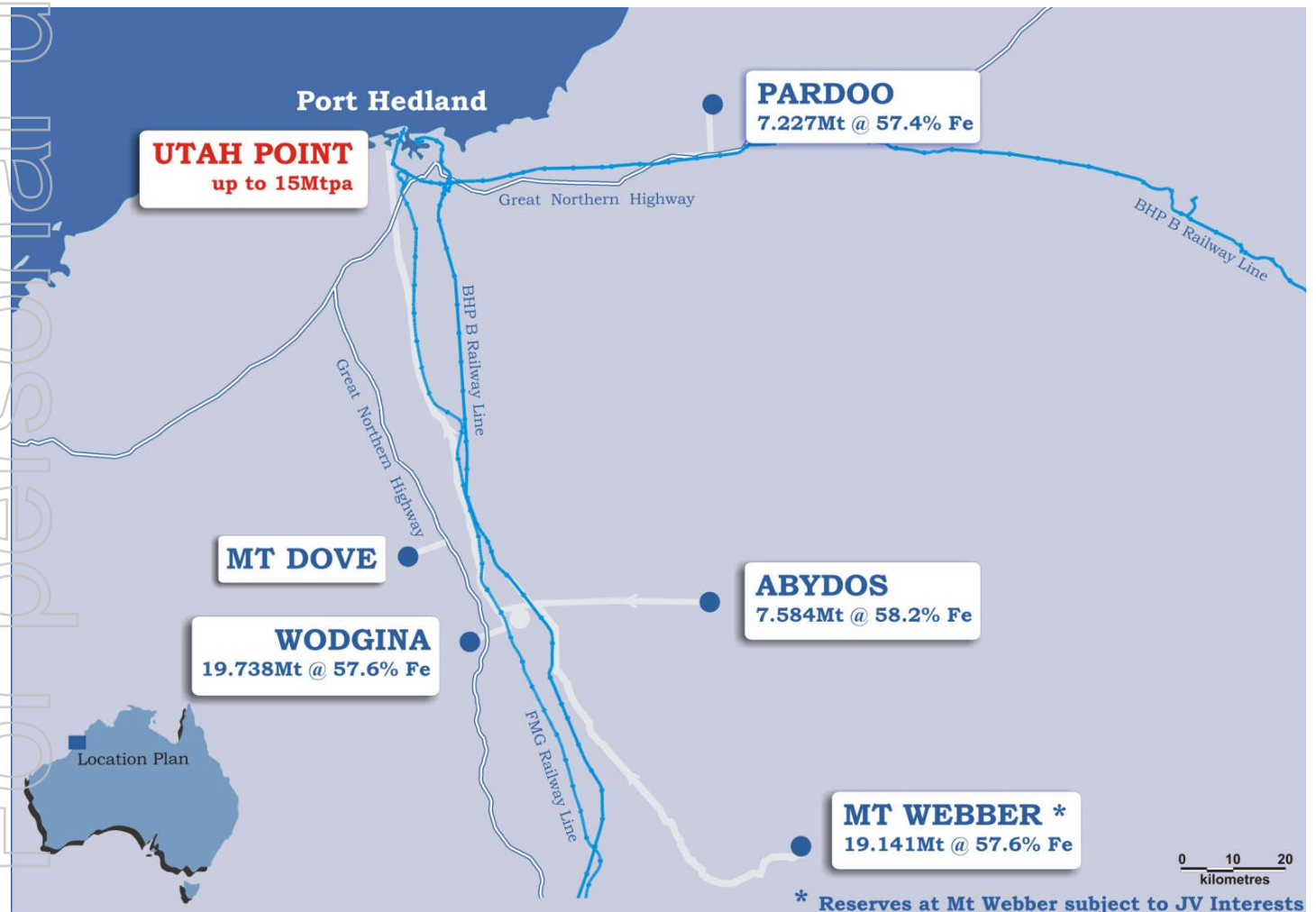
