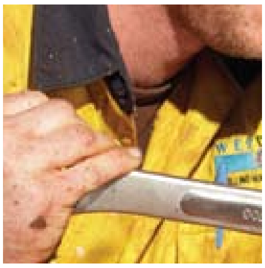
ATLAS
IRON LIMITED



ANNUAL REPORT 2010

Contents

Creating value

Delivering results

Focusing on potential

Making it happen

Atlas' Values

Value	Description	Behaviour
Work Safely	Consider the safety aspect of everything you do Own your safety and well being, in work and out of work	• Never walk past anything unsafe • Actively contribute to safety for all
Do the Right Thing	Show courage and honesty in striving to deliver on business goals	• Making hard decisions • Making your family proud
Strive for Business Excellence	Be efficient and effective	• Deliver on what we say we are going to do • Maintain an open mind to improvement, opportunity and discovery – kiss a few frogs • Adjust priorities when appropriate and respond to changing business needs
Work as a team	Engage and support everyone	• Provide constructive feedback and make positive contributions in the work place • Support the decisions and the direction of the team • Celebrate the successes of your team and colleagues • Seek to understand before you seek to be understood • Leaders support and engage their people
Think Win-Win	Thinking long term with respect to the relationships we cultivate and nurture	• People and organisations we engage with benefit fairly
Indomitable Spirit	Demonstrate Strong Resilience to adverse conditions	• Approach challenges with courage and passion • Strive to achieve goals with dogged conviction

"Completed site works and commenced mining at the Wodgina DSO Project."

Operations

- Shipped over 1.1Mt (DMT) during the year ended 30 June 2010
- Completed site works and commenced mining at the Wodgina DSO Project
- Completed Pardoo camp and mine upgrade
- Reported successful completion of Turner River Hub project prefeasibility study, setting out Atlas' plans for growing production to 12Mtpa by the end of 2012
- 110% increase in DSO Reserves during the year
- 120% increase in Wodgina Reserves
- Over 115% increase in DSO Resources during the year
- Maiden Resources and Reserves at Mt Webber
- Subsequent to the year end, Atlas' ore was the "first ore of ship" for the Utah Point port facility on 17 September 2010

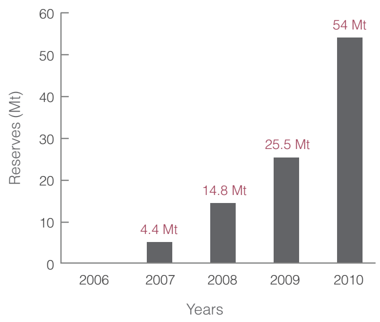
Corporate

- Completed a $63.5 million placement in May 2010 to enable Atlas to accumulate a stockpile ahead of exports commencing through the Utah Point port facility
- Share Purchase Plan completed in July 2009
- Completed merger with Pilbara iron ore explorer Warwick Resources Limited
- Maintained strong cash position at 30 June 2010 of $155 million with no debt
- Completed merger with Pilbara iron ore developer Aurox Resources Limited at the end of August 2010. Aurox owned the Balla Balla project and significant port access rights at the Utah Point port facility in Port Hedland
- Completed Wodgina DSO project native title agreement
- 2 additional off-take agreements entered into with 2 Chinese steelmills
- Dr David Smith and Ms Tai Sook Yee were appointed as directors of the Company
- Ken Brinsden and Mark Hancock promoted to Chief Operating Officer and Chief Commercial Officer respectively

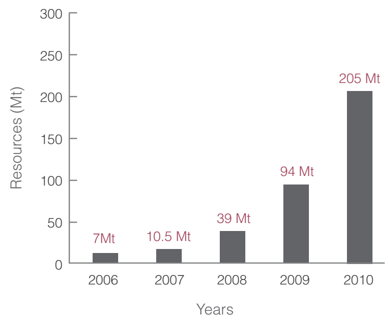
110%
INCREASE IN
TOTAL DSO
RESERVES

115%
INCREASE IN
TOTAL DSO
RESOURCES

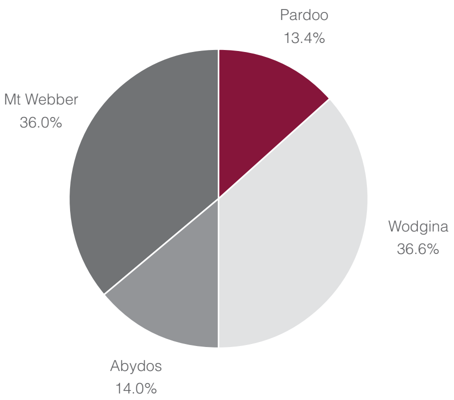
DSO Reserves



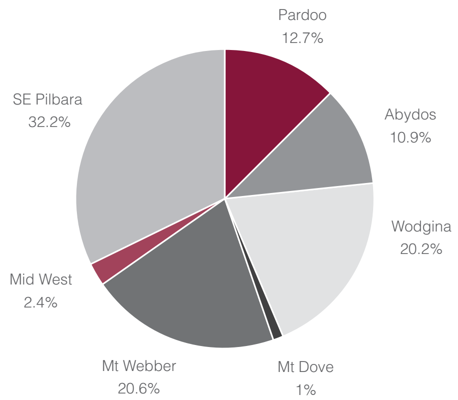
DSO Resources



DSO Reserves
(see Table 2)



DSO Resources
(see Table 3)



"Atlas prides itself on its commitment to principles of sustainable development, environmental and social responsibility..."

Throughout this year of operations Atlas has endeavoured to set new and higher standards of environmental best practice, community engagement and social responsibility leaving a lasting and positive footprint within the areas we operate. Atlas has entered into a Native Title agreement to enable the progression of the Wodgina operations, and to further improve our access to development centres within the Pilbara region of Western Australia, a precedent not achieved by a mining/development company previously.

Throughout the construction and operation of the Pardoo and Wodgina DSO mines, Atlas has undertaken a high level of environmental impact assessments and compliance, involving many Aboriginal Heritage surveys, detailed flora and vegetation studies, terrestrial and subterranean fauna surveys, along with assessments to provide for ongoing and sustainable operations. An on-going off-set providing vital data and information for the State Government was also commenced.

Environment

Throughout the year, Atlas has successfully enhanced its reputation with the ongoing and strategic engagement of indigenous groups, government departments, non government organisations, land holders, and key stakeholders to ensure all aspects of its activities exceed the legal and social obligations, and are undertaken in a meaningful and sustainable manner.

During the year, Atlas has undertaken a significant amount of baseline environmental and heritage survey work in an attempt to reduce the impact within the areas in which it currently operates, and the areas in which it aims to operate. This understanding will culminate in further impact assessments to be submitted to various Government Departments in order to demonstrate that Atlas' operations can be constructed and operated in a sustainable manner, with minimal impact to the environment. Examples of this are the utilisation of existing and multiple use infrastructure and logistics corridors, the use of existing infrastructure for ore crushing and processing at Wodgina, and multi-user port facility developments.

Atlas prides itself on its commitment to principles of sustainable development, environmental and social responsibility, and this is reflected in the Company's environmental and social commitment:

1. Atlas will operate and learn from its environmental and social knowledge to provide clear and concise operational systems that will allow Atlas to minimise the risk to the environment and the community.

2. Atlas will set environmental improvement targets based on established criteria and annually report its environmental performance.

3. Atlas will develop a mine completion and rehabilitation plan that addresses regulatory requirements, risk minimisation, potential future land use and stakeholder issues.

"...successfully enhanced its reputation with the ongoing and strategic engagement of indigenous groups..."

4. Atlas will identify, report, and remediate environmental incidents, and employ changes that reduce the likelihood and/or consequence of occurrences.

5. Atlas will employ, to the extent practicable, the principles of pollution prevention, efficient resource use and waste minimisation in all of its activities.

6. Atlas will actively promote environmental awareness and training among all employees and contractors.

7. Atlas will respect cultural and heritage values and facilitate cross-cultural awareness.

8. Atlas will anticipate and respond to community concerns, aspirations and values regarding its activities and foster open dialogue with employees, contractors and the community.

9. Atlas will strive for continual improvement in environmental and social awareness, and its performance.

10. Atlas will comply with all legal and regulatory requirements as a minimum operating condition.

By implementing this policy Atlas believes it will ensure that environmental obligations and considerations form an integral part of its business planning and decision-making processes. Constant monitoring of its policy will allow Atlas to comply with applicable environmental laws and aspire to higher standards within its business.

Throughout its operations, Atlas promotes a culture of responsible environmental management within the organisation, in order to protect the natural environment, indigenous and social surroundings, and continually improve its environmental performance.

As a minimum, Atlas believes its licence to operate as a resources company is dictated by its compliance with applicable environmental laws and aspire to higher standards within our business. Atlas communicates openly, effectively and transparently with all stakeholders on environmental matters and engage the community in environmental initiatives aligned with its business values.

Community

Atlas is committed to providing outcomes for communities that are sustainable. This is one of Atlas' fundamental values and basis for operating within Western Australia. Atlas is constantly looking for win-win outcomes that will promote and enhance the Company's social licence to operate. Because of its type of business, Atlas needs to work closely with a number of stakeholders, communities and governments, to establish and maintain better outcomes in the areas it operates. The Company operates a number of incentive programs to promote indigenous business enterprise and partnering throughout both its mining and exploration activities.

Atlas has once again managed during the year, to negotiate and complete another Native Title Agreement, providing for on-going development within the area, whilst maintaining a strong relationship with the indigenous people, and developing heritage protocols that allow for the protection of culturally significant regions.

Atlas is proud of its every growing relationships with the indigenous and local stakeholders in the Pilbara region. Atlas is also proud to be recognised as a leader in the field of indigenous relations and in partnership with the indigenous people on whose land we operate. Atlas' aim is to provide economic opportunities as well as cultural and environmental outcomes, while maintaining its license to operate.

In partnership with the Indigenous people on whose land it operates, Atlas seeks to promote sustainable commercial relationships with indigenous peoples. To achieve this Atlas:

- seeks to generally improve the wellbeing of indigenous peoples in its operating areas.
- continues to develop and increase its indigenous workforce.
- maintains partnerships with the indigenous, local communities and stakeholders to develop sustainable economic business opportunities wherever appropriate.
- respects the indigenous relationship to land throughout all aspects of its operations.
- creates new and maintaining existing relationships with the indigenous and local stakeholder's community's in which it operates.
- helps to deliver area specific cross cultural awareness training to its workforce.

During the year, Atlas supported and donated to the Many Rivers Opportunities charity which is endeavouring with a number of partners to provide micro finance to prospective indigenous business people in the Pilbara region. Atlas supports this exciting and innovative charity.

During the year, Atlas staff formed a Philanthropic Committee with a view to helping charities Atlas staff are interested in supporting. Atlas staff are also supported in their appointments to not-for profit organisations including WA Youth Orchestra, Starlight Foundation, Youth Focus and many other groups.

"Atlas' aim is to provide economic opportunities as well as cultural and environmental outcomes, while maintaining its license to operate."

"Atlas has an exceptional exploration, project development and operations team that has demonstrated its capability to find mines, execute their development and grow production in quick time. It is only just the beginning, with substantial production growth to come over the next 2 years."

- Ken Brinsden, Chief Operating Officer.

Overview

The Pilbara likely hosts the largest endowment of iron ore of any region in the world. Atlas has positioned itself in the North Pilbara with the most extensive landholding within 150 kilometres of the world's largest iron ore port, Port Hedland. With unprecedented demand for iron ore coming from emerging Asian markets, combined with undeveloped resources in the Pilbara in close proximity to these markets, it is the place to be for an emerging iron ore company.

One of the early movers of the current iron ore juniors in the Pilbara, Atlas listed on the ASX in December 2004 and within 9 months of listing, the Company had made a Direct Shipping iron ore discovery at its Pardoo Project, 75 kilometres east of Port Hedland. This has since transformed the Company from iron ore explorer to producer with Atlas still being the only junior iron ore company to move into production in the world's premier iron ore province.

Atlas commenced iron ore exports through Port Hedland from its Pardoo Mine in December 2008, marking the commencement of what the Company plans to be a meaningful, positive and long-term contribution to the Pilbara iron ore industry and its regional communities.

Atlas' Pilbara mines are now running at rates in excess of 5Mtpa, with a target of 6Mtpa by the end of 2010. With the Company's recent acquisition of Aurox Resources giving it port capacity up to 15Mtpa at Utah Point, combined with the subsequent development of the Turner River Hub Project (inclusive of the Abydos and Mt Webber DSO Projects), the Company is targeting growing its production rate to 9Mtpa by the end of 2011 and 12Mtpa by the end of 2012.

In order to further enhance its production profile over time, Atlas continues to pursue strategic, complementary and value-adding acquisitions, predominantly in the Pilbara of Western Australia. Furthermore, Atlas has continued to maintain an aggressive exploration program across its prospective Pilbara landholdings with outstanding results, culminating with the announcement of a 50% increase in its reserves position subsequent to year-end. Atlas has defined JORC compliant reserves of over 50 million tonnes from a resource base of over 200 million tonnes. (See tables 2 and 3)

With a growing number of high quality iron ore projects and one of the largest landholdings in the Pilbara located close to infrastructure, the Company is effectively defining resources and reserves capable of being mined and exported with relatively low capital expenditure.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With mining in progress at the Pardoo and Wodgina DSO Projects, the Company is now preparing for its next phase of growth through the development of its Turner River Hub Project. The Turner River Hub will grow Atlas' production from its existing Wodgina Mine with new production from the Abydos and Mt Webber DSO Projects processed through a centralised crushing and screening facility.

Atlas' development team has now proven its ability to deliver new projects from discoveries to mines to the ship in a highly challenging environment. This capability presents Atlas as a dynamic growing mid-cap producer with a unique opportunity to deliver benefits to shareholders and the communities where it operates. Clearly with this retained capacity the Company is well positioned to maximise the returns and minimise risk in future project developments. Therefore, Atlas is well positioned to advance a number of projects concurrently in the Pilbara to expand its DSO production to 12Mtpa by the end of 2012.

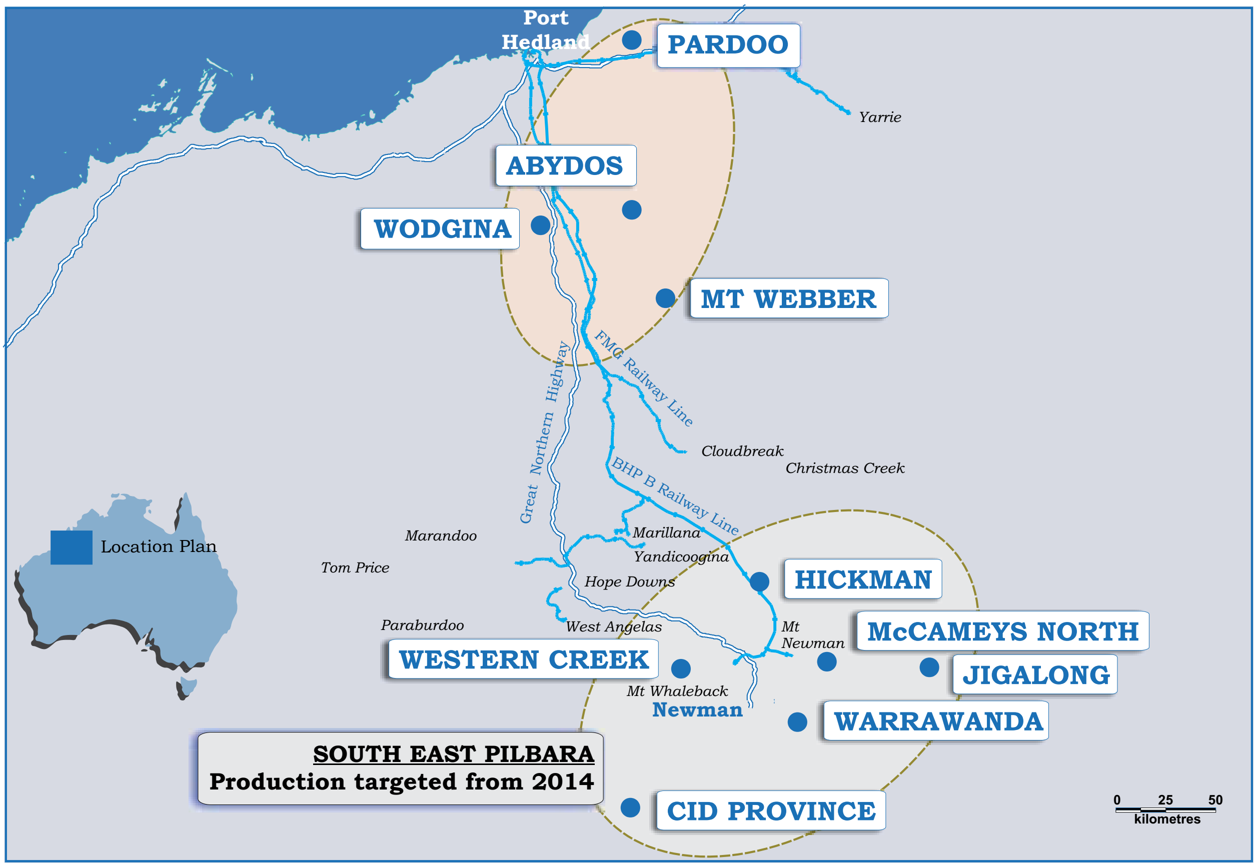
Occupation Health and Safety

Despite challenges associated with the commencement of new mining and crushing and screening contractors at both the Pardoo and Wodgina mine sites during the year, in combination with intensive exploration programs across its project suite, the Company's overall Occupational Health and Safety (OHS) performance has continued to improve markedly in the last 12 months.

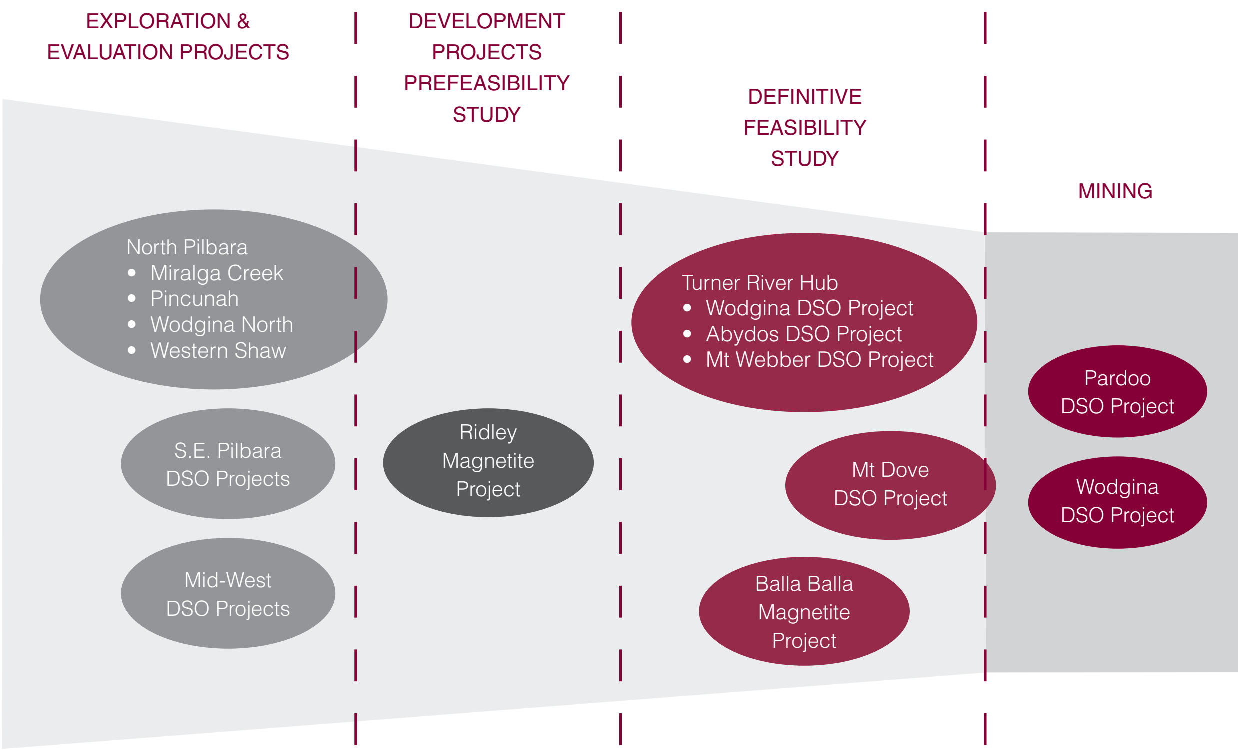
A strong focus during the last 12 months has been resourcing the operating sites with OHS specialists, inclusive of leadership and technical support from the corporate office. As a result, an experienced team of OHS specialists is now available to the Company with their efforts and that of the management team being rewarded by improved performance across the Company. They have been wholly focused on providing exemplary safety leadership at the sites and further developing the Company's safety management systems.

External auditing has been conducted during the last 12 months against both the Company's standards and Australian Standard AS4801 for Safety Management Systems, assisting the Company in the process of continuous improvement in safety performance.

"Sustained focus on safety culture delivered real improvement. We will not give up."



Atlas' Pilbara Project Locations



Atlas' Project Pipeline

"Combined production from the Company's Pardoo and Wodgina Projects is expected to reach 6Mtpa by the end of calendar year 2010...."