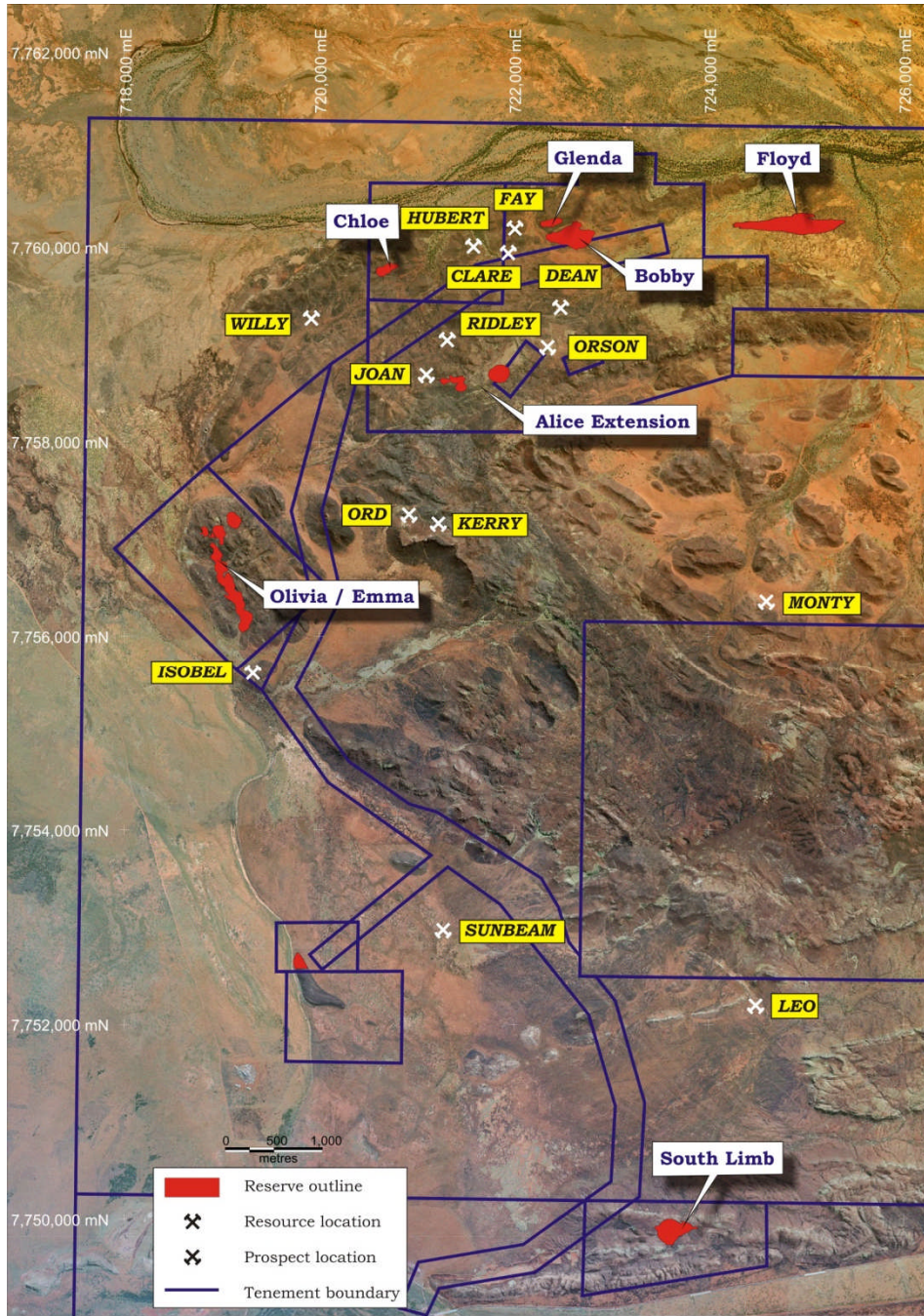
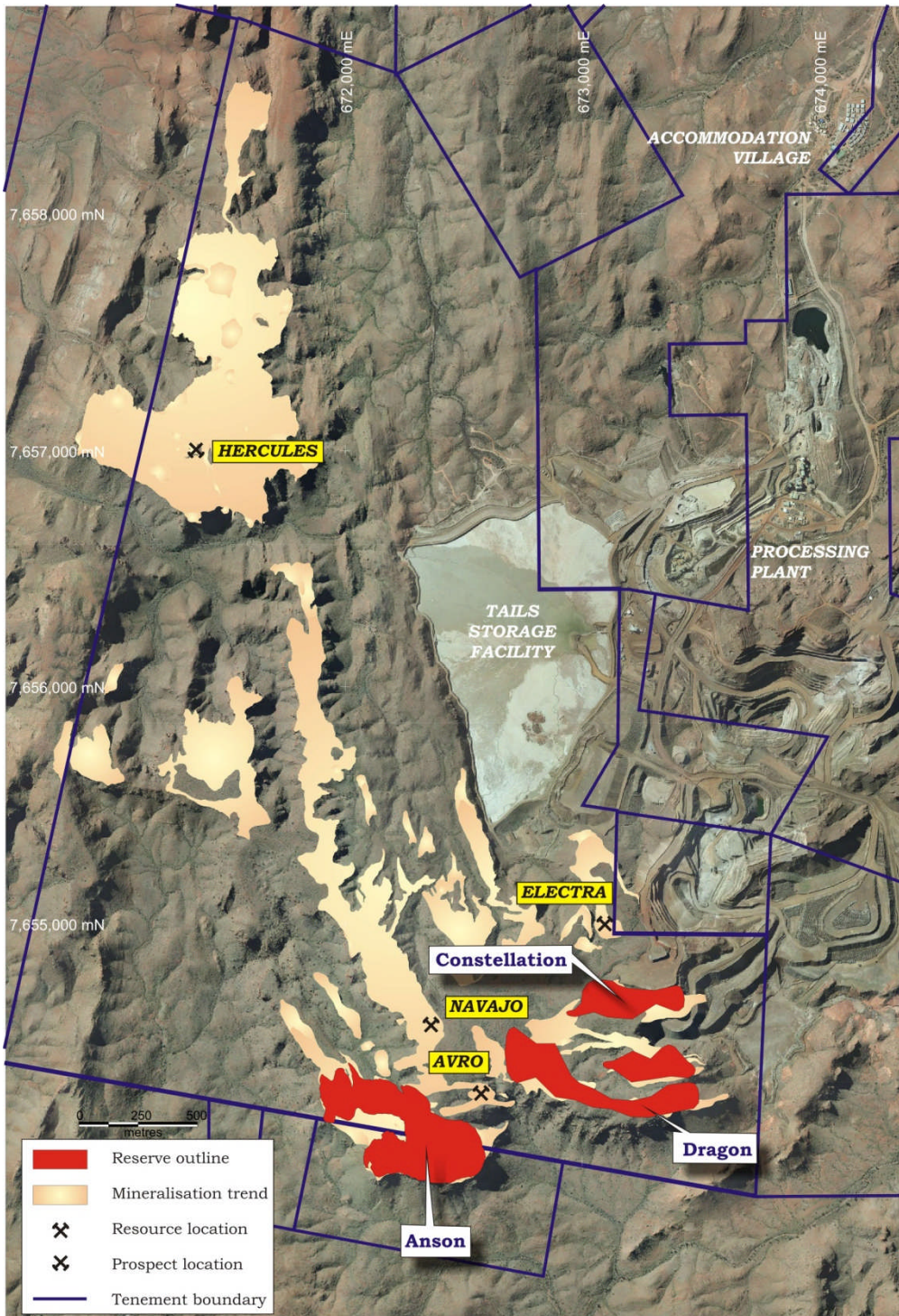