Mine Production and Shipping

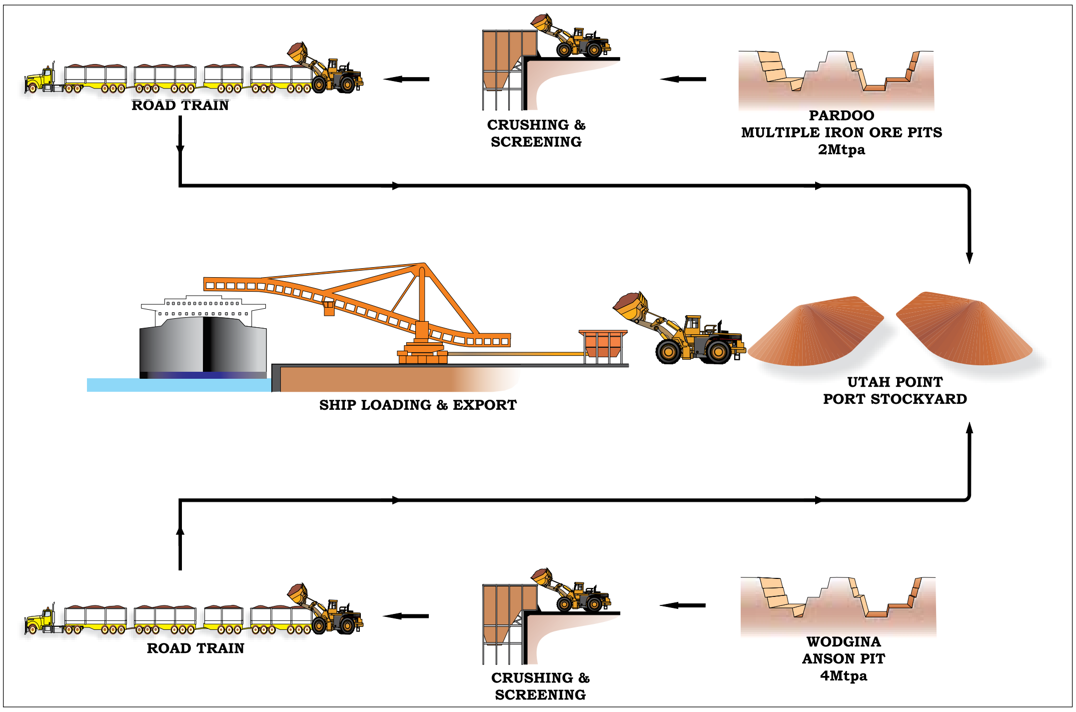
Ore production has grown significantly over the 12 months, as the Company continued to expand its Pardoo mine and commenced development of its Wodgina DSO Project. All of the mine production was sourced from the Company's Pardoo DSO Project during the period. Whilst mining had commenced at the Wodgina DSO Project prior to year end, there were no significant ore tonnages during the pre-strip phase of its development.

Table 1: Mine Production

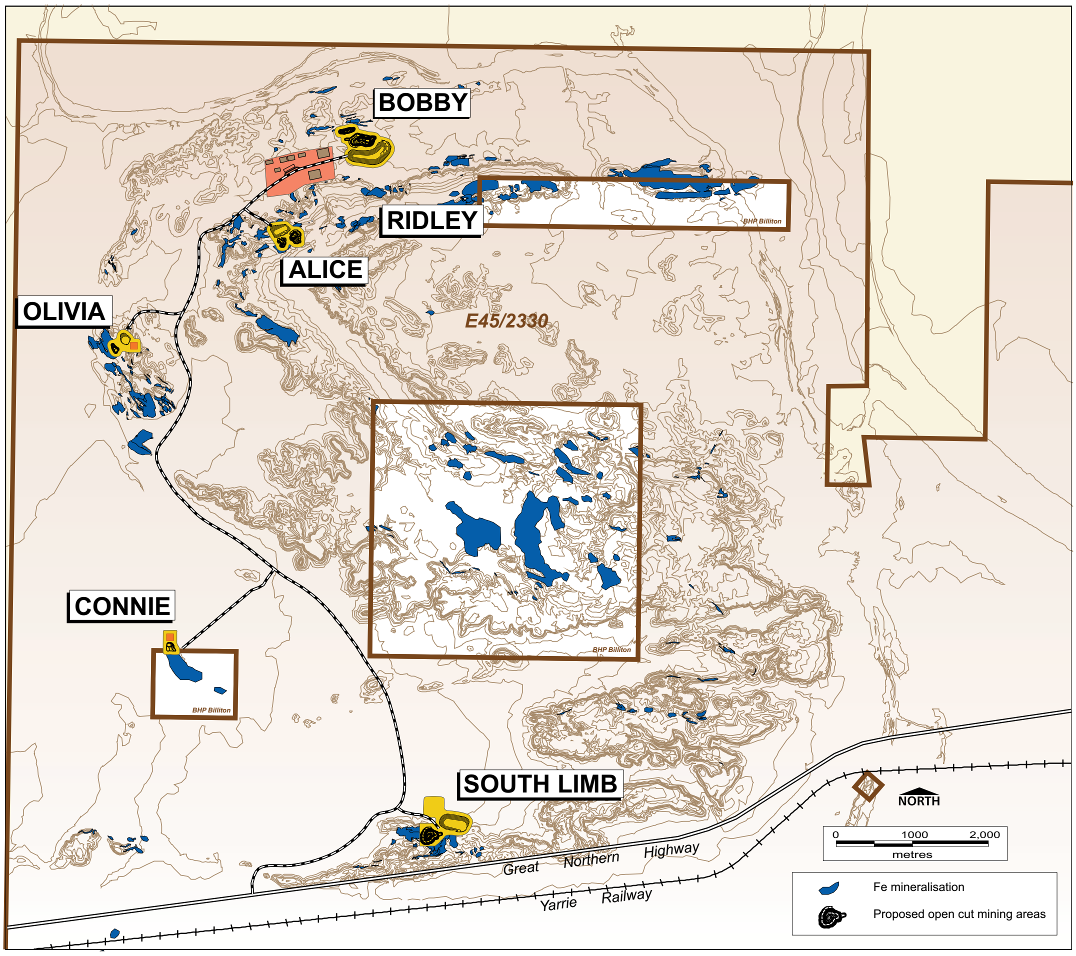
	12 Months to June 30 2010 (t)	12 Months to June 30 2009 (t)	Variance Year (t)	Variance Year (%)
Ore Tonnes Mined	1,239,813	680,950	+558,863	+82%
Ore Tonnes Processed	1,258,683	643,229	+615,454	+96%
Ore Tonnes Shipped (Dry)	1,109,159	409,514	+699,645	+171%

Ore production is now well underway at Wodgina with the first shipment exported from the recently constructed Utah Point facility during September 2010. Combined production from the Company's Pardoo and Wodgina Projects is expected to reach 6Mtpa by the end of calendar year 2010, with exports going through the newly commissioned Utah Point port facility.

"Our contractors are a very important part of our team. They make a huge contribution to our business. These people so often go the extra mile to deliver outstanding results. Their efforts are much appreciated."



North Pilbara Process Flow Chart for 6Mtpa through Utah



Atlas' Pardoo Project mine layout

Pardoo DSO Project

Atlas' Pardoo DSO Project is located just 75 kilometres by road from the port of Port Hedland, in the Pilbara region of Western Australia. The Company has continued to expand production at Pardoo with the mine now operating at an equivalent annualised production rate greater than 1.5Mtpa, with production set to grow up to 2Mtpa by the end of the 2010 calendar year. Recent production performance at the mine indicates that it is well on track to achieve this aim.

Table 1 outlines the mines production during the 2009 / 2010 financial year. Subsequent to year end, and until the end of August 2010, Atlas had shipped a further 243,559 wet tonnes of DSO ore.

Barring a single shipment through the Port Hedland Port Authority's 'Berth 1' facilities, Atlas has continued to utilise Fortescue Metals Group's port facilities at Anderson Point on a fee-for-service basis. Atlas and Fortescue are the first companies in the Pilbara to have agreed 3rd party infrastructure access agreements. With the agreement well established and over 1.4 million tonnes loaded, the agreement constitutes a watershed in what can be achieved in the Pilbara through cooperative development.

Mining during the year focussed on the Bobby, Alice East and West, Connie and South Limb pits with development of the Alice East Extension pit also commencing during the period. Production from each source is optimised to achieve the targeted ore specification, whilst also maximising the life-of-mine.

The Company chose to change-out its mining contractor for the Pardoo site during the year following concerns with the contractor's operating performance. As a result, the primary site contractor is now Mining and Civil Australia (MACA), with MACA carrying out both mining and crushing and screening activities. In difficult circumstances (short notice mobilisation) MACA have provided an excellent level of service and positioned the Company well to achieve its production objectives.

Consistent with the Company's previous advice, the cash cost of production has continued to decline as production from the Pardoo mine increases. This trend is expected to continue as production from the mine ramps up further and economics of scale are realised.

During the year, the Company continued to expand its facilities at the Pardoo Mine with the installation of a new crushing and screening plant and mine camp facility. With this infrastructure now in place the Company now has sufficient facilities to support an expanded production base up to 2.4Mtpa, with production up to 2.0Mtpa targeted by the end of the year. Current mine approvals support production up to 3Mtpa.

"...the Company continued to expand its facilities at the Pardoo Mine with the installation of a new crushing and screening plant and mine camp facility."

Wodgina DSO Project

The Wodgina DSO Project is just 100km due south of Port Hedland immediately adjacent to the existing Wodgina Tantalum Mine. Mining commenced at the Anson pit at Wodgina during June 2010 (see Atlas announcements dated 30 April and 21 June 2010), within 18 months of the Company's first discovery of iron ore at the Project. Construction at the project is now complete.

Wodgina commenced producing finished ore stockpiles in August 2010 with first ore haulage to the port in early September 2010. Tonnes for export for the Utah Point commissioning in September 2010 have come from the significant stocks Atlas has built in Port Hedland adjacent to the port facility.

With the commencement of mining at Wodgina and the delivery of the new multi-user port at Utah on 17 September, Atlas is on track to more than quadruple combined Pilbara iron ore exports to 6Mtpa rate by December 2010.

Following an extensive tender process, BGC Limited was appointed as the site's Primary Mining Contractor. BGC are highly experienced within the iron mining arena with significant contracts underway elsewhere within the industry. BGC are now fully manned up and rapidly expanding the mining capacity of Atlas Iron.

Taking advantage of the infrastructure access agreement established with Talison Minerals, the owners of the Wodgina Tantalum mine, and capitalising on the fantastic exploration success generated at the project over the last 2 years, the Company has executed a low capital cost project with the capacity to produce at a rate of 4Mtpa by late 2010.

Overall production for the Wodgina DSO Project is expected to peak at approximately 4.2Mtpa in the medium term. The Company is targeting reducing its operating costs during the year as economies of scale are achieved.

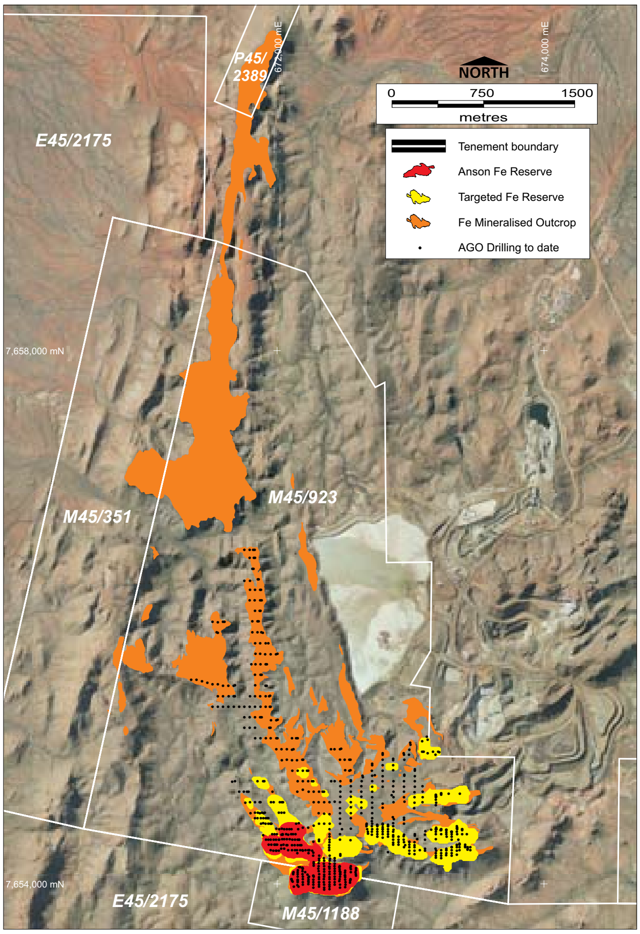
Utah Point Port Facility

Construction of Port Hedland Port Authority's Utah Point port facility in Port Hedland harbour continued during the period and is now nearing completion with commissioning of the port in September 2010. As a result, Atlas is expecting to ship iron ore through the Utah Point facility in Port Hedland harbour at a rate of 6Mtpa by the end of 2010 via combined production from its Pardoo and Wodgina mines.

Through the recent acquisition of Aurox Resources, Atlas' allocation through the Utah Point facility will grow to 9Mtpa (+2Mtpa in efficiency gains, subsequent to the installation of higher rate reclaiming facilities at the Port) from March 2012, and then to 15Mtpa (+4Mtpa on departure of BHPB) from September 2015. With its Utah Port capacity, existing and proposed mine developments, Atlas is positioned to become the 4th largest listed iron ore exporter in Australia within 2 years.

"...Atlas is positioned to become the 4th largest listed iron ore exporter in Australia within 2 years."

First mining at the Anson Deposit, Wodgina



Wodgina mine layout and existing Wodgina mine infrastructure

Utah Point Multi User Berth (with locally constructed 7,500 tonne/hr ship loader in place)

Direct Shipping Ore Reserves

Further exploration drilling, resource development drilling and focused mine planning initiatives have been completed during the year, resulting in revised reserves across Atlas' North Pilbara Projects. For further details please refer to Atlas' previous Resource and Reserve update announcement dated 1st September 2010.

Table 2: Atlas Summary Reserves, 30 June 2010

	Reserve Classification	Kt	Fe (%)	SiO_2 (%)	Al_2O_3 (%)	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%. (AJM's 30% share: 5.7 Mt @ 57.6% Fe)

The Reserves have been estimated in compliance with the JORC Code

Reserves at the Pardoo and Abydos Projects remain largely unchanged, when taking into account the ore mined during the period.

The Company's first Reserve has now been estimated for the Mount Webber DSO Project (19.1Mt at 57.6%Fe). Mt Webber is an important part of the proposed Turner River Hub Project, with further Reserves expected to be estimated for this project during the current financial year from the Mount Webber, Abydos and Wodgina DSO Projects. Significant exploration expenditure has been budgeted to upgrade Resources in the North Pilbara as the Company moves towards an investment decision for the Turner River Hub Project (outlined further below) by mid next year.

"...the best way to grow production is to construct a centralised processing facility drawing feed from nearby satellite mines."

Development Projects

Turner River Hub Project

The Company has been conducting engineering studies to further detail its plans to expand its Northern Pilbara Projects' production to 12Mtpa by 2012. As a result of this analysis, the Company has determined that the best way to grow production is to build a centralised processing facility drawing feed from nearby satellite mines. Known as the Turner River Hub, the central processing facility (within approximately 8 kms of the existing Wodgina DSO Project) would blend and process ore initially from 3 of Atlas' 4 North Pilbara iron ore projects (Wodgina, Abydos and Mt Webber), in preparation for transport to the new Utah Point Port Facility at Port Hedland 95kms away. Atlas is well placed to continue with the development its Wodgina operations, and in turn, start individual new mines at Abydos and Mt Webber (Atlas – 70%) delivering final product feed to port for export. The proximity of these three mines within an arc of approximately 80 kilometres of each other provides the opportunity to consolidate the mine feed at a larger central processing and blending facility.

The Hub would have an annual capacity of 10 million tonnes, meaning it will play a key role in Atlas' plans to double its production from 6 million tonnes a year by December 2010 to 12 million tonnes a year by 2012. It will also deliver substantial economies of scale, thereby reducing the unit cost of production, and bring the benefits of blending ore types from multiple sources, including optimum prices and longer mine lives.

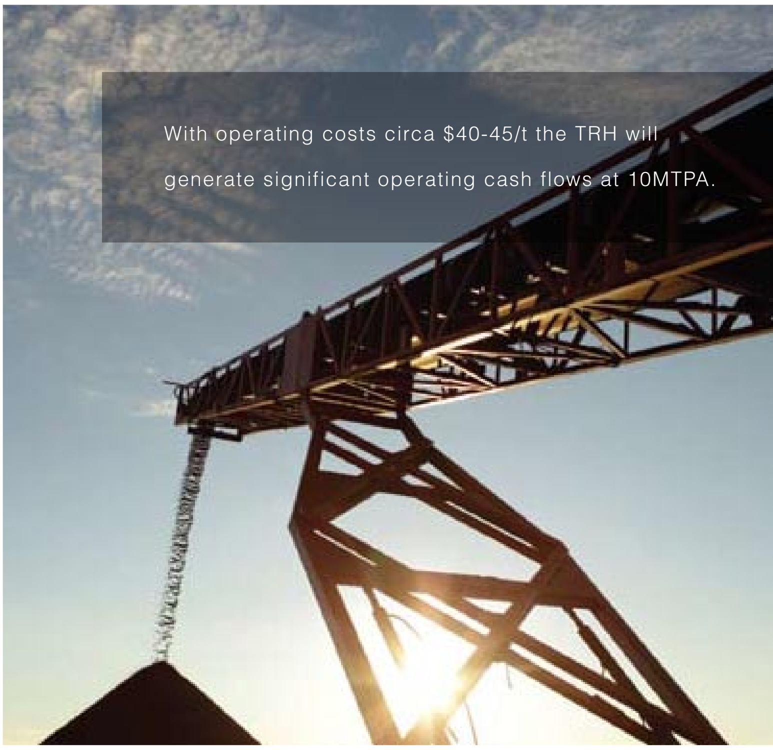
The ore for the Turner River Hub would initially be sourced from Atlas' Wodgina, Abydos and Mt Webber iron ore projects. The Turner River Hub's location will also help underpin further project development within Atlas' existing North Pilbara exploration project portfolio, including the Wodgina North, Western Shaw, Pincunah and Miralga Creek exploration projects.

Ore from Atlas' Pardoo mine will not be processed at the Hub but will continue to account for about 2 million tonnes of production per annum on an ongoing basis.

The Turner River Hub Preliminary Feasibility Study (PFS) has concluded:

- Larger scale crushing and screening plant and associated facilities will lower the overall unit cost of production;
- Centralised production simplifies the ore blending process to achieve final product specification;
- The Hub location allows access to the existing fixed infrastructure available to Atlas through the ongoing infrastructure sharing agreement with Talison Minerals, including access to the existing gas fired power station;
- The Turner River Hub location just 95 kilometres south of Port Hedland facilitates access to alternate down-stream haulage options including:
  - Off-highway road train haulage via a private haul road to the Port of Port Hedland,
  - Existing FMG rail, or
  - Existing BHPB rail.

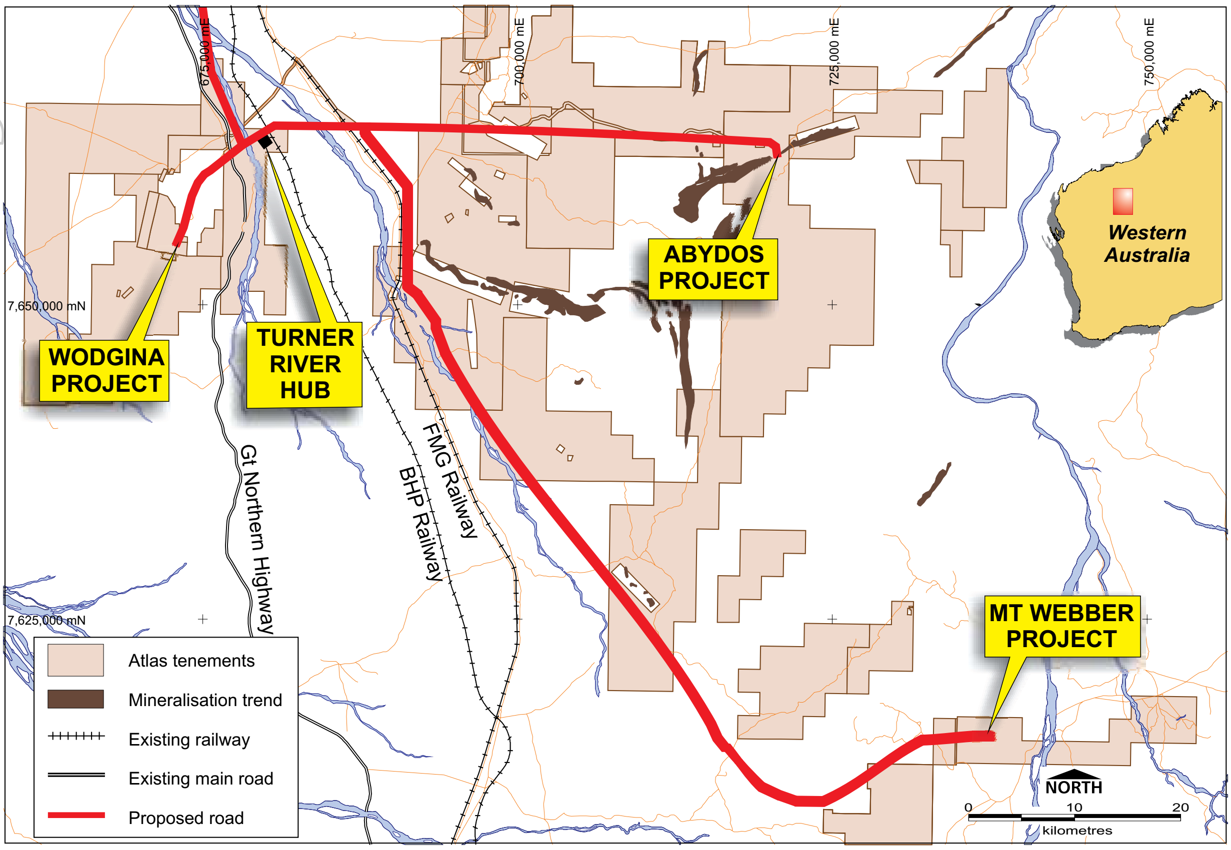
With operating costs circa $40-45/t the TRH will generate significant operating cash flows at 10MTPA.



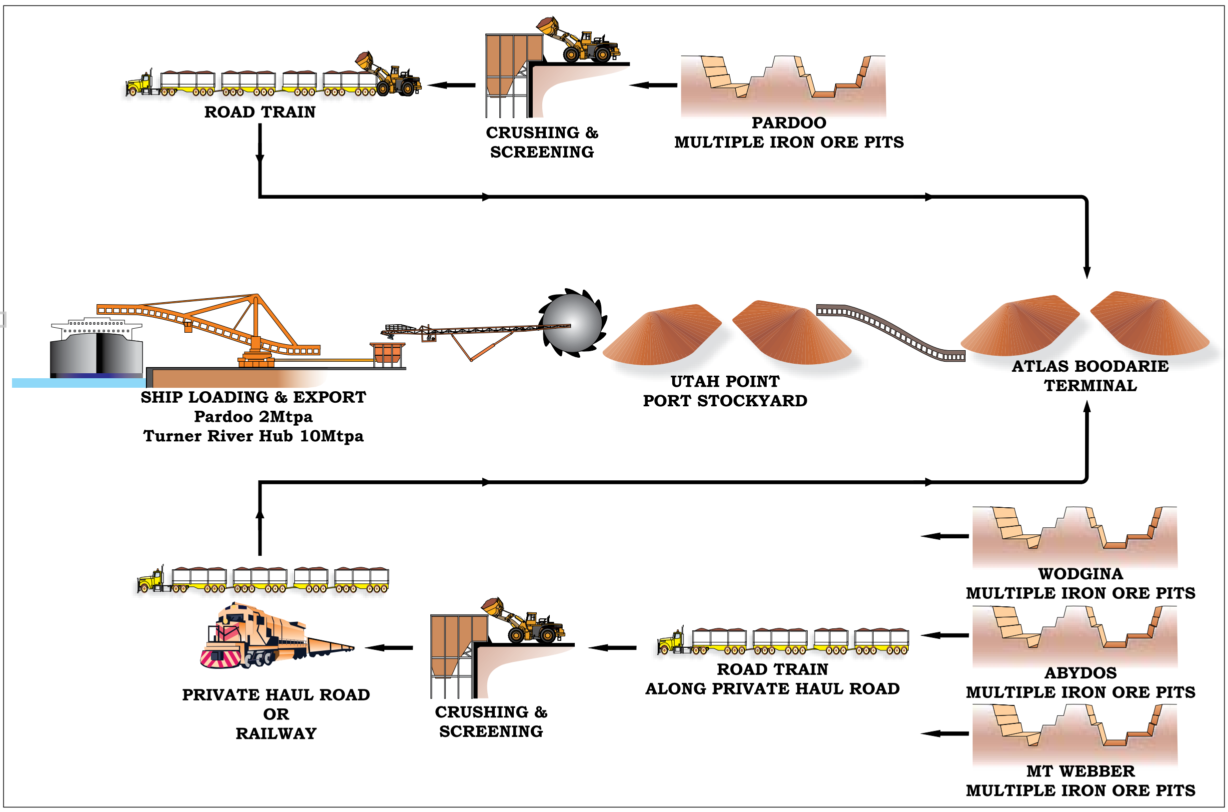
- Large scale off-highway road train haulage from the satellite mines to the central processing facility, or subsequently final product from the Turner River Hub to the port, lowers the cost of ore transport by over 30% compared to on-highway haulage:
- Off-highway haulage via a private haul road provides an alternative to rail haulage as a result of low capital establishment costs, limited distance for transport at approximately 95 kilometres and poorly understood costs associated with rail access or haulage on existing Pilbara infrastructure and
- The Turner River Hub's location will provide a natural fit for further project development within Atlas' existing North Pilbara exploration project portfolio, including the potential for future production from Wodgina North and South, Western Shaw, Pincunah and Miralga Creek.

At a preliminary level of assessment the project fundamentals for the project resulted in the following:

- Capital estimate to establish the Turner River Hub in the order of $178M (excluding contingency);
- With production rates of 10 Mtpa and operating costs circa $40-45/t the TRH will generate significant operating cash flows.
- Payback for the Project expected to be significantly less than 24 months;
- Combined operating costs across the satellite mines at Wodgina, Abydos and Mt Webber (Atlas – 70%) and the Turner River Hub (using a Contractor based operating model) of AUD $40-$45 per tonne FOB (excluding royalties and selling costs); and
- Project underpinned with good resource base and pit inventories, including excellent reserve conversion rates to date, with this trend expected to continue.



Turner River Hub Project and Satellite Mine Locations



2012 12Mtpa Production Process Flow Schematic

"Atlas is active in exploration across its Northern Pilbara Projects in order to add to the Company's Resource base, with a particular focus on those resources that will contribute to the Turner River Hub strategy."

The Company is currently tendering for the award of a Definitive Feasibility Study (DFS) on the Turner River Hub Project, with an appointment expected on the successful prime Consultant in September 2010. It is expected the DFS study will be completed during Q2 of 2011.

On the basis of favourable outcomes from the DFS and subsequent Board approval, the Company will move quickly into execution, with various long lead procurement items ordered soon after the completion of the final study works.

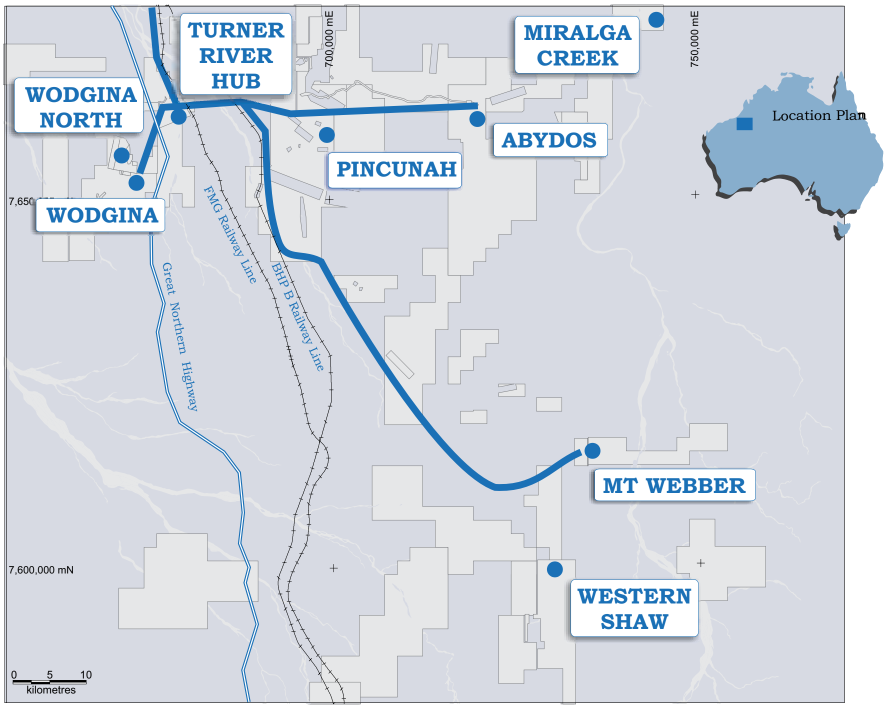
The Company is well advanced on the mine and processing environmental approvals process, including flora / fauna field study work and desktop analysis in addition to the pegging of the required mining, haulage and processing tenure applications.

Atlas is active in exploration across its Northern Pilbara Projects in order to add to the Company's Resource base, with a particular focus on those resources that will contribute to the Turner River Hub strategy. Updated Resource and Reserve estimates are expected to be released during the December 2010 quarter.

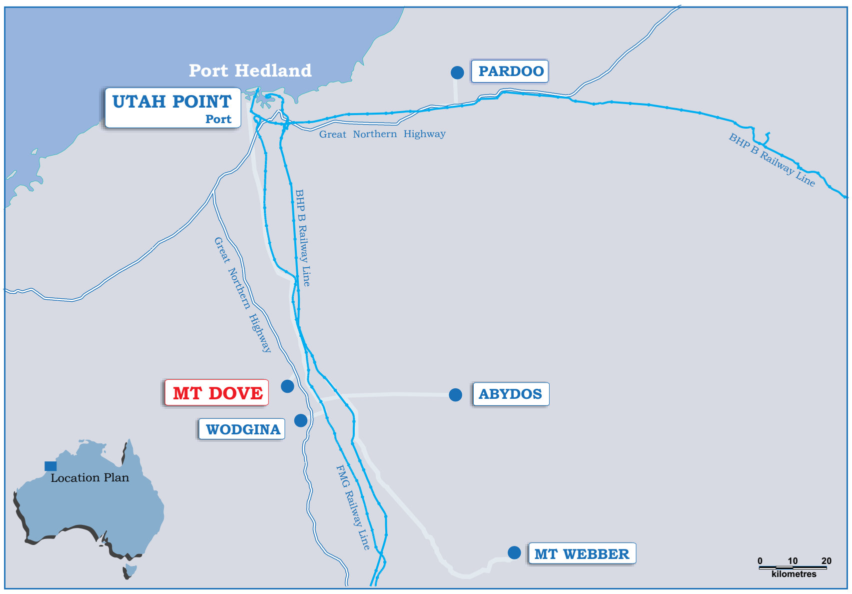
Mount Dove DSO Project

Atlas' Mount Dove DSO Project is approximately 70kms due south of Port Hedland, adjacent to the Great Northern Highway. Having completed a Scoping Study assessing the development potential of the Mt Dove Project, the Company is conducting a Definitive Feasibility Study to move the Mt Dove DSO Project to execution early in the second half of 2011.

The Mt Dove DSO Project is expected to be a stand-alone development that would transport product to the new Utah Point Port Facility at Port Hedland 72km via the Great Northern Highway.



Projects Contributing to the Turner River Hub Strategy



Mt Dove DSO Project Location

The Mt Dove Project will have the capacity to deliver a high quality product into Atlas' Pilbara blend by Q4 2011, contributing to the plan to achieve an annual production rate of 9Mtpa by the end of 2011.

With a low stripping ratio, near 100% mineral extraction anticipated and a low CAPEX start-up, the Project is also set to deliver a favourable economic outcome for Atlas.

The scoping study concludes that while the Mt Dove DSO Project is small in tonnage, its compact timeframes means it represents an ideal opportunity for Atlas to deliver a high quality blending product.

Due to its proximity to the existing Great Northern Highway, Port Hedland and the Utah Point Port Facility, the Project is an ideal candidate for development of the Atlas on-highway haulage model that has been successfully employed at its Pardoo operation since December 2008.

Results from the Mt Dove DSO Project Scoping Study have concluded that the development of the Project as stand-alone operation has the following advantages:

- Low CAPEX investment that leverages off existing public infrastructure to deliver product to Utah Point Port Facility;
- Decoupled from the Turner River Hub Definitive Feasibility Study, to deliver a Project execution plan by mid-2011; and
- While able to leverage off the Wodgina operations on-highway haulage fleet, the proximity of the Project to Port Hedland and distance from Wodgina indicates that the Project is a "natural" stand-alone development.

At a preliminary level of assessment the project fundamentals for the project resulted in the following:

- Capital estimate to establish the mine site access, infrastructure and pit development of A$14M;
- With low operating costs circa expected, the Project is expected to generate significant operating cash flows;
- Complete mineral extraction within first year of operation; and
- Continued processing of stockpiled ROM stocks to enable blending flexibility with Wodgina and Pardoo production to meet quality and quantity targets.

The Company is currently tendering for the award of a Definitive Feasibility Study (DFS) on the Mt Dove DSO Project, with appointment expected of the successful prime Consultant in September 2010. It is expected the DFS study will be completed during June quarter of 2011.

On the basis of favourable outcomes from the DFS and subsequent Board approval, the Company will move quickly into execution, with various long lead procurement items ordered soon after the completion of the final study works.

The Company is well advanced on the mine and processing environmental approvals process, including flora / fauna field study work and desktop analysis, in addition to the pegging of the required mining leases and mine access road.

Exploration and Resource Development

The Company's DSO resources continued to grow strongly during the 2010 financial year, as a result of a combination of discoveries, near-mine resource expansion and corporate acquisition.

From a base of 95 million tonnes at 30 June 2009, Resources as at 30 June 2010 now stand at 205 million tonnes at 56.7% Fe (see Table 3). During the year, Atlas completed over 90,000 metres of RC and 3,405 metres of diamond drilling.

Highlights during the year include:

- Mt Webber (Atlas – 70%) DSO resources grew with the completion of initial drilling in 2009, followed by infill drilling in 2010. The total resource is now 41.9 million tonnes at 57.1% Fe, and infill drilling is expected to continue to facilitate the inclusion of existing Resources in future ore reserve estimates;
- Infill drilling continued at Wodgina throughout the year, allowing ore reserves to be increased at Anson and new reserves estimated for the Dragon and Constellation deposits. A new deposit has also been discovered at Hercules, where further drilling is planned prior to an initial resource estimation;
- A new inferred resource was announced for the Wishbone deposit southeast of Newman, within the Warrawanda project;
- A new inferred resource was announced for the Weld Range project, in the Mid-West; and
- Approximately 46 million tonnes of DSO resources were added following the merger with Warwick Resources Limited in late 2009.

With the start of the new financial year, Atlas has continued its commitment to exploration, with approximately 175,000 metres of RC drilling budgeted for projects ranging from Pardoo in the North Pilbara to Upper Ashburton, south of Newman. Drilling will build on the foundations of earlier exploration success, with a particular evaluation and development drilling focus on ore bodies feeding in to the proposed Turner River Hub facility. These include extensive programs at Wodgina, Mt Webber and Abydos, with exploration drilling in the Farrell Well area later in the year. Smaller satellite projects targeted for drilling include Mt Dove and Western Shaw. Near-mine exploration will also continue at Pardoo, firming up the reserve base and searching for new discoveries.

Simultaneously, the main focus of the Company's green-fields exploration effort will shift south to the Newman region, testing targets on the combined Atlas tenure in the area. Priority projects to be tested include Hickman and McCamey's North, where mapping and rock chip sampling has identified high grade iron enrichment within areas of the Boolgeeda Formation.

Table 3: Atlas Iron Limited - Resource Inventory July 2010

Region	Reserve Classification	Kt	Fe (%)	SiO_2 (%)	Al_2O_3 (%)	P (%)	S (%)	LOI (%)	CaFe (%)
North Pilbara	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	59,000	56.5	7.4	2.4	0.08	0.04	8.9	62.0
Southeast Pilbara	Inferred	67,000	55.9	7.1	3.5	0.06	0.03	8.5	61.1
Midwest	Inferred	5,000	64.1	3.3	2.7	0.05	0.01	1.6	65.1
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

During the year Atlas completed over 90,000 metres of RC and 3,405 metres of diamond drilling.

Atlas completed a $63.5 million capital raising in early May 2010 by a placement to international and domestic institutional shareholders.

Iron Ore Sales and Marketing

During the year Atlas exported 1.16 million wet metric tonnes of iron ore from the Pardoo mine to its Chinese customers. The four Pardoo customers have entitlement to 100% of production from that mine until 31 March 2012.

The Company entered 2 new contracts with Chinese Steel Mills during the year for supply of additional production arising from the Wodgina mine. These contracts account for approximately 30% of the incremental production and run through to 31 March 2013. Further contracts are under negotiation and will be entered in the coming year. The new and future contracts will reflect the delivery of a blended product from both the Pardoo and Wodgina mines and will be exported through the new Utah Point facility in Port Hedland.

The pricing dynamic in the international seaborne iron ore market changed dramatically during the year, with the major producers and consumers moving away from the longstanding system of setting an annual benchmark. Prices are now being set on the basis of shorter term, index referenced prices which more closely equate to spot prices.

Atlas' sales contracts reference the pricing methodology adopted by the major Pilbara producers so Atlas is also fixing pricing based on indexes. The exact methodology for the calculation, including the duration over which prices are calculated and the index or indices to be referenced is the subject of ongoing negotiation with customers.

The pricing environment for the first half of the year was challenging but prices picked up in the second half as the benchmark set for the year to 31 March 2010 expired and was replaced by index pricing. Encouraging sales prices have continued into the first quarter of the 2010/11 year and demand for product from an emerging Australian producer like Atlas remains strong so we enter the new year with considerable confidence.

Corporate Activity

Warwick Resources Merger

In September 2009 the Company announced that it and Warwick Resources Limited (Warwick) had reached agreement to merge by way of Schemes of Arrangement with Warwick shareholders and option holders. The Company issued one Atlas share to Warwick shareholders for every three Warwick shares on issue and also issued Atlas shares to Warwick option holders on a ratio determined by the exercise price and expiry date of the respective options. This merger was completed in December 2009.

Warwick is now a 100% subsidiary of the Company. Warwick was an iron ore explorer with an asset portfolio near Newman in the South East Pilbara region of Western Australia, which is host to world class iron ore mines. Following the acquisition of iron rights on Hannans Reward Limited's Jigalong project in 2009, Warwick's iron ore projects have a combined land area of over 5,000km^2.

Aurox Resources Merger

In March 2010 the Company announced that it and Aurox Resources Limited (Aurox) had reached agreement to merge by way of Schemes of Arrangement with Aurox shareholders. The Company issued one Atlas share to Aurox shareholders for every three Aurox shares on issue. By separate agreement, the Company also issued Atlas shares to Aurox option holders on a ratio determined by the exercise price and expiry date of the respective options. The Aurox merger was completed in August 2010.

Aurox is now a 100% subsidiary of the Company. Aurox was an iron ore explorer whose main focus was the development of the Balla Balla Project located in the West Pilbara, approximately 100km south-west of Port Hedland.

The Balla Balla Project is a large homogenous titanomagnetite ore body with a significant mineral resource and ore reserve. In addition, Aurox secured an allocation at Utah Point port facility of 6mtpa from March 2012, increasing to 10mtpa from 2015. There is also capacity to increase Aurox's allocation by a further 2mtpa through efficiencies gained at Utah Point berth.

June 2010 capital raising

Atlas completed a $63.5 million capital raising in early May 2010 by a placement to international and domestic institutional shareholders. The Company issued 25.5 million shares at an issue price of $2.49 per share. The proceeds of this placement have enabled Atlas to accumulate a significant ore stockpile in the lead-up to the start of exports from the Utah Point port facility in Port Hedland, allowing Atlas to maximise the number of shipments of iron ore in what is anticipated to be a period of strong iron ore prices.

Senior Management

During the year Ken Brinsden, previously Operations Manager was promoted to Chief Operating Officer. At the same time, Mark Hancock, previously Chief Financial Officer was promoted to Chief Commercial Officer.

"Warwick has an asset portfolio near Newman in the South East Pilbara region of Western Australia, which is host to world class iron ore mines."

"...Atlas continued to progress negotiations with a number of significant international entities..."

Ridley

During the year, Atlas continued to progress negotiations with a number of significant international entities regarding the purchase of equity in the Ridley project. While interest in the project remains strong, the progress of negotiations has been impacted by the uncertainty caused by the Australian Federal Government's proposed RSPT taxation changes for the resources industry in May 2010. Post year end, the Government announced the new MRRT which, while lacking detail, appears to have minimal impact on the total tax take of a large capital project cost project like Ridley. Atlas and others are lobbying for the total exclusion of magnetite from the MRRT to recognise that the compliance burden imposed does not justify the likely return to the government and that value is created on processing rather than extraction. The clarification of the impact of the proposed MRRT on the project has enabled parties to recommence negotiations with greater confidence and considerable engagement has occurred with leading parties post year end.

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 companies progressing projects in the Pilbara of Western Australia. The NWIOA is advancing the development of its South West Creek port and stock handling facility, with pre feasibility works completed and work underway with Port Hedland Port Authority to formalise tenure.

Shaw River Resources Limited

At the date of this report Atlas holds a 45.4% interest in Shaw River Resources Limited (Shaw) (ASX Code: SRR). Shaw is a manganese explorer with assets in the Pilbara and Ghana. Shaw holds non iron ore mineral rights over a portion of Atlas' Pilbara tenements. For further details on Shaw River's activities, please refer to Shaw River's announcements or its website (www.shawriver.com.au).

Competent persons and JORC Compliance Statements

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.

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 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'. 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.