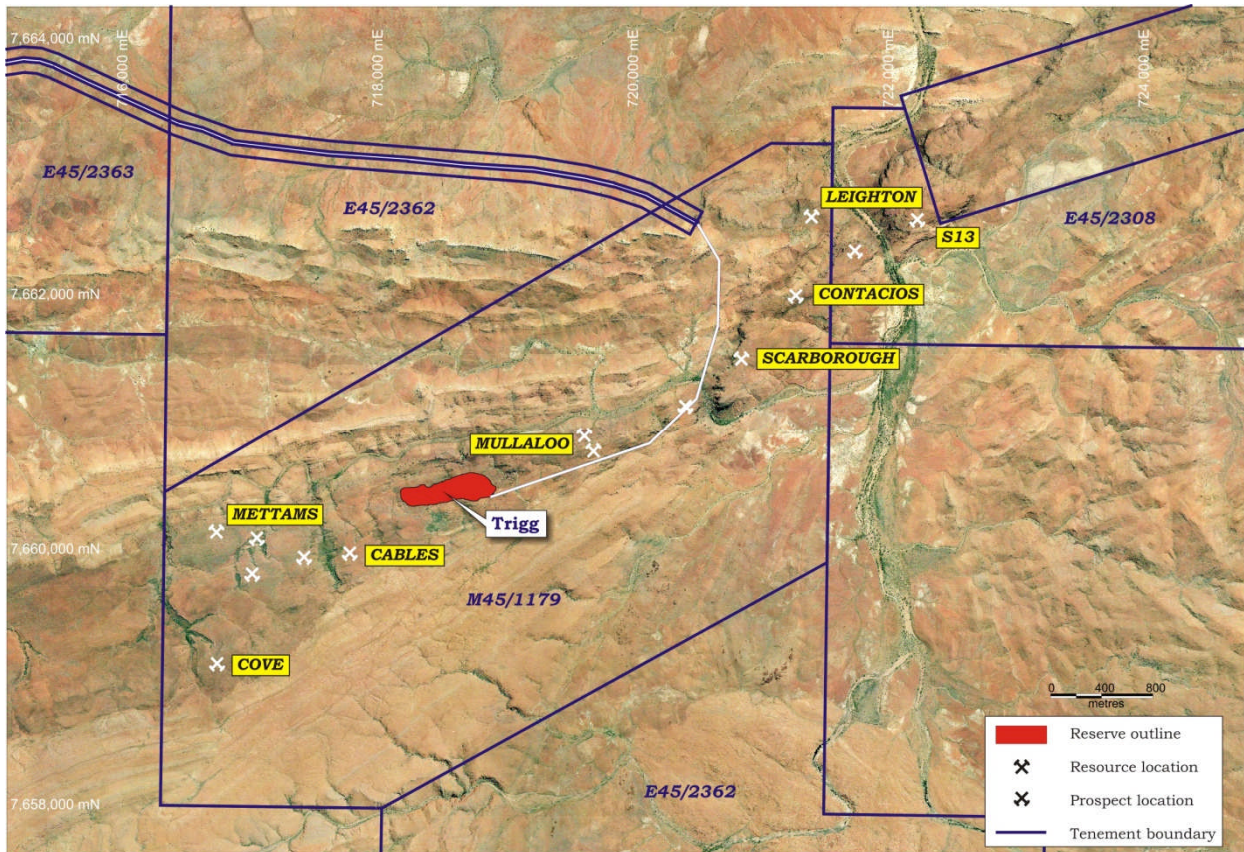
Figure 1: NORTHERN PILBARA PROJECT LOCATIONS / PROJECT RESERVES