Atlas Iron Limited – Statement on Global Exploration Target

Atlas has reported a total resource of 205 million tonnes at 56.7% Fe consisting of resources on its DSO Projects. 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 205 million tonnes at 56.7% Fe is only conceptual in nature. There has been insufficient exploration to define a Mineral Resource over and above the resource of 205 million tonnes at 56.7% Fe, and it is uncertain if further exploration will result in the determination of a Mineral Resource over and above the resource of 205 million tonnes at 56.7% Fe.

Dollars means Australian dollars.

"The Board as a whole addresses the governance aspects of the full scope of the Company's activities to ensure that it adheres to appropriate ethical standards."

The Company is committed to implementing and maintaining the highest standards of corporate governance. In determining what those standards should involve, the Company has turned to the ASX Corporate Governance Council's *Principles of Good Corporate Governance and Best Practice Recommendations.* The Company is pleased to advise its practices are largely consistent with those of the ASX guidelines.

The Company continues to review all its corporate governance practices and policies and compare its current practices and policies against the 2nd Edition of ASX Corporate Governance Council's *Principles of Good Corporate Governance and Best Practice Recommendations* with a view to ensuring the Company's corporate governance practices and policies are up to date and reflect the Company's current stage of development as well as accommodating the Company's future growth.

The Board considers that the Company is of a size and its affairs of such complexity to justify an Audit & Risk Committee, Remuneration Committee and a Nominations Committee.

The charters for these three committees were formed in compliance with the guidelines set out in the 2nd Edition of ASX Corporate Governance Council's *Principles of Good Corporate Governance and Best Practice Recommendations.* The Audit & Risk Committee, the Remuneration Committee and the Nomination Committee each make recommendations to the Board. The Board as a whole addresses the governance aspects of the full scope of the Company's activities to ensure that it adheres to appropriate ethical standards.

The Board of Directors

Composition of the Board

In July 2009, shareholders approved a new Constitution that reflected changes to the Corporations Act 2001 and ASX Listing Rules. This ensured that the Company's Constitution is up to date with best corporate practice. The Company's new Constitution provides that the number of directors shall not be less than three. There is no requirement for any share holding qualification.

As the Company's activities increase in size, nature and scope, the size of the Board will be reviewed periodically, and as circumstances demand. The optimum number of directors required to supervise adequately the Company's organisational nature and structure will be determined by the Board within the limitations imposed by the Constitution, as approved by shareholders on 20 July 2009.

The membership of the Board, its activities and composition, is subject to periodic review. The criteria for determining the identification and appointment of a suitable candidate for the Board shall include quality of the individual, background of experience and achievement, compatibility with other Board members, credibility within the Company's scope of activities, intellectual ability to contribute to Board duties and physical ability to undertake Board duties and responsibilities.

Directors are initially appointed by the full Board subject to election by shareholders at the next general meeting. Under the Company's Constitution the tenure of a director (other than managing director, and only one managing director where the position is jointly held) is subject to reappointment by shareholders not later than the third anniversary following his or her last appointment. Subject to the requirements of the Corporations Act 2001, the Board does not subscribe to the principle of retirement age and there is no maximum period of service as a director. A managing director may be appointed for any period and on any terms the directors deem appropriate and, subject to the terms of any agreement entered into, may revoke any appointment.

As noted in the 2009 Annual Report, the Board advised it was seeking to appoint an additional independent non executive director as early as possible in the new financial year. Therefore up to 6 November 2009, the Company did not comply with recommendation 2.1 of the 2nd Edition of ASX Corporate Governance Council's *Principles of Good Corporate Governance and Best Practice Recommendations*. On 6 November 2009, Dr David Smith was appointed as an independent non executive director. Since 6 November 2009, the Company has complied with Recommendation 2.1 of the 2nd Edition of ASX Corporate Governance Council's *Principles of Good Corporate Governance and Best Practice Recommendations*.

The Board now comprises five directors, four of whom are non executive (including the chairman) and three of whom are independent (including the chairman).

Role of the Board

In 2007 the Company established a formal Board Charter as per Recommendation 1.1. In broad terms, the Board is accountable to the shareholders and must ensure that the Company is properly managed to protect and enhance shareholders' wealth and other interests. The Board Charter sets out the role and responsibilities of the Board within the governance structure of the Company and its related bodies corporate (as defined in the *Corporations Act*).

The Board is responsible for promoting the success of the Company in a way which ensures that the interests of shareholders and stakeholders are promoted and protected. The Board may delegate some powers and functions to the Managing Director for the day-to-day management of the Company. Powers and functions not delegated remain with the Board. The following are regarded as the key responsibilities and functions of the Board:

- to develop, review and monitor the Company's long-term business strategies and provide strategic direction to management;
- to approve the acquisition, establishment, disposal or cessation of any significant business of the Company;
- to ensure policies and procedures are in place to safeguard the Company's assets and business and to enable the Company to act ethically and prudently;
- to develop and promote a system of corporate governance which ensures the Company is properly managed and controlled;
- to identify the Company's principal risks and ensure that it has in place appropriate systems of risk management, internal control, reporting and compliance and that management is taking appropriate action to minimise those risks;
- to review and approve the Company's financial statements;
- to monitor management's performance and the Company's financial results on a regular basis;
- to appoint, ratify, appraise and determine the remuneration and benefits of the Managing Director;
- to delegate powers to the Managing Director as necessary to enable the day-to-day business of the Company to be carried on, and to regularly review those delegations;
- to ensure that the Company has in place appropriate systems to comply with relevant legal and regulatory requirements that impact on its operations;
- to determine the appropriate capital management for the Group including share and loan capital and dividend payments;
- to determine and regularly review an appropriate remuneration policy for employees of the Company;
- to approve senior management succession plans and significant changes to organisational structure;
- to authorise the issue of shares, options, equity instruments or other securities; and
- establishing procedures which ensure that the Board is in a position to exercise its powers and to discharge its responsibilities as set out in the Board Charter.

Other than as specifically reserved to the Board in the Board Charter, responsibility for the management of the Company's business activities is delegated to the Managing Director who is accountable to the Board.

Appointments to Other Boards

Directors are required to take into consideration any potential conflicts of interest when accepting appointments to other Boards. In light of the time commitment required by appointment to the Board, non-executive directors are asked to limit the number of other directorships for the duration of their appointment with the Company. Non-executive directors are asked to provide the Board with details of other commitments and an indication of time involved. The Board will regularly review the time required of a non-executive director and make an assessment as to whether the directors are able to meet their commitment to the Company. The Nominations Committee is charged to regularly review the time required by a Director to effectively undertake his or her Board responsibilities (and Board committee responsibilities, where relevant) and determine whether each Director is meeting that requirement after identifying and considering details of that Director's other commitments.

Chairman

The Chairman of the Board, Mr Geoff Clifford, is an independent, non-executive director and a resident Australian citizen. The Chairman is responsible for leadership and effective performance of the Board and for the maintenance of relations between directors and management that are open, cordial and conducive to productive cooperation. The Chairman's responsibilities are set out in more detail in the Board Charter and the Company's Constitution, which is available in the corporate governance section of the Company's website.

Director Independence

The independence of a Director is assessed in accordance with the guidelines set out in the 2nd Edition of ASX Corporate Governance Council's *Principles of Good Corporate Governance and Best Practice Recommendations*. In accordance with these guidelines, the Board assesses independence with reference to whether a Director is non-executive, not a member of management and who is free of any business or other relationship that could materially interfere with, or could reasonably be perceived to materially interfere with, the independent exercise of their judgement. In making this assessment, the Board considers all relevant facts and circumstances. Relationships that the Board will take into consideration when assessing independence are whether a director:

- is a substantial shareholder of the company or an officer of, or otherwise associated directly with, a substantial shareholder of the Company;
- is employed, or has previously been employed in an executive capacity by the Company or another group member, and there has not been a period of at least three years between ceasing such employment and serving on the Board;

- has within the last three years been a principal of a material professional advisor or a material consultant to the Company or another group member, or an employee materially associated with the service provided;
- is a material supplier or customer of the Company or other group member, or an officer of or otherwise associated directly or indirectly with a material supplier or customer; or
- has a material contractual relationship with the Company or another group member other than as a director.

The test of whether a relationship or business is material is based on the nature of the relationship or business and on the circumstances and activities of the director. Materiality is considered from the perspective of the Company and its group members, the persons or organisations with which the director has an affiliation and from the perspective of the director. The Board reviews the independence of directors before they are appointed and on an annual basis. The Board has reviewed the independence of each of the Directors in office at the date of this report and has determined that three of the five Directors are independent. The two Directors that are not considered independent are:

- Mr David Flanagan as he is an executive director and a member of management;
- Ms Tai Sook Yee as she is a senior executive of IMC Group, which is a substantial shareholder of the Company.

For the vast majority of decisions made by the Board, Ms Tai brings substantial expertise and experience to the Board. The Board considers that the value of this expertise and experience outweighs any issues associated with Ms Tai not having 'independent director' status.

Nominations Committee

The Board has determined that the Company is of a size and its affairs of such complexity to justify a Nominations Committee. The charter for the Nominations Committees was approved in 2008. The role of the Committee is to

- assist the Board in relation to the selection and appointment of members of the Board;
- assess and determine the independent status of each Director, Consider and make recommendations to the Board about the size and composition of the Board;
- Implement a plan for identifying, assessing and enhancing Director competencies to ensure that the Board comprises Directors who possess an appropriate range of skills and expertise;
- Regularly review the time required by a Director to effectively undertake his or her Board responsibilities;
- Develop and implement induction procedures to allow new Directors to participate fully and actively in Board decision-making at the earliest opportunity;
- Develop, implement and review the Company 's succession plans in place for membership of the Board; and
- Develop and implement processes for evaluating the performance of the Board, the Board committees and individual Directors against appropriate measures.

Nominations Committee members are appointed by the Board for a term considered appropriate by the Board. The Board may appoint additional independent non-executive Directors to the Nominations Committee and may remove or replace members of the Nominations Committee by ordinary resolution. The Nominations Committee must comprise a minimum of 3 non-executive Directors, with the majority being independent Directors. The Chairman of the Nominations Committee must be an independent director, and may be the Chairman of the Board. Mr Geoff Clifford, the independent non executive Chairman of the Board is the current Chairman of the Nominations Committee.

The Nominations Committee will meet as often as the Committee members deem necessary in order to carry out the responsibilities of the Nominations Committee. Any Nominations Committee member may convene a meeting of the Nominations Committee.

Remuneration Committee

The Board has determined that the Company is of a size and its affairs of such complexity to justify a Remuneration Committee. The charter for the Remuneration Committee was approved in 2008.

Within the scope of its duties and responsibilities, the Remuneration Committee is generally authorised to:

- consult with and seek any information from any Director or officer or employee of the Company who has the opportunity to materially influence the integrity, strategy and operation of the Company and its financial performance, being a Senior Executive or any external party;
- obtain (at the Company's expense) financial, legal or other professional advice from external consultants or specialists it considers necessary to assist the Remuneration Committee in meeting its responsibilities; and
- require the attendance of any Company employee at Remuneration Committee meetings.

Remuneration Committee members are appointed by the Board for a term considered appropriate by the Board. The Board may appoint additional independent non-executive Directors to the Remuneration Committee and may remove or replace members of the Remuneration Committee by ordinary resolution. The Committee currently comprises of 3 non-executive Directors, with the majority being independent Directors. The Remuneration Committee Charter requires that the Chairman of the Remuneration Committee should, where possible, be an independent director, and should, where possible, not be the Chairman of the Board.

The current Chairman of the Remuneration Committee is Mr David Hannon who is an independent director, who is not the Chairman of the Board.

The role of the Remuneration Committee is to assist the Board in developing the Company's remuneration, recruitment, retention and termination policies. The specific duties and responsibilities of the Remuneration Committee are as follows:

- Consider and recommend to the Board a remuneration policy for executive Directors and Senior Executives
- Consider and recommend to the Board a remuneration framework for the non-executive Directors that is clearly distinguished from that of executive Directors and Senior Executives
- When making recommendations to the Board, consider the ASX Corporate Governance Council's guidelines in respect of executive remuneration packages and non-executive director remuneration set out under Principle 8 of the ASX Corporate Governance Principles and Recommendations, and ensure that both cash and equity-based remuneration is structured in accordance with the thresholds and restrictions under AGO's constitution, the ASX Listing Rules and the Corporations Act 2001 (Cth).
- Develop, review and make recommendations to the Board in relation to the Company's policies and practices relating to recruitment, training, retention and promotion, review and appraisal of performance and termination of employment.
- Regularly review the succession plans in place for executive Directors and Senior Executives to ensure that an appropriate balance of skills, experience and expertise is maintained.
- Ensure the Company carries out its obligations in respect of superannuation, retirement benefits and other related benefits and entitlements.

The Remuneration Committee will, where possible, meet at least twice each year or as often as the Committee members deem necessary in order to carry out the responsibilities of the Committee. Any Committee member may convene a meeting of the Committee.

Independent Professional Advice

Subject to a director not having a conflict of interest on a particular matter, directors have direct access to members of Company management and to Company information in the possession of management. The Board has determined that individual directors have the right in connection with their duties and responsibilities as directors, to seek independent professional advice at the Company's expense. With the exception of expenses for legal advice in relation to director's rights and duties, the engagement of an outside adviser is subject to prior approval of the Chairman and this will not be withheld unreasonably.

Conflicts of Interest

The Board regularly reviews any conflicts of interest that may occur and which apply if there is, or may be, a conflict between the personal interests of a director, or the duties a director owes to another company, and the duties the director owes to the Company. A director with an actual or potential conflict of interest in relation to a matter before the Board does not receive the Board papers relating to that matter and when the matter comes before the Board for discussion, the director withdraws from the meeting for the period the matter is considered and takes no part in the discussions or decision-making process. Minutes reporting on matters in which a director is considered to have a conflict of interest are not provided to that director. However, the director is given notice of the broad nature of the matter for discussion and is updated in general terms on the progress of the matter.

The Company's Code of Conduct requires that all business transactions must be conducted solely in the best interests of the Company. Employees must avoid situations where their personal interests could conflict with the interests of the Company. A conflict of interest exists where loyalties are divided. A person can have a potential conflict of interest if, in the course of their employment or engagement with the Company, any decision they make could provide for an improper gain or benefit to themselves or an associate. A conflict of interest may be defined as an issue that may occur when personal interests, the interests of an associate or relative or a duty or obligation to some other person or entity, conflict with a person's duty or responsibility to the Company. Employees must notify their manager, the chief executive officer or company secretary if the individual suspects that there is a conflict of interest or a potential conflict of interest.

Directors Retirement and Re-election

Non-executive directors must retire at the third Annual General Meeting (AGM) following their election or most recent re-election. At least one non-executive director must stand for election at each AGM. Any director appointed to fill a casual vacancy since the date of the previous AGM must submit themselves to shareholders for election at the next AGM. Board support for a director's re-election is not automatic and is subject to satisfactory director performance.

Continuous Review of Corporate Governance

Directors consider and review, on an ongoing basis, how management information is presented to them and whether such information is sufficient to enable them to discharge their duties as directors of the Company. Such information must be sufficient to enable the directors to determine appropriate operating and financial strategies from time to time in light of changing circumstances and economic conditions.

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The directors recognise that mining production, mineral exploration and mine development are inherently risky business activities and that the corporate and operational strategies adopted should, notwithstanding, be directed towards improving or maintaining the net worth of the Company.

Ethical Standards – Code of Conduct

In 2007, the Company introduced a formal Code of Conduct as per Recommendation 3.1. This Code outlines how the Company expects its directors and employees and those of its related bodies corporate to behave and conduct business in the workplace on a range of issues. The Company is committed to the highest level of integrity and ethical standards in all business practices. Directors and employees must conduct themselves in a manner consistent with current community and corporate standards and in compliance with all legislation. The objective of the Code of Conduct is to provide a benchmark for professional behaviour throughout the Company, support the Company's business reputation and corporate image within the community; and make directors and employees aware of the consequences if they breach the Code of Conduct.

The Company aims to maintain the highest standard of ethical behaviour in business dealings and to behave with integrity in all its dealings with customers, clients, shareholders, government, employees, suppliers and the community. Directors and employees are expected to perform their duties in a professional manner and act with the utmost integrity and objectivity, striving at all times to enhance the reputation and performance of the Company. This should involve as a minimum,

- acting within applicable laws, particularly those that deal with matters covered by this code, including equal opportunity and anti-discrimination laws,
- acting with courtesy,
- acting with fairness and respect in supervision,
- encouraging co-operation,
- fostering an environment where rational debate is encouraged, with a view to achieving shared goals,
- avoiding behaviour that might reasonably be perceived as bullying or intimidation, and
- understanding and responding to the needs of the Company's broader stakeholders including the community at large.

The Company is committed to maintaining a healthy and safe working environment for its Employees. The Company continues to add to its professional occupational health and safety staff to ensure appropriate occupational health and safety systems and procedures are introduced and implemented. All appropriate laws and internal regulations (including occupational health and safety laws) must be fully complied with. The Company will take into account the impact of health and safety issues when making business decisions, setting short term incentive program targets and must ensure that business decisions do not compromise the commitment to avoiding injury to people.

In addition, the Board subscribes to the Statement of Ethical Standards as published by the Australian Institute of Company Directors.

Privacy Policy

The Company has a formal Privacy Policy. The Company is committed to respecting the privacy of stakeholders' personal information. This Privacy Policy sets out its personal information management practices and covers the application of privacy laws, personal information collection, the use and disclosure of personal information, accessing and updating stakeholders' information and the security of stakeholders' information.

Other than the introduction of a formal Privacy Policy and a formal Code of Conduct, both described above, the Board has not adopted any additional formal codes of conduct to guide compliance with the Company's legal and other obligations to legitimate stakeholders as per Principle 3.

Directors' and Employees' Dealings in Company Shares

The Company has a formal Guidelines for Dealing Securities policy as per Recommendation 3.2. This policy applies to directors, employees and contractors of the Company. In addition, directors must notify the Australian Securities Exchange Limited of any acquisition or disposal of shares by lodgement of a Notice of Director's Interests. Appropriate approvals and notification systems and procedures are set out in the Guidelines for Dealing Securities policy. Board policy is to prohibit Directors and employees from dealing in shares of the Company whilst in possession of price sensitive information. Any non-compliance with the Company's Guidelines in Dealing Securities policy will be regarded as serious misconduct which may entitle the Company to terminate the employment of any employee found to be in breach of this policy.

Continuous Disclosure and Shareholder Communication

The Company has a formal Continuous Disclosure and Information Policy as per Recommendation 5.1. This policy is reviewed periodically and was last updated and approved by the Board in March 2009. This policy ensures that material price sensitive information is identified and reported to Management for release, ensures the Company achieves best practice in complying with its continuous disclosure obligations under the Corporations Act and ASX Listing Rules, and ensures the Company and individual officers do not contravene the Corporations Act or ASX Listing Rules.

The Board aims to ensure that the shareholders, on behalf of whom they act, are informed of all information necessary to assess the performance of the Directors. Information is communicated to shareholders through:

- the Annual Report which is distributed to all shareholders who have requested either printed or electronic copy,
- Half-Yearly Reports, Quarterly Reports, and all Australian Securities Exchange announcements which are posted on the Company's website,
- the Annual General Meeting (AGM) and other general meetings so called to obtain approval for Board action as appropriate,
- compliance with the continuous disclosure requirements of the Australian Securities Exchange Listing Rules.

In addition, the Company's auditor is required to be present, and be available to shareholders, at the AGM.

Audit & Risk Committee and Audit & Risk Committee Charter

The role of the Audit & Risk Committee is to assist the Board to meet its oversight responsibilities in relation to the Company's financial reporting, compliance with legal and regulatory requirements, internal control structure, risk management procedures and the internal and external audit functions. Key activities undertaken by the Audit & Risk Committee during the year included:

- approval of the scope, plan and fees for the external audit;
- review of the independence and performance of the external auditor;
- review of significant accounting policies and practices;
- review of the Company's key risks and risk management framework as developed by management;
- review of reports from management on the effectiveness of the Company's management of its material business risks; and
- review and recommendation to the Board for the adoption of the Company's half year and annual financial statements.

The external auditors, the Managing Director and the Chief Commercial Officer attend Audit & Risk Committee meetings by invitation. At 50% of the Audit & Risk Committee meetings, time is scheduled for the Audit & Risk Committee to meet with the external auditors.

One of the key objectives of the Board is to ensure timely, transparent and accurate communication with all Shareholders and compliance with all regulatory requirements. To this effect in 2006 the Board established an Audit & Risk Committee as required by Recommendation 4.1. The Audit & Risk Committee's primary function is to give additional assurance regarding the quality and reliability of financial information used by the Board and financial information provided by the Company pursuant to its statutory reporting requirements. At 30 June 2010, the Audit & Risk Committee is comprised of three directors, Dr David Smith, Geoff Clifford and David Hannon. Dr David Smith, Geoff Clifford and David Hannon are considered independent directors. All three members of the Audit & Risk Committee are independent non-executive Directors.

In 2006, the Board approved a formal Audit & Risk Committee Charter as required by Recommendation 4.3. This Charter was introduced to ensure the Company achieves best practice in safeguarding the integrity of the Company's financial reporting. The Charter is reviewed on a regular basis by the Board and the Audit & Risk Committee.

As required by Recommendation 7.1 the Company has established policies for the oversight and management of material business risks. During the year, the Company has reviewed, amended and updated its formalised policies on risk management.

The Board recognises its responsibility for identifying areas of material business risks and for ensuring that arrangements are in place to adequately manage these risks. Material business risks are regularly reviewed at Board meetings and a risk management culture is practiced by employees and contractors.

Determined areas of risk which are regularly considered include performance and funding of exploration, development and operations activities, budget control and asset protection, status of mineral tenements, land access and native title considerations, compliance with government laws and regulations, safety, the environment, continuous disclosure obligations and privacy. The Directors have received and considered the financial statement and risk management certification from the Chief Executive Officer and the Chief Financial Officer in accordance with the Principles relating to financial reporting and the management of risk.

In 2008, the Board approved a Financial Risk Management Policy. The purpose of this Financial Risk Management Policy is to establish an integrated financial risk management framework and procedures for the efficient management of the Company's financial price risks that arise through its iron ore mining activities. This policy outlines the objectives of the risk management activity undertaken by Atlas and details the procedures and parameters that govern these activities. A sound Financial Risk Management Policy is essential to ensure all financial and commodity price risks are fully recognised, managed and recorded in a manner consistent with the Board's management philosophy, commonly accepted industry practice and corporate governance and shareholders expectations of an iron ore producer. These issues will be addressed through the continuing evolution of this Financial Risk Management Policy, which is to be reviewed annually.

During the year a Risk Management Plan was updated, further developed, and reviewed. The Risk Management process followed was in accordance with the Australian and New Zealand Risk Management Standards.

The Company has reviewed, amended and updated its formalised policies on strategic, corporate and operational risk management. A Risk Register and Treatment Plan was updated and further developed with analysis conducted on all risks with a rating of high-medium and above. As part of the Risk Management review process, during the year, the Company established the Atlas Risk and Opportunity Management ("ROM") program, which incorporates processes for identifying, evaluating and managing material risks to the achievement of Atlas's strategic, operational, project and corporate objectives.

Atlas' Risk Management Policy

Risk and opportunity management (ROM) is part of Atlas culture and is supported by a system and process that is focussed on the effective management of uncertainty. ROM enables Atlas personnel to deliver better outcomes through a whole of business approach to the management of uncertainty, as well as satisfying corporate governance requirements. Atlas will establish and maintain a ROM program by ensuring a consistent approach to: capturing and evaluating risks and opportunities; determining whether further action is required; prioritising and implementing further actions where necessary; and communicating and reporting material risks to management and stakeholders.

Atlas' ROM program addresses risk at four levels:

- Strategic: Uncertainties associated with the long term direction of the business, macro external threats and opportunities, ensuring uncertainties are articulated and prioritised and that the business is aligned to strategic goals;
- Business: Uncertainties associated with achieving financial and non financial objectives relating to business as usual activities are identified, prioritised and effectively managed and that Atlas people are risk aware, proactive in managing uncertainty and take responsibility;
- Sustainability: Uncertainties associated with our social and legal license to operate are managed in detail with heavy emphasis on prevention;
- Resilience: Extreme Uncertainties which might affect the continuity of our business are adequately managed and that our people are adequately prepared to minimise business impacts should these events occur.

Atlas is committed to: integrating ROM with other business systems; establishing a culture of ROM to ensure benefits are realised; developing people's knowledge and understanding of ROM; implementing actions to agreed standards and timeframes; and utilising ROM to achieve strategic targets. Atlas people will understand the objectives and rationale of the ROM Program, work collaboratively and actively participate in ROM activities, take responsibility for and implement required business improvement activities, and Communicate risk and opportunities to colleagues.

Management of material risks

Relevant Atlas personnel, including all senior management and, where required, external experts participate in regular, scheduled workshop based risk and risk and change reviews, during which change, risks and related controls are identified and evaluated. The ROM Standards provide for various specific management roles and responsibilities and an organisational structure governs lines of communication, authority and reporting. The Standards provide that nominated risk and control owners have responsibility for implementing required further actions to improve controls over material risks, and this is the subject of management review and audit.

Reporting on material risks

The Board has required management to report to it on whether material business risks are being managed effectively and efficiently. "Effectiveness" is determined during workshop based risk reviews against standard risk and control effectiveness criteria.

Management is required to report to the Board as to effectiveness of the Atlas' management of our material risks. Risk and control reporting is undertaken six monthly, comprising a statement of relevant business objectives, a summary of risk and control profiles against those objectives, a commentary on the effectiveness of the risk management system and key activities. Material risks, covering strategic and business risks, include commentary on changes impacting the risk and control profile. The strategic risk profile is reported against Atlas' strategic plan objectives. Business risk profiles are reported against respective corporate, operations and project objectives. Reporting covers financial (revenue, cost), safety, environment, community, reputation, compliance and other material risk impacts described in Atlas' risk criteria.

ASX Principles of Good Corporate Governance

As previously stated, the Company continues to review all its corporate governance practices and policies and compare its current practices and policies against the 2nd Edition of ASX Corporate Governance Council's *Principles of Good Corporate Governance and Best Practice Recommendations* with a view to ensuring the Company's corporate governance practices and policies are up to date and reflect the Company's current stage of development as well as accommodating the Company's future growth.

As the Company's activities continue to develop in size, nature and scope, the size of the Board and the implementation of any additional formal corporate governance committees and policies will be given further due consideration.

The following table sets out the Company's present position with regard to adoption of these principles.

	ASX Principle	Status	Reference/comment
Principle 1: Lay solid foundations for management and oversight			
1.1	Formalise and disclose the functions reserved to the Board and those delegated to senior executives and disclose those roles	A	In 2007 the Board approved a Board Charter which sets out the key responsibilities and functions of the Board. Each new director receives a letter of appointment which sets out the terms of the director's appointment including remuneration, term, responsibilities, special duties, conflict management and has a copy of the constitution and all corporate governance policies and charters attached.
1.2	Disclose the process for evaluating the performance of senior executives	A	The performance of senior executives is fully reviewed on an annual basis with a half year assessment of performance also completed. The performance of senior executives is assessed against key performance indicators set at the start of the assessment period.
1.3	Provide the information indicated in Guide to reporting on Principle 1	A	
Principle 2: Structure the Board to add value			
2.1	A majority of Board members should be independent directors	A	Up to 6 November 2009, the Company did not comply with recommendation 2.1. Since 6 November 2009, the Company has complied with Recommendation 2.1. The Board now comprises five directors, four of whom are non executive (including the chairman) and three of whom are independent (including the chairman).
2.2	The chairperson should be an independent director	A	
2.3	The roles of chairperson and chief executive officer should not be exercised by the same individual	A	The positions of chairman and managing director are held by separate persons.
2.4	The Board should establish a nomination committee	A	In 2008, the Board formed a Nominations Committee which is in compliance with Recommendation 2.4. In 2008, the Board approved a Nominations Committee Charter.
2.5	Disclose the process for evaluating the performance of the Board, its committees and individual directors	A	
2.6	Provide the information indicated in Guide to reporting on Principle 2	A	The skills and experience of directors are set out in the Company's annual report and on its website. The Company, cognisant of its growth to a medium sized producer, continues to develop policies and procedures to reflect its position as an iron ore producer.
Principle 3: Promote ethical and responsible decision making			
3.1	Establish a code of conduct and disclose the code or a summary of the code as to: • the practices necessary to maintain confidence in the Company's integrity • the practices necessary to take into account their legal obligations and the reasonable expectation of stakeholders • the responsibility and accountability of individuals for reporting and investigating reports of unethical practices	A	The Board has approved a Code of Conduct which can be viewed on the Company's website. This Code of Conduct was updated in 2007 The Company has a formal Privacy Policy which can be viewed on the Company's website.

A = Adopted N/A = Not adopted

	ASX Principle	Status	Reference/comment
3.2	Establish a policy concerning trading in Company securities by directors, senior executives and employees and disclose the policy or a summary of the policy	A	The Company has formulated a Dealing in Securities trading policy which can be viewed on its website.
3.3	Provide the information indicated in Guide to Reporting on Principle 3	A	

Principle 4: Safeguard integrity in financial reporting

4.1	The Board should establish an audit committee	A	The Company has established an Audit & Risk Committee which comprises at the date of this report of three non executive independent directors. The chairman is an independent director who is not Chairman of the Board.
4.2	The audit committee should be structured so that it: • consists only non executive directors • consists of a majority of independent directors • is chaired by an independent chairperson, who is not the chairperson of the Board • has at least three members	A	
4.3	The audit committee should have a formal charter	A	The charter for the Audit & Risk Committee is disclosed on the Company's website.
4.4	Provide the information indicated in Guide to reporting on Principle 4	A	

Principle 5: Make timely and balanced disclosure

5.1	Establish written policies designed to ensure compliance with ASX Listing Rule disclosure requirements and to ensure accountability at a senior management level for that compliance and disclose those policies or a summary of those policies	A	The Company has a formal Continuous Disclosure and Information Policy which can be viewed on its website.
5.2	Provide the information indicated in Guide to reporting on Principle 5	A	

Principle 6: Respect the rights of shareholders

6.1	Design a communications strategy for promoting effective communication with shareholders and encouraging their participation at general meetings and disclose the policy or a summary of that policy	A	The Company has a formal Continuous Disclosure and Information Policy to ensure information is made available in a timely and balanced way, following release to ASX, allow shareholders to make informed decisions. To encourage greater shareholder participation in general meetings, under the new Constitution approved on 20 July 2009, shareholders can now vote at general meetings by Direct Vote. This has increased the number of shareholders voting at general meetings by over 50%.
6.2	Provide the information indicated in Guide to reporting on Principle 6	A	

A = Adopted N/A = Not adopted

	ASX Principle	Status	Reference/comment
Principle 7: Recognise and manage risk			
7.1	Establish policies for the oversight and management of material business risks and disclose a summary of those risks	A	The Company has an Audit & Risk Committee and a charter for that Audit & Risk Committee. During the year, the Company has reviewed, amended and updated its formalised policies on risk management. The Board recognises its responsibility for identifying areas of significant material business risks and for ensuring that arrangements are in place for adequately managing these risks. Material business risks are regularly reviewed at Board meetings and a risk management culture is practiced by employees and contractors.
7.2	The Board has required management to design and implement risk management and internal control systems to manage the Company's material business risks and report on it on whether those risks are being managed effectively. The Board confirms that management has reported to it as to the effectiveness of the Company's management of its material business risks.	A	The Company's Audit & Risk Committee has considered the risk management and internal control systems introduced by Management in 2007 and updated in 2008, 2009 and 2010, and reported to the Board. In light of the fact that the Company is expanding to a multiple mine environment, Management has designed and is implementing a risk management program and internal control systems to manage the Company's material business risks across this multiple mine environment. Determined areas of risk which are regularly considered include: • performance and funding of exploration, development and operations activities • budget control and asset protection • status of mineral tenements • land access and native title considerations • compliance with government laws and regulations • safety • the environment • continuous disclosure obligations • privacy
7.3	The Board has received assurance from the chief executive officer and the chief financial officer that: • the statement given in accordance with Section 294A of the Corporations Act is founded on a sound system of risk management and internal control and control which implements the polices adopted by the Board • the Company's risk management and internal control system is operating effectively in all material respects in relation to financial report risks	A	
7.4	Provide information indicated in Guide to Reporting on Principle 7	A	
Principle 8: Remunerate fairly and responsibly			
8.1	The Board should establish a remuneration committee	A	In September 2008 the Board formed a Remuneration Committee which is in compliance with Recommendation 8.1. In September 2008, a Remuneration Committee Charter was approved by the Board which can be viewed on the Company's website.
8.2	Clearly distinguish the structure of non executive directors remuneration from that of executives	A	
8.3	Provide information indicated in ASX Guide to Reporting on Principle 8	A	The Board has formed a Remuneration Committee and a Remuneration Committee Charter was approved by the Board. Appropriate remuneration policies are developed and approved by the Remuneration Committee and the Board each year to reflect the Company's plans for growth.

A = Adopted N/A = Not adopted

Contents

The directors of Atlas Iron Limited ("the Company") submit their report for the year ended 30 June 2010.

DIRECTORS

The names and details of the Company's directors in office during the financial period and until the date of this report are set out below. Directors were in office for this entire period unless otherwise stated. Where applicable, all directorships held in listed public companies over the last three years have been detailed below.

Names, qualifications, experience and special responsibilities

Geoff Clifford B.Bus, FCPA, FCIS (Non Executive Chairman)

Mr Clifford, a Non Executive Director since 20 August 2007, was elected Non Executive Chairman on 1 December 2008.

From August 2005 until February 2007, Mr Clifford was Non Executive Director of, and consultant to, Aztec Resources Limited. Prior to his time at Aztec, Geoff was General Manager Administration and Company Secretary of Cliffs Natural Resources Pty Ltd (formally Portman Limited) for 8 years. Both of these companies are iron ore miners.

Mr Clifford holds a Bachelor of Business degree from Curtin University and undertook post graduate studies in Administrative and Secretarial Practice. He has more than 30 years experience in senior accounting, finance, administration and company secretarial roles in the mining, retail and wholesale industries.

Mr Clifford currently is a Non Executive Director of ASX listed companies Fox Resources Limited and Centaurus Metals Limited. During the last 3 years Mr Clifford was a Non Executive Director of RMA Energy Limited. Mr Clifford is currently a member of the West Australian State Council of Chartered Secretaries Australia.

Mr Clifford is Chairman of the Nomination Committee and a Member of the Audit and Risk Committee and Remuneration Committee.

David Flanagan B.Sc WASM, AICD, MAusIMM (Managing Director)

Mr Flanagan is a geologist with extensive experience in mining operations, exploration and project development in Western Australia, Indonesia and West Africa. Graduating in 1993 David joined Resource Service Group (RSG) in 1995 after working for Normandy at the Fimiston Open Pit Operations.

Whilst with RSG he was seconded to Gencor's Bogosu operation as Chief Exploration Geologist. Under his leadership at Bogosu the exploration team discovered and developed the Chujah deposits (0.5 moz Au). Whilst at RSG David also worked in an auditing capacity providing independent geological verification for financial institutions. In 1999 David joined Gindalbie, holding the position of Exploration Manager from 2001. At Minjar, Mr Flanagan managed several scoping and feasibility studies advancing the company's understanding of its iron ore potential. Mr Flanagan left Gindalbie in 2004 to list and advance Atlas in the role of Managing Director. Mr Flanagan was appointed a director of Aurox Resources Limited following its acquisition by the Company. During the last 3 years Mr Flanagan was a non-executive director of Shaw River Resources Limited, resigning on 19 February 2009.

David Hannon B.Ec (Non Executive Director)

Mr Hannon commenced his commercial career as a stockbroker in 1985 working with several firms including Jackson Securities and BT Securities. He later became a joint partner of a private investment bank specialising in venture capital with a focus on the mining sector.

In 2001 Mr Hannon became a Director of PSG Afro Pacific Limited, a subsidiary of a listed South African Bank which further concentrated on the mining sector. Since leaving PSGAPL David has operated a private investment bank Chifley Investor Group Pty Limited. Mr Hannon has not held any other directorships in the last 3 years.

Mr Hannon is Chairman of the Audit and Risk Committee and Remuneration Committee and a Member of the Nomination Committee.

David Smith PhD.Sc, B.Sc Hons, FAICD, FAIM, FWLG (Non Executive Director)

Dr Smith was appointed 6 November 2009.

With a career at Rio Tinto spanning 30 years, Dr Smith was until recently Managing Director and President of Rio Tinto's Simandou iron ore operations in Guinea, where he headed up the planned development of this major iron project. Prior to that role, Dr Smith was Managing Director of Rio Tinto's Pilbara Iron unit from 2004 to 2008, responsible for all Rio Tinto's operations in the Pilbara, and Managing Director of Hamersley Iron from 2001 to 2004. Dr Smith has served as President of the Chamber of Minerals and Energy of Western Australia (2005 to 2008), a councilor of the Australia Business Arts Foundation (2003 to 2008), Commissioner of Tourism WA (2004 to 2006), Director of the Australian Institute of Management (2001 to 2007), a founding Director of Leadership WA (2003 to 2006) and as Chairman of the Board of the National Skills Shortages Strategy working group (2006).

Dr Smith is currently Chairman of Bannerman Resources Limited and a director of Macmahon Holdings Limited.

Dr Smith is a member of the Audit and Risk Committee.

Tai Sook Yee CPA (Non Executive Director)

Ms Tai was appointed 2 June 2010.

Ms Tai has over 25 years experience in corporate finance, operations and accounting, and is currently the Head of Group Strategies & Investments at the IMC Pan Asia Alliance Group. In this role, she is responsible for the alignment of Group strategies and investments, and oversees the functions of Finance, Treasury and Reporting. Prior to joining IMC in 2007, Ms Tai was the Country Director for Malaysia at CEMEX, a global leader in heavy building materials supplies, and was responsible for the operations of its ready mix, aggregates, asphalt and admixture businesses. Ms Tai has substantial financial and operational experience in a wide range of industries including property development, construction, building materials supply, maritime, plantations and resources. Ms Tai is a CPA from Malaysia.

Ms Tai is currently a director of LinQ Capital Limited.

Jyn Sim Baker LLB, CLP, ICSA, MACID (Non Executive Director)

Ms Baker resigned 2 June 2010.

During Ms Baker's directorship with the Company she was Group Chief Executive Officer of IMC Group's wholly owned IMC Resources Group, which is the major shareholder of Atlas Iron Limited. Ms Baker has more than 20 years experience in the resources and energy sector including law, project finance banking as well as mergers and acquisition.

Ms Baker was a Member of the Audit and Risk Committee, Remuneration Committee and Nomination Committee.

COMPANY SECRETARIES

Anthony Walsh BComm, MBA, CA, FCIS

Mr Walsh was appointed on 1 July 2006. He has 20 years experience in dealing with listed companies, 14 years with the ASX where he recently held the role of Assistant Manager and acted as ASX liaison with the JORC committee and is currently a member of the West Australian State Council of Chartered Secretaries Australia. Prior to the role at ASX he worked with Ernst & Young for 5 years in an audit and compliance capacity.

Mr Walsh is currently Chairman of Shaw River Resources Limited.

Mark Hancock BBus, CA, FFin

Mr Hancock was appointed Joint Company Secretary on 4 July 2008. He has more than 20 years experience in senior financial roles across a number of leading Australian and international companies including Lend Lease Corporation Ltd, Woodside Petroleum Ltd and Premier Oil plc.

Interests in the shares and options of the Company and related bodies corporate

As at the date of this report, the interests of the directors in the shares and options of the Company were:

	Ordinary Shares	Options over Ordinary Shares
Geoff Clifford	50,000	1,500,000
David Flanagan	210,000	11,000,000
David Hannon	2,054,668	2,000,000
David Smith	-	1,000,000
Tai Sook Yee	-	500,000

DIVIDENDS

No dividends were paid or declared during the financial year. No recommendation for payment of dividends has been made.

CORPORATE INFORMATION

Nature of operations and principal activities

The principal activities of the Company during the course of the financial year were the management, exploration and mining of mineral resources.

During the year the Company commenced mining at its second 100% owned direct shipping ore ("DSO") project. The Wodgina DSO Project commenced pre-strip in June 2010. The fully operational Pardoo DSO Project produced 1.26 million wet metric tonnes during the year.

In addition to its DSO projects the Company is actively focused on identification of a joint venture partner for the Ridley, two billion tonne resource, magnetite project and continues to aggressively explore and evaluate its other DSO projects. The acquisition of Warwick Resources Limited supported this strategy.

Employees

The Group employed 108 employees as at 30 June 2010 (2009: 61 employees).

OPERATING AND FINANCIAL REVIEW

Finance Review

The operating loss of the Company after income tax for the year ended 30 June 2010 amounted to $40,846 thousand (2009: $63,144 thousand) of which $84,769 thousand in revenue was generated from iron ore sales up from $26,427 thousand in the prior year.

Operating performance was impacted adversely by the dramatic strengthening of the Australian dollar over the year, weak iron ore prices in the first half year and the changeover of the Pardoo mining contractor late in 2009. In addition, there were shipping constraints experienced due to Port availability that resulted in a reduction to the number of ships loaded in the year. Notwithstanding these issues, the Company exported some 1.2 million tonnes of ore in the year.

The loss includes a charge of $24,174 thousand (2009: $52,296 thousand) for exploration and evaluation expenses which were written off as incurred in accordance with the Company's accounting policy. The exploration and evaluation costs include discovery costs at the Wodgina and Mt Webber areas and progression of feasibility studies, all of which will be key components of the Company's future growth. In July 2009 the Atlas Board sanctioned development of the Wodgina Project so all resource development and engineering work completed after project sanction has been capitalised.

Other significant items included in the net loss included a gain of $8,037 thousand from exercise of a back-in right at Mt Webber by Altura Mining Ltd and the accounting impact on the acquisition of Warwick Resources Ltd. The key Warwick related items are a gain of $10,659 thousand arising from revaluation of Atlas' existing investment in Atlas to the acquisition price, transaction charges of $5,066 thousand and the write-off of goodwill associated with the transaction of $18,330 thousand.

In addition to the activities outlined above, the Company successfully raised $112,875 thousand via Share Placement and $14,873 thousand pursuant to the Share Purchase Plan to ensure it was well funded to execute the next phase of its expansions.

The directors consider that the activities for the period position Atlas extremely well to continue to grow its business and deliver value to shareholders in the 2010/11 year and beyond.

Operating Results for the Year

Summarised operating results are as follows:

	2010	
	Revenues $'000	**Results $'000**
Geographic segment		
Australia	84,769	(40,846)
Revenues and loss before income tax expense	84,769	(40,846)

Shareholder Returns

	2010	2009
Basic loss per share (cents)	(9.6)	(21.3)

Risk Management

The Board is responsible for ensuring that risks, and also opportunities, are identified on a timely basis and that activities are aligned with the risks and opportunities identified by the Board.