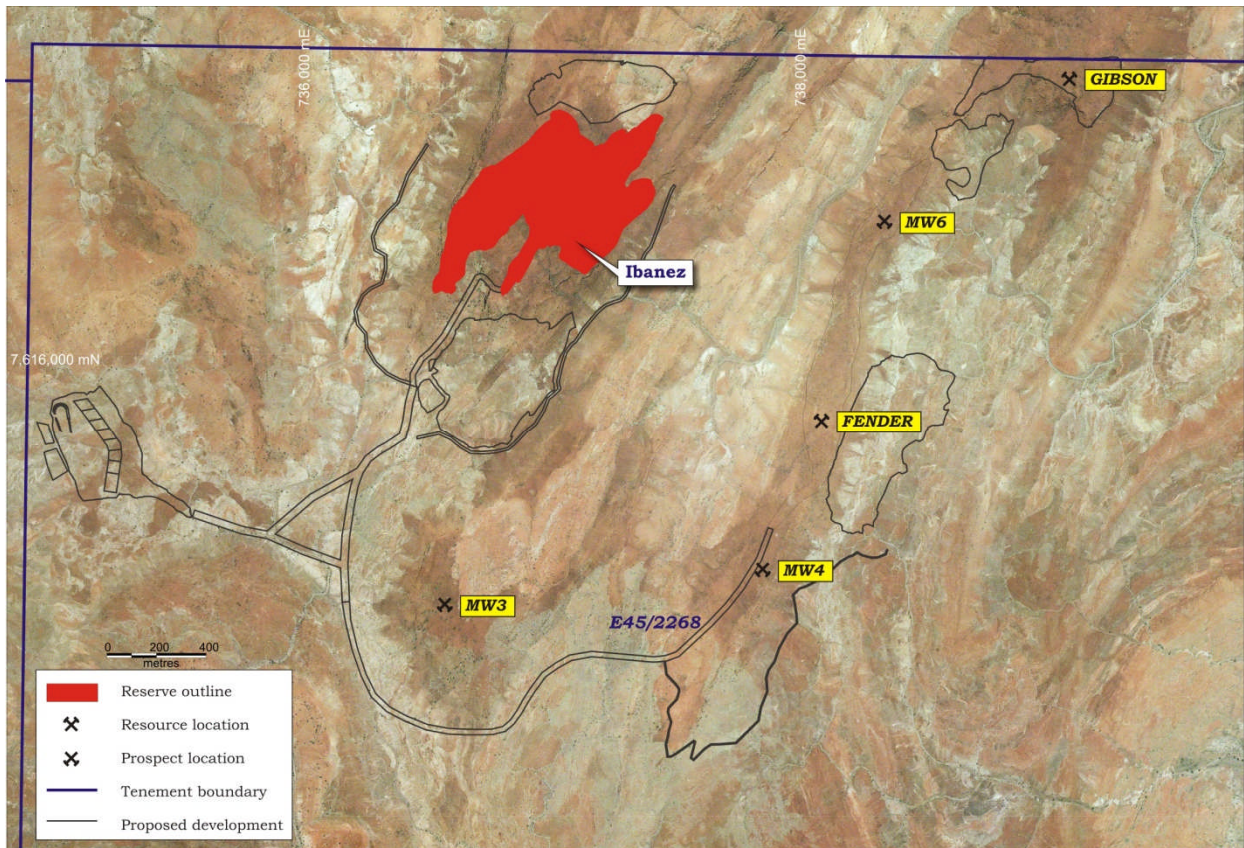
**Figure 2: Reserve, Resource, Prospect Location Plan - Pardoo**