An Audit and Risk Committee exists to assist the Board in identifying and managing risk. The Audit and Risk Committee has a number of mechanisms in place to ensure that management's objectives and activities are aligned with the risks identified. These include the following:

* Board approval of a strategic plan, which encompasses strategy statements designed to meet stakeholders needs and manage business risk.
* Implementation of Board approved operating plans and budgets and Board monitoring of progress against these budgets.
* Preparation of a risk register and ongoing monitoring of the status of key risks.

SIGNIFICANT CHANGES IN THE STATE OF AFFAIRS

No significant changes in the state of affairs of the Company occurred during the financial year other than as discussed in the financial report and elsewhere in this directors' report.

SIGNIFICANT EVENTS AFTER THE BALANCE DATE

No matters or circumstances, besides those disclosed at note 27, have arisen since the end of the financial year which significantly affected or may significantly affect the operations of the Group, the results of those operations, or the state of affairs of the Company in future financial years.

LIKELY DEVELOPMENTS AND EXPECTED RESULTS

During the coming year, the Company plans to continue operations at its Pardoo and Wodgina DSO Projects. The Wodgina DSO Project commenced pre-strip in June 2010. The Company will also progress exploration and evaluation activities and feasibility studies on its Mt Webber, Abydos and Midwest Projects. The Company continues to seek an investor for a share in the 2 billion tonne Ridley Magnetite Project.

ENVIRONMENTAL REGULATION AND PERFORMANCE

The Company is subject to significant environmental regulation in respect to its exploration activities.

The Company aims to ensure the appropriate standard of environmental care is achieved, and in doing so, that it is aware of and is in compliance with all environmental legislation. The directors of the Company are not aware of any breach of environmental legislation for the period under review.

SHARE OPTIONS

Unissued shares

At the date of this report there are no unissued ordinary shares in respect of which options are outstanding.

	Number of options
Balance at the beginning of the period	39,935,000
Share options granted during the period	
Exercisable at $2.30 expiring 30 Jun 2014	125,000
Exercisable at $2.60 expiring 30 Jun 2014	125,000
Exercisable at $2.30 expiring 30 Jun 2014	75,000
Exercisable at $2.60 expiring 30 Jun 2014	75,000
Exercisable at $2.15 expiring 30 Sep 2014	15,000
Exercisable at $2.45 expiring 30 Sep 2014	15,000
Exercisable at $2.15 expiring 30 Sep 2014	75,000
Exercisable at $2.40 expiring 30 Sep 2014	75,000
Exercisable at $2.00 expiring 30 Sep 2014	50,000
Exercisable at $2.25 expiring 30 Sep 2014	50,000
Exercisable at $2.10 expiring 30 Sep 2014	30,000
Exercisable at $2.40 expiring 30 Sep 2014	30,000
Exercisable at $2.05 expiring 30 Sep 2014	40,000
Exercisable at $2.30 expiring 30 Sep 2014	40,000
Exercisable at $2.20 expiring 30 Sep 2014	15,000
Exercisable at $2.50 expiring 30 Sep 2014	15,000
Exercisable at $2.20 expiring 30 Sep 2014	50,000
Exercisable at $2.45 expiring 30 Sep 2014	50,000
Exercisable at $2.15 expiring 30 Sep 2014	25,000
Exercisable at $2.40 expiring 30 Sep 2014	25,000
Exercisable at $2.25 expiring 30 Jun 2014	50,000
Exercisable at $2.55 expiring 30 Jun 2014	50,000
Exercisable at $2.10 expiring 30 Jun 2014	250,000
Exercisable at $2.35 expiring 30 Jun 2014	250,000
Exercisable at $2.10 expiring 30 Dec 2014	50,000
Exercisable at $2.35 expiring 30 Dec 2014	50,000
Exercisable at $2.25 expiring 30 Dec 2014	50,000
Exercisable at $2.55 expiring 30 Dec 2014	50,000
Exercisable at $2.25 expiring 30 Dec 2014	30,000
Exercisable at $2.55 expiring 30 Dec 2014	30,000
Exercisable at $2.25 expiring 30 Dec 2014	25,000
Exercisable at $2.55 expiring 30 Dec 2014	25,000
Exercisable at $2.25 expiring 30 Dec 2014	30,000
Exercisable at $2.55 expiring 30 Dec 2014	30,000
Exercisable at $2.45 expiring 30 Dec 2014	15,000
Exercisable at $2.80 expiring 30 Dec 2014	15,000
Exercisable at $2.45 expiring 30 Dec 2014	15,000
Exercisable at $2.80 expiring 30 Dec 2014	15,000
Exercisable at $2.70 expiring 30 Dec 2014	50,000
Exercisable at $3.05 expiring 30 Dec 2014	50,000
Exercisable at $2.80 expiring 31 Mar 2015	25,000
Exercisable at $3.15 expiring 31 Mar 2015	25,000
Exercisable at $2.80 expiring 31 Mar 2015	25,000
Exercisable at $3.15 expiring 31 Mar 2015	25,000
Exercisable at $2.70 expiring 31 Mar 2015	30,000
Exercisable at $3.05 expiring 31 Mar 2015	30,000
Exercisable at $2.40 expiring 31 Mar 2015	15,000
Exercisable at $2.70 expiring 31 Mar 2015	15,000
Exercisable at $2.70 expiring 31 Mar 2015	75,000
Exercisable at $3.05 expiring 31 Mar 2015	75,000

	Number of options
Exercisable at $2.80 expiring 31 Mar 2015	30,000
Exercisable at $3.20 expiring 31 Mar 2015	30,000
Exercisable at $2.65 expiring 31 Mar 2015	25,000
Exercisable at $3.00 expiring 31 Mar 2015	25,000
Exercisable at $2.75 expiring 31 Mar 2015	40,000
Exercisable at $3.10 expiring 31 Mar 2015	40,000
Exercisable at $2.65 expiring 31 Mar 2015	15,000
Exercisable at $3.00 expiring 31 Mar 2015	15,000
Exercisable at $2.50 expiring 31 Mar 2015	40,000
Exercisable at $2.80 expiring 31 Mar 2015	40,000
Exercisable at $2.70 expiring 31 Mar 2015	75,000
Exercisable at $3.05 expiring 31 Mar 2015	75,000
Exercisable at $3.25 expiring 31 Mar 2015	25,000
Exercisable at $3.70 expiring 31 Mar 2015	25,000
Exercisable at $2.70 expiring 31 Mar 2015	75,000
Exercisable at $3.05 expiring 31 Mar 2015	75,000
Exercisable at $2.35 expiring 31 Mar 2015	25,000
Exercisable at $2.65 expiring 31 Mar 2015	25,000
Exercisable at $2.60 expiring 31 Mar 2015	30,000
Exercisable at $2.95 expiring 31 Mar 2015	30,000
Exercisable at $2.40 expiring 31 Mar 2015	25,000
Exercisable at $2.70 expiring 31 Mar 2015	25,000
Exercisable at $2.70 expiring 31 Mar 2015	25,000
Exercisable at $3.05 expiring 31 Mar 2015	25,000
Exercisable at $2.05 expiring 31 Mar 2015	25,000
Exercisable at $2.30 expiring 31 Mar 2015	25,000
Exercisable at $2.45 expiring 31 Mar 2015	40,000
Exercisable at $2.75 expiring 31 Mar 2015	40,000
Exercisable at $2.25 expiring 31 Mar 2015	15,000
Exercisable at $2.55 expiring 31 Mar 2015	15,000
Exercisable at $2.75 expiring 31 Mar 2015	40,000
Exercisable at $3.10 expiring 31 Mar 2015	40,000
Exercisable at $2.25 expiring 31 Mar 2015	25,000
Exercisable at $2.55 expiring 31 Mar 2015	25,000
Exercisable at $2.65 expiring 31 Mar 2015	15,000
Exercisable at $3.00 expiring 31 Mar 2015	15,000
Exercisable at $2.25 expiring 31 Mar 2015	25,000
Exercisable at $2.55 expiring 31 Mar 2015	25,000
Exercisable at $2.25 expiring 31 Mar 2015	25,000
Exercisable at $2.55 expiring 31 Mar 2015	25,000
Options exercised	(16,367,000)
Options cancelled	(970,000)
Total number of options outstanding as at 30 June 2010	**26,348,000**
Granted subsequent to balance date	5,500,000
Options exercised	(100,000)
Options cancelled	-
Total number of options outstanding at the date of this report	**31,748,000**

The balance is comprised of the following:

Expiry Date	Exercise Price	Number of Options
16 November 2010	$0.20	1,000,000
16 November 2010	$0.25	23,000
24 March 2011	$0.30	3,000,000
24 March 2011	$0.40	3,000,000
22 May 2011	$0.50	450,000
15 August 2011	$0.60	350,000
15 August 2011	$0.70	650,000
24 March 2011	$0.60	500,000
31 January 2012	$0.50	300,000
31 January 2012	$0.60	100,000
31 January 2012	$0.70	150,000
5 March 2012	$0.60	25,000
5 March 2012	$0.70	75,000
21 March 2012	$0.70	75,000
31 March 2012	$0.72	2,500,000
28 February 2012	$0.70	1,800,000
31 May 2012	$0.60	1,500,000
16 July 2012	$1.06	50,000
30 September 2012	$2.20	75,000
30 September 2012	$2.50	75,000
30 September 2012	$1.60	50,000
30 September 2012	$1.40	25,000
30 September 2012	$1.50	25,000
30 September 2012	$1.50	400,000
30 September 2012	$3.00	150,000
30 September 2012	$3.35	150,000
30 September 2012	$2.50	125,000
30 September 2012	$2.85	125,000
30 September 2012	$2.50	120,000
30 September 2012	$2.55	65,000
30 September 2012	$2.85	25,000
20 August 2012	$2.46	500,000
30 September 2012	$2.25	50,000
30 September 2012	$2.55	25,000
30 September 2012	$1.90	75,000
30 September 2012	$2.15	75,000
30 September 2012	$1.90	100,000
30 September 2012	$2.45	135,000
30 September 2012	$2.75	135,000
30 September 2012	$2.45	75,000
30 September 2012	$2.50	25,000
30 September 2012	$2.85	25,000
30 September 2012	$2.30	35,000
30 September 2012	$2.65	35,000
31 March 2013	$2.45	40,000

Expiry Date	Exercise Price	Number of Options
31 March 2013	$2.75	40,000
31 March 2013	$2.10	15,000
31 March 2013	$2.40	15,000
31 March 2013	$2.15	50,000
31 March 2013	$2.45	50,000
31 March 2013	$2.65	50,000
31 March 2013	$3.00	50,000
1 May 2011	$4.50	2,250,000
30 June 2013	$4.35	25,000
30 June 2013	$4.95	25,000
30 June 2013	$4.45	90,000
30 June 2013	$5.00	40,000
30 June 2013	$4.25	40,000
30 June 2013	$4.80	40,000
30 June 2013	$4.08	125,000
30 June 2013	$4.62	125,000
30 September 2012	$2.55	30,000
30 September 2012	$2.85	30,000
30 June 2013	$2.35	50,000
30 June 2013	$2.30	25,000
30 June 2013	$2.60	25,000
30 September 2013	$1.65	350,000
30 September 2013	$1.85	350,000
30 September 2013	$1.15	25,000
30 September 2013	$1.10	25,000
30 September 2013	$2.00	15,000
30 September 2013	$2.25	15,000
30 December 2013	$0.90	40,000
30 December 2013	$1.05	25,000
30 December 2013	$1.20	25,000
30 December 2013	$1.30	100,000
30 December 2013	$1.35	50,000
30 December 2013	$1.50	50,000
30 December 2013	$1.50	15,000
30 December 2013	$1.70	15,000
31 March 2014	$1.50	25,000
31 March 2014	$1.50	25,000
30 June 2014	$2.30	200,000
30 June 2014	$2.60	200,000
31 December 2014	$2.50	50,000
31 December 2014	$2.80	50,000
31 March 2015	$2.25	15,000
31 March 2015	$2.55	15,000
31 March 2015	$2.75	40,000
31 March 2015	$3.10	40,000
31 March 2015	$2.25	25,000
31 March 2015	$2.55	25,000

Expiry Date	Exercise Price	Number of Options
31 March 2015	$2.65	15,000
31 March 2015	$3.00	15,000
31 March 2015	$2.25	25,000
31 March 2015	$2.55	25,000
31 March 2015	$2.05	25,000
31 March 2015	$2.30	25,000
31 March 2015	$2.45	40,000
31 March 2015	$2.75	40,000
31 March 2015	$2.80	25,000
31 March 2015	$3.15	25,000
31 March 2015	$2.70	30,000
31 March 2015	$3.05	30,000
31 March 2015	$2.70	75,000
31 March 2015	$3.05	75,000
31 March 2015	$2.80	30,000
31 March 2015	$3.20	30,000
31 March 2015	$2.65	25,000
31 March 2015	$3.00	25,000
31 March 2015	$2.65	15,000
31 March 2015	$3.00	15,000
31 March 2015	$2.70	75,000
31 March 2015	$3.05	75,000
31 March 2015	$2.70	75,000
31 March 2015	$3.05	75,000
31 March 2015**	$2.80	25,000
31 March 2015**	$3.15	25,000
31 March 2015**	$2.40	15,000
31 March 2015**	$2.70	15,000
31 March 2015**	$2.75	40,000
31 March 2015**	$3.10	40,000
31 March 2015**	$2.50	40,000
31 March 2015**	$2.80	40,000
31 March 2015**	$3.25	25,000
31 March 2015**	$3.70	25,000
31 March 2015**	$2.35	25,000
31 March 2015**	$2.65	25,000
31 March 2015**	$2.60	30,000
31 March 2015**	$2.95	30,000
31 March 2015**	$2.40	25,000
31 March 2015**	$2.70	25,000
31 March 2015**	$2.70	25,000
31 March 2015**	$3.05	25,000
31 March 2015**	$2.25	25,000
31 March 2015**	$2.55	25,000
31 December 2014	$2.10	250,000
31 December 2014	$2.35	250,000
31 December 2014	$2.10	50,000

Expiry Date	Exercise Price	Number of Options
31 December 2014	$2.35	50,000
31 December 2014	$2.25	50,000
31 December 2014	$2.55	50,000
31 December 2014	$2.25	30,000
31 December 2014	$2.55	30,000
31 December 2014	$2.25	30,000
31 December 2014	$2.55	30,000
31 December 2014	$2.45	15,000
31 December 2014	$2.80	15,000
31 December 2014	$2.70	50,000
31 December 2014	$3.05	50,000
31 December 2014**	$2.25	25,000
31 December 2014**	$2.55	25,000
31 December 2014**	$2.45	15,000
31 December 2014**	$2.80	15,000
30 September 2014	$2.15	15,000
30 September 2014	$2.45	15,000
30 September 2014	$2.15	75,000
30 September 2014	$2.40	75,000
30 September 2014**	$2.00	50,000
30 September 2014**	$2.25	50,000
30 September 2014	$2.10	30,000
30 September 2014	$2.40	30,000
30 September 2014**	$2.20	15,000
30 September 2014**	$2.50	15,000
30 September 2014**	$2.20	50,000
30 September 2014**	$2.45	50,000
30 June 2015	$2.87	5,500,000
Total number of options outstanding at the date of this report		**31,748,000**

No person entitled to exercise any option referred to above have or had, by virtue of the option, a right to participate in any share issue of any other body corporate.

** These options are granted but not issued.

INDEMNIFICATION AND INSURANCE OF DIRECTORS AND OFFICERS

During the financial year, the Company paid a premium in respect of a contract insuring the directors of the Company, the company secretaries and all executive officers of the Company and of any related body corporate against a liability incurred as such a director, secretary or executive officer to the extent permitted by the Corporations Act 2001. The amount of the premium paid was $130,980. The Company has not otherwise, during or since the financial year, except to the extent permitted by law, indemnified or agreed to indemnify an officer or auditor of the Company or of any related body corporate against a liability incurred as such an officer or auditor.

REMUNERATION REPORT (audited)

This report outlines the remuneration arrangements in place for directors and other key management personnel of the Company.

Remuneration policy

Remuneration Committee

The Remuneration Committee reviews and makes recommendations to the Board on remuneration packages and policies applicable to the executive officers and directors themselves of the Company and the other executives of the Company. It is also responsible for share option schemes, incentive performance packages, superannuation entitlements, retirement and termination entitlements, fringe benefit policies and professional indemnity and liability insurance policies. The Remuneration Committee was established in 2009.

The members of the Remuneration Committee during the year were:

• D Hannon (Chairman) – Independent Non-Executive

• GT Clifford – Independent Non-Executive

• D Smith – Independent Non-Executive

• JS Baker (resigned on 2 June 2010) – Non-Executive

Remuneration policy

The Company's Remuneration Policy aims to attract, retain and motivate talented and highly skilled non-executive directors and to remunerate fairly and responsibly having regard to:

* the level of fees paid to non-executive directors relative to other similarly sized Australian mining companies;
* the size and complexity of the Company's operations; and
* the responsibilities and work requirements of Board members.

Fees paid to non-executive directors are recommended to the Board based on advice from external remuneration consultants and determined by the Board, subject to an aggregate limit of $1,000,000 per financial year, approved by shareholders at the 2010 General Meeting.

While all directors are encouraged to hold shares in the Company the Board has not introduced a minimum shareholding guideline for non-executive directors.

Remuneration structure

Non-executive director remuneration consists of base fees and statutory superannuation contributions (currently 9%). Currently non-executive directors do not receive additional committee fees or other payments for additional services outside the scope of Board and committee duties. Non-executive directors are not entitled to any form of performance-linked or equity based remuneration.

In addition to these fees, non-executive directors are entitled to reimbursement of reasonable travel, accommodation and other expenses incurred attending meetings of the Board, committees or shareholders, or while engaged on the Company's business. Non-executive directors are not entitled to compensation on termination of their directorships.

Board fees are not paid to the Managing Director, as the time spent on Board work and the responsibilities of Board membership are considered in determining the remuneration package provided as part of his normal employment conditions. The total remuneration paid to, or in respect of, each non-executive director during the year is set out in this report.

Executives

The executive remuneration policy and structure discussed in this report applies to all of the Company's senior executives. The specific remuneration disclosures in this report are provided for the following executives:

• DN Flanagan, Managing Director and Chief Executive Officer

• MD Hancock, Chief Commercial Officer

• KE Brinsden, Chief Operating Officer

• AM Walsh, Company Secretary

• J McMath, General Manager Infrastructure Strategy

Remuneration policy

The Company's Remuneration Policy aims to reward executives fairly and responsibly in accordance with the Australian market and ensure that the Company:

- provides competitive rewards that attract, retain and motivate executives of the highest calibre;
- sets demanding levels of performance which are clearly linked to an executive's remuneration;
- structures remuneration at a level that reflects the executive's duties and accountabilities and is competitive within Australia and, for certain roles, internationally;
- benchmarks remuneration against appropriate comparator groups, generally targeting at the 50th percentile;
- aligns executive incentive rewards with the creation of value for shareholders; and
- complies with applicable legal requirements and appropriate standards of governance.

Executive remuneration is reviewed annually having regard to advice from external remuneration consultants, individual and business performance relevant comparative information and expert advice from both internal and independent external sources.

Executive remuneration and company performance

The Remuneration Committee aims to strengthen the link between executive remuneration and the Company's performance. In light of the Company's development from a mining exploration company to an iron ore producer, a Short Term Incentive Program (STIP) was introduced during the year which is linked to financial and non-financial performance measures aimed at aligning remuneration with shareholder wealth.

The STIP is determined by the outcome of the performance scorecard (Scorecard), approved annually by the Board. The Scorecard is based on five measures:

- health, safety and environment;
- production targets;
- resource growth targets;
- operating expenditure targets; and
- the Company's one year total return to shareholders, ranked within a peer group based on the growth in the value of shares over the performance year, less new equity subscribed.

There are a number of internal and external factors relevant to the Company's performance since it listed on ASX in December 2004. In addition, the Board believes the Company's performance is also attributable to the ability to motivate and retain its executives and the effectiveness of the remuneration policies the Company has in place over that time.

Remuneration structure

The Company's remuneration structure for executives has two components:

- Fixed Annual Remuneration - the 'not at risk' component (unrelated to performance) which includes base salary, superannuation contribution and other allowances. This fixed remuneration is determined on the basis of the scope of the executive's role, advice from external remuneration consultants and the individual level of knowledge, skill and experience.

- Variable Annual Remuneration – as mentioned above, in light of the Company's development from a mining exploration company to an iron ore producer during the year, the Board introduced a STIP and a Long Term Incentive Plan (option plan) as an integral part of Atlas' overall approach to performance-based remuneration. This would be the 'at risk' component (related to performance) which includes a short term incentive (STI) and a long term incentive (LTI).

In addition, executive remuneration may, subject to Board approval, include participation in equity based retention plans or general employee share plans.

The remuneration policy of the Company has been designed to align director and executive objectives with shareholder and business objectives by providing a fixed remuneration component and offering specific long-term incentives based on key performance areas affecting the Company's financial results. The Board of the Company believes the remuneration policy to be appropriate and effective in its ability to attract and retain the best executives and directors to run and manage the Company.

The Board's policy for determining the nature and amount of remuneration for Board members and senior executives of the Company is as follows:

The remuneration policy, setting the terms and conditions for the executive directors and other senior executives, was developed by the Board. All executives receive a base salary (which is based on factors such as length of service and experience) and superannuation. The Board reviews executive packages annually by reference to the Company's performance, executive performance and comparable information from industry sectors and other listed companies in similar industries.

The Board may exercise discretion in relation to approving incentives, bonuses and options. The policy is designed to attract the highest calibre of executives and reward them for performance that results in long-term growth in shareholder wealth.

Executives are also entitled to participate in the employee option arrangements.

The executive directors and executives receive a superannuation guarantee contribution required by the government (currently 9%) and do not receive any other retirement benefits.

All remuneration paid to directors and executives is valued at the cost to the Company and expensed. Shares are not given to directors and executives as part of their remuneration. Options are valued using either the Black-Scholes or Binomial methodologies.

The Board policy is to remunerate non-executive directors at market rates for comparable companies for time, commitment and responsibilities. The Board determines payments to the non-executive directors and reviews their remuneration annually, based on market practice, duties and accountability. Independent external advice is sought when required. The maximum aggregate amount of fees that can be paid to non-executive directors was approved by shareholders at the General Meeting on 16 August 2010 (currently $1,000,000). Fees for non-executive directors are not linked to the performance of the Company. However, to align directors' interests with shareholder interests, the directors are encouraged to hold shares in the Company.

Company performance, shareholder wealth and directors' and executives' remuneration

The remuneration policy has been tailored to increase goal alignment between shareholders and directors and executives. Currently, this is facilitated through the issue of options to the majority of directors and executives to encourage the alignment of personal and shareholder interests. The Company believes this policy will be effective in increasing shareholder wealth. For details of directors and executives interests in options at balance date, refer note 30 of the financial statements.

Employment contracts of key management personnel

The agreements relating to remuneration are set out below:

David Flanagan, Managing Director:

- Term of agreement – commencing 25 September 2008 with indefinite duration. Three months notice of resignation to be provided by Mr Flanagan.
- Base salary, exclusive of superannuation, of $750,000 to be reviewed annually.
- Payment of termination benefit on early termination by the employer, other than for gross misconduct, includes an amount equal to the final 12 months total annual remuneration paid to Mr Flanagan.

Ken Brinsden, Chief Operating Officer, agreement amended 15 January 2009:

- Term of agreement – indefinite with 4 weeks notice of termination required by either party other than in the event of redundancy where termination obligation is the greater of 6 months salary or 4 weeks per year of service.
- Base salary of $350,000 inclusive of superannuation.

Mark Hancock, Chief Commercial Officer, agreement amended 15 January 2009:

- Term of agreement – indefinite with 4 weeks notice of termination required by either party other than in the event of redundancy where termination obligation is the greater of 6 months salary or 4 weeks per year of service.
- Base salary of $330,000 inclusive of superannuation.

Anthony Walsh, Company Secretary:

- Term of agreement– indefinite with 4 weeks notice of termination required by either party other than in the event of redundancy where termination obligation is the greater of 6 months salary or 4 weeks per year of service.
- Base salary of $300,000 inclusive of superannuation.

John McMath, General Manager Infrastructure Strategy, agreement commenced 1 February 2010:

- Term of agreement – indefinite with 4 weeks notice of termination required by either party other than in the event of redundancy where termination obligation is the greater of 6 months salary or 4 weeks per year of service.
- Base salary of $348,800 inclusive of superannuation.

Retirement Benefits

Other retirement benefits may be provided directly by the Company if approved by shareholders.

Directors and executive remuneration for the year ended 30 June 2010

	Short-term employee benefits				Post-employment benefits		Long-term benefits	Share-based payments	Total	% of Remuneration Share Based	% of Remuneration Performance Based
	Salary & fees	STIP	Non-monetary benefits	Other	Superannuation	Termination benefits	Long service leave	Options			
Directors											
Non-executive directors											
Geoff Clifford (Chairperson)											
2010	**146,789**	**-**	**-**	**6,549**	**13,211**	**-**	**-**	**-**	**166,549**	**-**	**-**
2009	99,771	-	-	3,578	8,979	-	-	108,918	221,246	49	-
David Hannon											
2010	**73,394**	**-**	**-**	**6,549**	**6,605**	**-**	**-**	**-**	**86,548**	**-**	**-**
2009	66,055	-	-	3,578	5,945	-	-	-	75,578	-	-
David Smith (Commenced on 6 November 2009)											
2010	**41,612**	**-**	-	**6,549**	**6,000**	**-**	**-**	**-**	**54,161**	**-**	-
2009	-	-	-	-	-	-	-	-	-	-	-
Tai Sook Yee* (Commenced 2 June 2010)											
2010	**6,667**	**-**	**-**	**546**	**-**	**-**	**-**	**-**	**7,213**	**-**	**-**
2009	-	-	-	-	-	-	-	-	-	-	-
David Nixon (Resigned 21 November 2008)											
2010	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
2009	35,356	-	-	3,578	3,182	-	-	-	42,116	-	-
Jyn Sim Baker* (Resigned 2 June 2010)											
2010	**73,333**	**-**	**-**	**6,003**	**-**	**-**	**-**	**-**	**79,336**	**-**	**-**
2009	72,000	-	-	3,578	-	-	-	-	75,578	-	-
Executive director											
David Flanagan											
2010	**750,000**	**256,250^**	**(5,775)**	**6,549**	**92,813**	**-**	**16,962**	**-**	**1,116,799**	**-**	**23**
2009	700,000	-	37,173	3,578	63,000	-	10,614	435,466	1,249,831	35	35
Executives											
Anthony Walsh (Company Secretary)											
2010	**275,229**	**48,165**	**17,860**	**6,549**	**29,105**	**-**	**-**	**82,999**	**459,907**	**18**	**10**
2009	182,440	-	127	3,578	8,617	-	-	123,866	318,628	39	-
Ken Brinsden (Chief Operations Officer)											
2010	**321,101**	**56,193**	**20,671**	**6,549**	**33,956**	**-**	**3,565**	**94,648**	**536,683**	**18**	**11**
2009	304,252	-	9,859	3,578	27,383	-	674	211,630	557,376	38	3
Mark Hancock (Chief Commercial Officer)											
2010	**302,752**	**52,982**	**12,633**	**6,549**	**32,016**	**-**	**749**	**94,648**	**502,329**	**19**	**11**
2009	276,729	-	12,423	3,578	24,906	-	1,627	209,470	528,733	40	4
John McMath (General Manager Infrastructure Strategy, commenced on 1 February 2010)											
2010	**133,333**	**-**	**12,356**	**2,729**	**12,000**	**-**	**-**	**133,675**	**294,093**	**45**	**-**
2009	-	-	-	-	-	-	-	-	-	-	-
Andrew Paterson ** (Geology Manager)											
2010	**269,724**	**40,459**	**(5,858)**	**6,549**	**27,916**	**-**	**-**	**193,006**	**531,796**	**36**	**8**
2009	202,064	-	12,512	3,578	18,186	-	-	282,388	518,728	54	-
Jack Cullity** (Senior Legal Manager)											
2010	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
2009	235,445	-	7,475	-	21,190	-	-	254,836	518,946	49	-
Garry Plowright (Land Access Manager)											
2010	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
2009	197,989	-	10,614	3,578	17,819	-	1,003	216,975	447,978	48	4
Jeremy Sinclair** (General Manager, Pilbara Operations)											
2010	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
2009	258,381	-	22,500	-	23,254	-	-	265,147	569,282	59	-
Daniel Taylor** (Marketing Manager)											
2010	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
2009	207,922	-	14,169	-	18,713	-	-	342,360	583,164	47	8
Total											
2010	**2,393,934**	**454,049**	**51,887**	**61,670**	**253,622**	**-**	**21,276**	**598,976**	**3,835,414**	**16**	**12**
2009	2,838,404	-	126,852	35,780	241,174	-	13,918	2,451,056	5,707,184	43	9

* Ms Baker’s and Tai Sook Yee’s fees are paid to IMC Australia Pty Ltd. ^ *Mr Flanagan received $125,000 relating to the financial year ending 30 June 2009.*

** Andrew Paterson, Jack Cullity, Daniel Taylor and Jeremy Sinclair are included as part of the top five most highly remunerated executives.

Equity Instruments

All options refer to options over ordinary shares of Atlas Iron Limited, which are exercisable on a one-for-one basis under the Atlas Iron Employee Share Option Plan.

Options over equity instruments granted as compensation

Details of options over ordinary shares in Atlas Iron Limited that were granted during the year as compensation to each of the directors, executives and key management personnel is detailed below:

	Grant date	Grant number	Vest	Value per option at grant date	Exercise price	Expiry date
Directors	-	-	-	-	-	-
Executives						
John McMath	01/02/2010	250,000	01/02/2011	$0.88	$2.10	31/12/2014
John McMath	01/02/2010	250,000	01/02/2012	$0.84	$2.35	31/12/2014

The options were provided at no cost to the recipient.

All options expire on the earlier of their expiry date or termination of the individual's employment.

Modification of terms of equity settled share-based transactions

No terms of options over ordinary shares in Atlas Iron Limited have been altered or modified by the issuing entity during the year or the prior year.

Exercise of options granted as compensation

During the year no shares were issued on the exercise of options previously granted as compensation.

Analysis of options over equity instruments granted as compensation

Details of vesting profiles of the options granted as remuneration to each of the directors, executives and key management personnel is detailed below:

	Number	Date	% vested in the year	% forfeited in the year	Date on which options vest
Geoff Clifford	500,000	14/07/2007	-	-	20/08/2008
David Hannon	500,000	29/03/2006	-	-	29/3/2007
	500,000	29/03/2006	-	-	29/3/2008
	500,000	15/06/2007	-	-	31/05/2008
Jyn Sim Baker*	500,000	15/06/2007	-	-	31/05/2008
Executives					
David Flanagan	1,000,000	25/11/2005	-	-	16/11/2006
	2,500,000	29/03/2006	-	-	29/3/2007
	2,500,000	29/03/2006	-	-	29/3/2008
	2,500,000	15/06/2007	-	-	31/03/2008
Anthony Walsh	300,000	15/06/2007	-	-	31/05/2008
	100,000	16/02/2009	100%	-	2/02/2010
	100,000	28/05/2008	100%	-	31/12/2009
Ken Brinsden	150,000	21/06/2006	-	-	22/05/2007
	100,000	20/08/2006	-	-	15/08/2007
	150,000	20/08/2006	-	-	15/08/2008
	400,000	15/06/2007	-	-	31/03/2008
	200,000	28/05/2008	100%	-	31/12/2009
Mark Hancock	300,000	25/07/2006	-	-	10/07/2007
	150,000	20/08/2006	-	-	15/08/2008
	400,000	15/06/2007	-	-	31/03/2008
	200,000	28/05/2008	100%	-	31/12/2009
John McMath	250,000	30/06/10	-	-	1/02/2011
	250,000	30/06/10	-	-	1/02/2012
Andrew Paterson	350,000	4/11/2008	100%	-	6/10/2009
	350,000	4/11/2008	-	-	6/10/2010

* Ms Baker resigned 2 June 2010.

Analysis of movement in options

The movement during the year, by value, of options over ordinary shares in Atlas Iron Limited held by each of the directors, executives and key management personnel is detailed below:

	Granted in year (A) $	Value of options disposals in year (B) $	Value of options exercised in year $	Value of options lapsed in year $
Anthony Walsh	-	259,994 *	-	-
Ken Brinsden	-	194,941 *	-	-
Mark Hancock	-	119,461 *	-	-
John McMath	430,528	-	-	-
	430,528	574,396	-	-

* *Options were sold during the year.*

A – The value of options granted during the year is the fair value of the options calculated at grant date using a Black Scholes pricing model. The total value of the options granted is included in the table above. This is allocated to remuneration over the vesting period. Vesting periods commence on 1 February 2010 and conclude on vesting dates ranging from 1 February 2011 to 1 February 2012.

	Life of the option (years)	Underlying share price ($)	Stock volatility	Risk free rate	Adjustment for unlisted nature
John McMath	4.912	1.82	70%	3.75%	15%

B- The value of options disposed of during the year is calculated as the market price of the shares of the Company calculated as the 5 day VWAP as at close of trading on the date the options were exercised after deducting the price paid to exercise the option.

Performance income as a proportion of total compensation

Details of the Company's policy in relation to the proportion of remuneration that is performance related is discussed on page 53. Details of the accrued cash bonus awarded as remuneration to each of the key management personnel are detailed below.

	Included in remuneration	% accrued in year	% forfeited in the year
Executives			
David Flanagan	256,250*	17.5%	2.5%
Anthony Walsh	48,165	17.5%	2.5%
Ken Brinsden	56,193	17.5%	2.5%
Mark Hancock	52,982	17.5%	2.5%
Andrew Paterson	40,459	15.0%	5.0%

* *Mr Flanagan received $125,000 relating to the financial year ending 30 June 2009.*

DIRECTORS' MEETINGS

Attendance of directors' meetings held during the year are set out below:

	Directors Meetings		Audit and Risk Committee		Remuneration Committee		Nomination Committee	
	A	B	A	B	A	B	A	B
David Flanagan	21	21	-	-	-	-	-	-
David Hannon	21	21	4	4	1	1	-	-
Jyn Sim Baker*	20	20	2	2	1	1	-	-
Geoff Clifford	21	21	4	4	1	1	-	-
David Smith**	13	15	3	3	-	-	-	-
Tai Sook Yee ***	1	1	-	-	-	-	-	-

Notes

A - Number of meetings attended.

B - Number of meetings held during the time the director held office during the year.

* Resigned on 2 June 2010
** Commenced on 6 November 2009
*** Commenced on 2 June 2010

CORPORATE STRUCTURE

The Company is an Australian listed public company limited by shares domiciled in Australia. The Company has prepared a consolidated financial report to include entities that it controlled during the financial years as shown in Note 34 to the financial statements.

ROUNDING

The Company is of the kind specified in ASIC class order 98/0100, dated 10 July 1998. In accordance with the class order, amounts in this report and in the financial report have been rounded to the nearest thousand dollars unless specifically stated to be otherwise.

AUDITOR INDEPENDENCE

The auditor's independence declaration for the year ended 30 June 2010 has been received and can be found on page 106.

NON-AUDIT SERVICES

The Company's auditor, Stantons International, and associated entities, did not provide any non-audit services to the Company during the year ended 30 June 2010.

Signed in accordance with a resolution of the directors made pursuant to S298(2) of the Corporations Act 2001.

David Flanagan
Managing Director
Perth, 26 August 2010

Statement of Comprehensive Income

year ended 30 June 2010

	Notes	2010 $'000	2009 $'000
CONTINUING OPERATIONS			
Revenue	2	**84,769**	26,427
Cost of sales	3	**(90,584)**	(32,662)
GROSS PROFIT / (LOSS)		**(5,815)**	(6,235)
Gain on sale of mining properties	4	**8,037**	-
Loss on sale of plant, property and equipment		**(41)**	-
Recognised gain on investment transferred from reserves	5	**10,659**	-
Government grants		**83**	-
Other income		**7**	-
Depreciation and amortisation expenses	6	**(702)**	(783)
Exploration and evaluation expenses	6	**(24,174)**	(52,296)
Goodwill attributable to exploration assets written off	5	**(18,330)**	-
Share based payment expense	7	**(2,436)**	(5,639)
Share of loss of associate	15	**(2,241)**	(1,362)
Share of loss of joint venture	15	**(1,703)**	-
Subsidiary acquisition-related costs	5	**(5,066)**	-
Other expenses from ordinary activities	8	**(6,084)**	(3,493)
LOSS FROM OPERATING ACTIVITIES		**(47,806)**	(69,808)
Net finance revenue	9	**5,753**	6,836
Foreign exchange gain/(loss), net		**1,207**	(172)
NET FINANCIAL INCOME		**6,960**	6,664
LOSS BEFORE INCOME TAX		**(40,846)**	(63,144)
Income tax (expense)/benefit	10	**-**	-
LOSS FOR THE YEAR		**(40,846)**	(63,144)
Gain/(loss) on revaluation of investments		**9,372**	(4,504)
Realised gain on investment transferred out of reserves	5	**(10,659)**	-
TOTAL COMPREHENSIVE INCOME/(LOSS) FOR THE YEAR		**(42,133)**	(67,648)
LOSS FOR THE YEAR ATTRIBUTABLE TO MEMBERS OF THE PARENT		**(40,846)**	(63,144)
TOTAL COMPREHENSIVE INCOME/(LOSS) FOR THE YEAR ATTRIBUTABLE TO THE MEMBERS OF THE PARENT		**(42,133)**	(67,648)
Basic loss per share (cents per share)	28	**(9.6)**	(21.3)
Diluted loss per share (cents per share)	28	**(9.6)**	(21.3)

The above Statement of Comprehensive Income should be read in conjunction with the accompanying notes.

at 30 June 2010

	Notes	2010 $'000	2009 $'000
CURRENT ASSETS			
Cash and cash equivalents	24(b)	**154,933**	124,350
Trade and other receivables	12	**24,423**	5,032
Inventories	13	**14,862**	8,336
TOTAL CURRENT ASSETS		**194,218**	137,718
NON-CURRENT ASSETS			
Other financial assets	14	**-**	5,516
Other receivables	12	**18,083**	21,004
Investment accounted for using the equity method	15	**2,312**	1,541
Property, plant and equipment	16	**15,164**	10,279
Intangibles	17	**197**	217
Mine and port development costs	18	**67,921**	25,405
Mining tenements capitalised	19	**90,746**	25,113
TOTAL NON-CURRENT ASSETS		**194,423**	89,075
TOTAL ASSETS		**388,641**	226,793
CURRENT LIABILITIES			
Trade and other payables	20	**20,862**	22,723
Provisions	21	**1,768**	2,169
TOTAL CURRENT LIABILITIES		**22,630**	24,892
NON-CURRENT LIABILITIES			
Provisions	21	**7,011**	1,984
TOTAL NON-CURRENT LIABILITIES		**7,011**	1,984
TOTAL LIABILITIES		**29,641**	26,876
NET ASSETS		**359,000**	199,917
EQUITY			
Issued capital	22(a)	**508,677**	296,984
Shares to be issued	22(e)	**-**	12,913
Reserves	23(a)	**17,036**	15,887
Accumulated losses	23(b)	**(166,713)**	(125,867)
TOTAL EQUITY		**359,000**	199,917

The above Statement of Financial Position should be read in conjunction with the accompanying notes.

year ended 30 June 2010

	Notes	2010 $'000	2009 $'000
TOTAL EQUITY AT THE BEGINNING OF YEAR		**199,917**	183,444
Loss for the year		**(40,846)**	(63,144)
Other comprehensive income			
Gain/(loss) on revaluation of investments	23(a)	**9,372**	(4,504)
Realised gain on investment transferred out of reserves	23(a)	**(10,659)**	-
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		**(42,133)**	(67,648)
Transactions with equity holders in their capacity as equity holders:			
Shares issued during the year	22(b)	**217,441**	69,409
Shares to be issued		**-**	12,912
Shares from prior year subsequently issued		**(12,912)**	(45)
Transaction costs	22(b)	**(5,748)**	(3,794)
Share based payment reserve	23(a)	**2,435**	5,639
		201,216	84,121
TOTAL EQUITY AT THE END OF THE YEAR		**359,000**	199,917

The above Statement of Changes in Equity is to be read in conjunction with the accompanying notes.

	Notes	2010 $'000	2009 $'000
CASH FLOWS USED IN OPERATING ACTIVITIES			
Cash receipts from customers		**85,496**	25,354
Payments to suppliers and employees		**(89,018)**	(41,597)
Interest and grants received		**5,341**	6,996
Payment for security deposits		**(2,009)**	-
Expenditure on exploration and evaluation activities		**(24,867)**	(51,849)
Interest paid		**-**	(1)
Income tax paid		**-**	(5)
NET CASH FLOWS (USED IN) OPERATING ACTIVITIES	24(a)	**(25,057)**	(61,102)
CASH FLOWS USED IN INVESTING ACTIVITIES			
Proceeds from disposal of mining tenements		**8,500**	-
Proceeds from disposal of plant and equipment		**14**	-
Acquisition of property, plant and equipment and intangibles		**(6,899)**	(6,940)
Acquisition of tenements		**(113)**	(1,910)
Development of mineral tenements		**(45,621)**	(19,895)
Loan to other entities		**(14,256)**	-
Acquisition of shares in associated company		**(4,413)**	(2,177)
NET CASH FLOWS (USED IN) INVESTING ACTIVITIES		**(62,788)**	(30,922)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from issues of ordinary shares		**127,895**	72,385
Net share issue costs (paid)/refunded		**(9,431)**	418
NET CASH FLOWS FROM FINANCING ACTIVITIES		**118,464**	72,803
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS		**30,619**	(19,221)
Add opening cash and cash equivalents brought forward		**124,350**	143,350
Effect of exchange rate changes on cash and cash equivalents		**(36)**	221
CLOSING CASH AND CASH EQUIVALENTS CARRIED FORWARD	24(b)	**154,933**	124,350

The above Statement of Cash Flows is to be read in conjunction with the accompanying notes.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Atlas Iron Limited is a company limited by shares incorporated in Australia whose shares are publicly traded on the Australian Securities Exchange Limited. The consolidated financial statements of Atlas Iron Limited as at and for the year ended 30 June 2010 comprise Atlas Iron Limited and its subsidiaries (together referred to as “the Company”). The Company’s principal activity is the operation of the Pardoo iron ore mine and the development of the Wodgina mine in the Pilbara in Western Australia.