**Figure 3: Reserve, Resource, Prospect Location Plan - Wodgina**



**Figure 4: Reserve, Resource, Prospect Location Plan - Abydos**



**Figure 5: Reserve, Resource, Prospect Location Plan – Mt Webber**



## ATTACHMENT 1

### Reserves – Background Data

Atlas Iron Limited (Atlas) has undertaken pit optimisation studies at the various Indicated and/or Measured Resources at its northern Pilbara Projects (pls see Figure 1).

The ore reserve estimates determined for the Projects to date are based on the following input data;

- DSO resources as defined by Atlas Iron Limited,
- Metallurgical testwork conducted at Amdel under the supervision of Atlas Iron Limited and Paul Vermeulen (Vulcan Technologies),
- Cost data supplied by Atlas Iron Limited,
- Revenue data supplied by Atlas Iron Limited derived from CRU modelling,
- Geotechnical studies conducted by Golder Associates Pty Ltd,
- Allocations for planned and unplanned dilution
- Pit optimisations conducted by Golder Associates for the Pardoo and Wodgina open pits, and
- Pit optimisations conducted by Atlas Iron Limited for the Abydos and Mount Webber open pits.

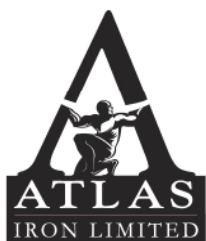
Ore reserves developed form part of scheduled and costed operating mine plans.

### Mining Reserve Estimates - Compliance with the JORC code assessment criteria

This mining reserve statement has been compiled in accordance with the guidelines defined in the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves (The JORC Code -- 2004 Edition). The underlying resource classification was completed by Atlas Iron Limited geologists, based principally on data density and geological confidence criteria.

#### **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.*



## ATTACHMENT 2

### Resource Estimate

Atlas Iron Limited - Resource Estimate 30 June 2010									
Project Area	Resource Classification	Kt	Fe (%)	SiO <sub>2</sub> (%)	Al <sub>2</sub> O <sub>3</sub> (%)	P (%)	S (%)	LOI (%)	CaFe (%)
Pardoo	Measured	2,070	57.6	6.0	2.2	0.17	0.02	8.5	62.9
	Indicated	13,700	56.5	8.4	1.8	0.10	0.03	8.0	61.4
	Inferred	10,000	56.2	8.8	2.2	0.09	0.04	8.7	61.5
Abydos	Indicated	10,100	57.7	5.6	1.7	0.05	0.01	9.4	63.8
	Inferred	12,000	57.7	7.0	2.2	0.06	0.02	9.6	63.7
Wodgina	Measured	15,140	57.8	5.9	1.5	0.08	0.06	8.7	63.3
	Indicated	10,800	56.0	7.3	2.4	0.07	0.05	9.1	61.6
	Inferred	15,000	54.8	8.2	3.0	0.05	0.07	9.2	60.4
Mt Webber	Indicated	21,900	57.2	6.4	2.1	0.08	0.02	8.9	62.7
	Inferred	20,000	57.0	6.6	2.3	0.10	0.03	8.3	62.3
Mt Dove	Inferred	2,000	58.5	6.1	1.8	0.11	0.03	7.9	63.5
Weld Range	Inferred	5,000	64.1	3.3	2.7	0.05	0.01	1.6	65.1
Western Creek	Inferred	19,000	55.1	6.6	4.1	0.06	0.03	9.3	60.7
Jimblebar Range	Inferred	13,000	57.5	7.0	2.0	0.06	0.04	7.9	62.4
Caramulla South	Inferred	14,000	53.9	8.6	5.4	0.04	0.03	8.1	58.7
Warrawanda	Inferred	21,000	57.1	6.6	2.6	0.07	0.03	8.5	62.4
Total	Measured	17,210	57.7	5.9	1.6	0.09	0.06	8.7	63.2
	Indicated	56,500	56.9	6.9	2.0	0.08	0.03	8.8	62.4
	Inferred	131,000	56.5	7.1	3.0	0.07	0.03	8.4	61.7
Grand Total		204,710	56.7	7.0	2.6	0.07	0.03	8.5	62.0

**Table 1: Atlas Iron DSO Resource Estimate as at 30 June 2010.**

**Note:** Pardoo, Wodgina, Mt Webber, Warrawanda 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.

CaFe% is calcined Fe calculated by Atlas using the formula  $(Fe\% / (100 - LOI\%)) * 100$ .

Measured, Indicated & Inferred resource tonnages are rounded to the nearest ten thousand, hundred thousand and million tonnes respectively.

Resources at Mt Webber are subject to Joint Venture interests in the ratio AGO 70% : AJM 30%.

### Geological Data, Interpretation and Resource Estimation – DSO Projects

The information in this report that relates to mineral resource results on Atlas' DSO Projects 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.