The principal accounting policies adopted in the preparation of the financial report are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated. These financial statements were approved by the Board on 26 August 2010.

Separate financial statements for Atlas Iron Limited as an individual entity are no longer presented as the consequence of a change to the Corporations Act 2001, however, required financial information for Atlas Iron Limited is included in note 35.

(a) Basis of preparation

Statement of Compliance

This general purpose financial report has been prepared accordance with Australian Accounting Standards, other authoritative pronouncements of the Australian Accounting Standards Board, Australian Accounting Interpretations and the Corporations Act 2001. The financial report of Atlas Iron Limited also complies with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB).

Historical cost convention

These financial statements have been prepared under the historical cost convention, as modified where applicable by the revaluation of available-for-sale financial assets and financial assets and liabilities at fair value through profit or loss.

Basis of consolidation

The consolidated financial statements comprise the financial statements of Atlas Iron Limited and its subsidiaries as at 30 June 2010.

Subsidiaries are all those entities over which the Company has control. Control exists when the Company has the power, directly or indirectly, to govern the financial and operating policies of an entity so as to obtain benefits from its activities. In assessing control, potential voting rights that presently are exercisable or convertible are taken into account. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases.

Investments in subsidiaries are carried at their cost of acquisition in the Company’s financial statements.

In preparing the consolidated financial statements all intercompany balances and transactions, income, expenses and profit and loss resulting from intergroup transactions have been eliminated in full.

Minority interests not held by the Company are allocated their share of net profit after tax in the statement of comprehensive income and are presented within equity in the statement of financial position, separately from parent shareholders’ equity.

Investment in associates and jointly controlled entities (equity accounted investees)

Associates are those entities in which the Company has significant influence, but not control, over the financial and operating policies. Significant influence is presumed to exist when the Company holds between 20 and 50 percent of the voting power of another entity. Jointly controlled entities are those entities over whose activities the Company has joint control, established by contractual agreement and requiring unanimous consent for strategic financial and operating decisions. The consolidated financial statements include the Company’s share of the total recognised gains and losses of associates and joint venture on an equity accounted basis from the date that significant influence commences until the date that significant influences ceases.

When the Company’s share of losses exceeds its interest in an associate or a joint venture, the Company’s carrying amount is reduced to nil and recognition of further losses is discontinued except to the extent that the Company has incurred legal or constructive obligations or made payments on behalf of an associate or a joint venture.

Under the equity method, investments in associates and joint ventures are carried in the consolidated statement of financial position at cost plus post acquisition changes in the Company’s share of net assets of the associates and joint ventures. After application of the equity method the Company determines whether it is necessary to recognise any impairment loss with respect to the Company’s net investment in associates and joint ventures.

The reporting dates of the associate and the Company are identical however the associate’s and joint venture’s accounting policies have been changed where necessary to align them with the policies used by the Company for like transactions and events in similar circumstances.

(b) Change in accounting policy

(i) Principles of consolidation

AASB 127 (revised) requires the effects of all transactions with non-controlling interests to be recorded in equity if there is no change in control and these transactions will no longer result in goodwill or gains and losses. This is different to the Company's previous accounting policy where transactions with minority interests were treated as transactions with parties external to the Company.

The standard also specifies the accounting when control is lost. Any remaining interest in the entity must now be remeasured to fair value and a gain or loss is recognised in profit or loss.

Under the Company's current accounting policy, the retained interest in the carrying amount of the former subsidiary's assets and liabilities becomes the cost of investment. If the investment is accounted for as an available-for-sale financial asset, it is subsequently revalued to fair value; however, any revaluation gain or loss is recognised in the available-for-sale investments revaluation reserve.

The Company will in future allocate losses to the non-controlling interest in its subsidiaries even if the accumulated losses exceed the non-controlling interest in the subsidiary's equity. Under the previous policy, excess losses were allocated to the parent entity.

Lastly, dividends received from investments in subsidiaries, jointly controlled entities or associates after 1 July 2009 are recognised as revenue even if they are paid out of pre-acquisition profits. However, the investment may need to be tested for impairment as a result of the dividend payment. Under the entity's previous policy, these dividends would have been deducted from the cost of the investment.

The changes were implemented prospectively from 1 July 2009. There has been no impact on the current period as there were no non-controlling interests at balance date. There have also been no transactions whereby an interest in an entity is retained after the loss of control of that entity, no transactions with non-controlling interests and no dividends paid out of pre-acquisition profits.

(ii) Accounting for business combinations

The Company has adopted IFRS 3 *Business Combinations* (2008) and IAS 27 *Consolidated and Separate Financial Statements* (2008) for business combinations occurring in the financial year commencing 1 July 2009. All business combinations occurring on or after 1 July 2009 are accounted for by applying the acquisition method. The change in accounting policy was applied prospectively and had no material impact on earnings per share.

The Company has applied the acquisition method for the business combination that occurred during the year ended 30 June 2010 as disclosed in note 5.

Control is the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. In assessing control, the Company takes into consideration potential voting rights that currently are exercisable. The acquisition date is the date on which control is transferred to the acquirer. Judgment is applied in determining the acquisition date and determining whether control is transferred from one party to another.

The Company measures goodwill as the fair value of the consideration transferred including the recognised amount of any non-controlling interest in the acquiree, less the net recognised amount (generally fair value) of the identifiable assets acquired and liabilities assumed, all measured as of the acquisition date.

Consideration transferred includes the fair values of the assets transferred, liabilities incurred by the Company to the previous owners of the acquiree, and equity interests issued by the Company. Consideration transferred also includes the fair value of any contingent consideration and share-based payment awards of the acquiree that are replaced mandatorily in the business combination (see below). If a business combination results in the termination of pre-existing relationships between the Company and the acquiree, then the lower of the termination amount, as contained in the agreement, and the value of the off-market element is deducted from the consideration transferred and recognised in other expenses.

Transaction costs that the Company incurs in connection with a business combination, such as stamp duty, finder's fees, legal fees, due diligence fees, and other professional and consulting fees are expensed as incurred.

A contingent liability of the acquiree is assumed in a business combination only if such a liability represents a present obligation and arises from a past event, and its fair value can be measured reliably.

When share-based payment awards (replacement awards) are exchanged for awards held by the acquiree's employees (acquiree's awards) and relate to past services, then a part of the market-based measure of the replacement awards is included in the consideration transferred. If future services are required, then the difference between the amount included in consideration transferred and the market-based measure of the replacement awards is treated as post-combination compensation cost.

(iii) Determination and presentation of operating segments
The Company has applied AASB 8 *Operating Segments* from 1 July 2009. AASB 8 requires a 'management approach' under which segment information is presented on the same basis as that used for internal reporting purposes.

An operating segment is a component of the Company that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Company's other components. An operating segment's operating results are reviewed regularly by the Board to make decisions about resources to be allocated to the segment and assess its performance, and for which discrete financial information is available.

The Board considers the business from both a product and a geographical perspective and takes the view that the Company operates under one operating segment.

(iv) Presentation of financial statements
The Company applies revised IAS 1 *Presentation of Financial Statements* (2007), which became effective as of 1 January 2009. As a result, the Company presents in the consolidated statement of changes in equity all owner changes in equity, whereas all non-owner changes in equity are presented in the consolidated statement of comprehensive income. This presentation has been applied in these financial statements as of and for the twelve months ended on 30 June 2010.

Comparative information has been re-presented so that it also is in conformity with the revised standard. Since the change in accounting policy only impacts presentation aspects, there is no impact on earnings per share.

(c) Critical accounting judgements, estimates and assumptions

The carrying amounts of certain assets and liabilities are often determined based on estimates and assumptions of future events. The key estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of certain assets and liabilities within the next annual reporting period are:

Share based payment transactions
The Company measures the cost of equity-settled transactions with employees, contractors and other third parties by reference to the fair value of the equity instruments at the date at which they are granted. The fair value is determined by an internal valuation using a Black-Scholes option pricing model, using the assumptions detailed in note 7.

Provision for rehabilitation costs
The Company assesses its mine rehabilitation provision at each reporting date. Significant estimates and assumptions are made in determining the provision for mine rehabilitation as there are numerous factors that will affect the ultimate liability payable. These factors include estimates of the extent and costs of rehabilitation activities, technological changes, regulatory changes, cost increases, and changes in discount rates. Those uncertainties may result in future actual expenditure differing from the amounts currently provided. The provision at balance date represents management's best estimate of the present value of the future rehabilitation costs required. Changes to estimated future costs are recognized in the statement of financial position by adjusting the rehabilitation asset and liability.

Ore reserve and resource estimates
Ore reserves are estimates of the amount of ore that can be economically and legally extracted from the Company's mining properties. The Company estimates its ore reserves based on information compiled by appropriately qualified persons relating to the geological judgements to interpret the data. The estimation of recoverable reserves is based upon factors such as estimates of foreign exchange rates, commodity prices, future capital requirements, and production costs along with geological assumptions and judgements made in estimating the size and grade of the ore body. Changes in the reserve or resource estimates may impact upon the carrying value of exploration and evaluation assets, mine properties, property, plant & equipment, provision for rehabilitation, and depreciation and amortisation charges.

Units of production depreciation
Estimated recoverable reserves are used in determining the depreciation and/or amortisation of mine specific assets. This results in a depreciation/amortisation charge proportional to the depletion of the anticipated remaining life of mine production. Each item's life, which is assessed annually, has regard to both its physical life limitations and to present assessments of economically recoverable reserves of the mine property at which the asset is located. These calculations require the use of estimates and assumptions, including the amount of recoverable reserves and estimates of future capital expenditure. The Company adopts a Run of the Mine (ROM) tonnes of ore produced methodology. Changes are accounted for prospectively.

Deferred taxation
Deferred income tax assets are only recognised to the extent that it is probable that future profits will be available against which deductible temporary differences can be utilised.

Production start date
The Company assesses the stage of each mine development project to determine when a mine moves into the production stage. The criteria used to assess the start date of a mine are determined based on the unique nature of each mine development project. The Company considers various relevant criteria to assess when the mine is substantially complete, ready for its intended use and moves into the production phase. Some of the criteria include:

> the level of capital expenditure compared to construction cost estimates;
> completion of a reasonable period of testing of the mine plant and equipment;
> ability to process iron ore in saleable form; and
> ability to sustain ongoing mining and processing of iron ore.

When a mine development project moves into the production stage, the capitalisation of certain mine construction costs ceases and costs are either regarded as inventory or expensed, except for costs related to mining asset additions or improvements, and mineable reserve development, which are capitalised. It is also at this point that depreciation/amortisation commences.

Amortisation of mine development costs
The Company assesses future capital costs required to bring existing reserves into production and includes an estimate of these costs in the base when calculating amortisation expense.

Loans to controlled entities
The Company assesses the recoverability of loans and makes provision in the event that full recovery is not expected. The ultimate recoverability of loans is dependent upon future exploration success of the controlled entities.

(d) Property, plant and equipment

Each class of property, plant and equipment is carried at cost less, where applicable, any accumulated depreciation and impairment losses.

Land and Buildings
Land and Buildings are measured on the cost basis.

Depreciation
Depreciation of buildings is calculated on a prime cost basis so as to write off the net costs over the expected useful life. The depreciation rate for buildings is 5% per annum. Land is not depreciated but is subject to impairment.

Plant and equipment
Plant and equipment are measured on the cost basis.

The carrying amount of plant and equipment is reviewed annually by directors to ensure it is not in excess of the recoverable amount from these assets. The recoverable amount is assessed on the basis of the expected net cash flows which will be received from the assets employment and subsequent disposal. The expected net cash flows have been discounted to their present values in determining recoverable amounts. The cost of fixed assets constructed within the Company includes the cost of materials, direct labour, borrowing costs and an appropriate proportion of fixed and variable overheads.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the statement of comprehensive income during the financial period in which they are incurred.

Depreciation
Depreciation of plant and equipment is calculated on a diminishing value or prime cost basis so as to write off the net costs of each asset over the expected useful life. The rates vary between 5% and 40% per annum.

Depreciation of buildings is calculated on a prime cost basis over the expected useful life of the asset at a rate of 5% per annum.

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each balance sheet date.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing proceeds with carrying amount. These are included in the statement of comprehensive income. When revalued assets are sold, it is Company policy to transfer the amounts included in other reserves in respect of those assets to retained earnings.

(e) Impairment of assets

At each reporting date, the Company reviews the carrying values of its tangible and intangible assets to determine whether there is any indication that those assets have been impaired. If such an indication exists, the recoverable amount of the asset, being the higher of the asset's fair value less costs to sell and value in use, is compared to the asset's carrying value. Any excess of the asset's carrying value over its recoverable amount is expensed to the statement of comprehensive income.

Impairment testing is performed annually for goodwill and intangible assets with indefinite lives.

Where it is not possible to estimate the recoverable amount of an individual asset, the Company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

(f) Exploration and evaluation costs

Exploration and evaluation costs are written off in the year they are incurred apart from acquisition costs which are carried forward where right of tenure of the area of interest is current, and they are expected to be recouped through sale or successful development and exploitation of the area of interest, or, where exploration and evaluation activities in the area of interest have not reached a stage that permits reasonable assessment of the existence of economically recoverable reserves.

Where an area of interest is abandoned, or the directors decide that it is not commercial, any accumulated acquisition costs in respect of that area are written off in the financial period the decision is made. Each area of interest is also reviewed at the end of each accounting period and accumulated costs written off to the extent that they will not be recoverable in the future.

Amortisation is not charged on costs carried forward in respect of areas of interest in the development phase until production commences. When production commences, accumulated costs for the relevant mineral project are amortised on a units of production basis over the life of the economically recoverable reserves.

(g) Development Costs

Development costs include mine infrastructure, pre-production development costs, development excavation, project execution costs and other subsurface expenditure pertaining to that area of interest. Costs related to surface plant and equipment and any associated land and buildings are accounted for as property, plant and equipment. The definition of an area of interest is the area serviced by a given mining operations centre.

Development costs are carried forward in respect of areas of interest in the development phase until production commences. When production commences, carried forward development costs are to be amortised on a units of production basis over the life of economically recoverable reserves.

Development assets are assessed for impairment if facts and circumstances suggest that the carrying amount exceeds the recoverable amount. For the purposes of impairment testing, development assets are allocated to cash-generating units to which the development activity relates. The cash generating unit shall not be larger than the area of interest.

Deferred stripping

Overburden and other mine waste materials are often removed during the initial development of a mine in order to access the mineral deposit. This activity is referred to as development stripping. The directly attributable costs (inclusive of an allocation of relevant overhead expenditure) are capitalised as development costs. Capitalisation of development stripping costs ceases and amortisation of those capitalised costs commences when the strip ratio reaches the life of mine strip ratio. Amortisation of capitalised development stripping costs is determined on a unit of production basis over the life of the mine.

Where a mine operates several open pits that are regarded as separate operations for the purpose of mine planning, stripping costs are accounted for separately by reference to the ore from each separate pit. If, however, the pits are highly integrated for the purpose of the mine planning, the second and subsequent pits are regarded as extensions of the first pit in accounting for stripping costs. In such cases, the initial stripping, (i.e., overburden and other waste removal) of the second and subsequent pits are deferred to the extent that the current period ratio exceeds the life of the mine strip ratio The amount of stripping costs deferred is based on the strip ratio obtained by dividing the tonnage of waste mined either by the quantity of ore mined or by the quantity of minerals contained in the ore.

Capitalised development stripping costs are classified as 'Development Expenditure'. Development stripping costs are considered in combination with other assets of an operation for the purpose of undertaking impairment assessments.

Removal of waste material normally continues throughout the life of a mine. This activity is referred to as production stripping and commences upon extraction of ore.

The costs of production stripping are charged to the statement of comprehensive income as operating costs.

(h) Leases

Leases of fixed assets where substantially all the risks and benefits incidental to the ownership of the asset, but not the legal ownership transfer to the company, are classified as finance leases.

Finance leases are capitalised by recording an asset and a liability at the lower of the amounts equal to the fair value of the leased property or the present value of the minimum lease payments, including any guaranteed residual values.

Lease payments are allocated between the reduction of the lease liability and the lease interest expense for the period.

Leased assets are depreciated on a straight-line basis over their estimated useful lives.

Lease payments for operating leases, where substantially all the risks and benefits remain with the lessor, are charged as expenses in the periods in which they are incurred.

Lease incentives under operating leases are recognised as a liability and amortised on a straight-line basis over the life of the lease term.

(i) Income tax

The charge for current income tax expense is based on the profit for the year adjusted for any non-assessable or disallowed items. It is calculated using the tax rates that have been enacted or are substantially enacted by the balance sheet date.

Deferred tax is accounted for using the balance sheet liability method in respect of temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. No deferred income tax will be recognised from the initial recognition of an asset or liability, excluding a business combination, where there is no effect on accounting or taxable profit or loss.

Deferred tax is calculated at the tax rates that are expected to apply to the period when the asset is realised or liability is settled. Deferred tax is credited in the statement of comprehensive income except where it relates to items that may be credited directly to equity, in which case the deferred tax is adjusted directly against equity.

Deferred income tax assets are recognised to the extent that it is probable that future tax profits will be available against which deductible temporary differences can be utilised.

The amount of benefits brought to account or which may be realised in the future is based on the assumption that no adverse change will occur in income taxation legislation and the anticipation that the Company will derive sufficient future assessable income to enable the benefit to be realised and comply with the conditions of deductibility imposed by the law.

(j) Goods and Services Tax (GST)

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Australian Tax Office. In these circumstances the GST is recognised as part of the cost of acquisition of the asset or as part of an item of the expense. Receivables and payables in the statement of financial position are shown inclusive of GST.

Cash flows are presented in the cash flow statement on a gross basis, except for the GST component of investing and financing activities, which are disclosed as operating cash flows.

(k) Trade and other payables

Liabilities for trade creditors and other amounts are carried at cost which is the fair value of the consideration to be paid in the future for goods and services received, whether or not billed to the Company.

Payables to related parties are carried at the principal amount. Interest, when charged by the lender, is recognised as an expense on an accrual basis.

(l) Employee benefits

Provision is made for employee benefits accumulated as a result of employees rendering services up to the reporting date. These benefits include wages and salaries, annual leave, and long service leave.

Liabilities arising in respect of wages and salaries, annual leave and any other employee benefits expected to be settled within twelve months of the reporting date are measured at their nominal amounts based on remuneration rates which are expected to be paid when the liability is settled. All other employee benefit liabilities are measured at the present value of the estimated future cash outflow to be made in respect of services provided by employees up to the reporting date. In determining the present value of future cash outflows, the market yield as at the reporting date on national government bonds, which have terms to maturity approximating the terms of the related liability, are used.

Share-based payments
The Company provides benefits to employees (including directors) of the Company in the form of share-based payment transactions, whereby employees render services in exchange for shares or rights over shares ('equity-settled transactions').

The cost of these equity-settled transactions with employees is measured by reference to the fair value at the date on which they are granted. The fair value is determined by an internal valuation using a Black-Scholes option pricing model.

The cost of equity-settled transactions is recognised, together with a corresponding increase in equity, over the period in which the performance conditions are fulfilled, ending on the date on which the relevant employees become fully entitled to the award ('vesting date').

The cumulative expense recognised for equity-settled transactions at each reporting date until vesting date reflects (i) the extent to which the vesting period has expired and (ii) the number of options that, in the opinion of the directors of the Company, will ultimately vest. This opinion is formed based on the best available information at balance date. No adjustment is made for the likelihood of market performance conditions being met as the effect of these conditions is included in the determination of fair value at grant date.

No expense is recognised for awards that do not ultimately vest, except for awards where vesting is conditional upon a market condition.

Where an equity-settled award is cancelled no further expense is recognised. However, if a new award is substituted for the cancelled award, and designated as a replacement award on the date that it is granted, the cancelled and new award are treated as if they were a modification of the original award.

(m) Revenue recognition

Revenue is measured at the fair value of the gross consideration received or receivable. The Company recognises revenue when the amount of revenue can be reliably measured, it is probable that future economic benefits will flow to the entity and specific criteria have been met for each of Company's activities. The amount of revenue is not considered to be reliably measurable until all material contingencies relating to the sale have been resolved. The Company bases its estimates on historical results, taking into consideration the type of customer, the type of transaction and the specifics of each arrangement.

Sale of goods
Revenue from the sale of goods and disposal of other assets is recognised when persuasive evidence, usually in the form of an executed sales agreement, or an arrangement exists, indicating there has been a transfer of risks and rewards to the customer, no further work or processing is required by the Company, the quantity and quality of the goods has been determined with reasonable accuracy, the price is fixed or determinable, and collectability is reasonably assured. This is generally when title passes. The majority of the Company's sales agreements specify that title passes when the product is delivered to the destination specified by the customer, which is typically the vessel on which the product will be shipped. In practical terms, revenue is generally recognised on the bill of lading date, which is the date the commodity is delivered to the shipping agent. These sales agreements also allow for an adjustment to the sales price based on a survey of the goods by the customer (an assay for mineral content); therefore recognition of the sales revenue is based on the most recently determined estimate of product specifications.

Interest
Interest revenue is recognised on a time proportionate basis that takes into account the effective yield on the financial assets.

(n) Issued capital

Ordinary shares are classified as equity.

Any transaction costs arising on the issue of ordinary shares are recognised directly in equity as a reduction of the share proceeds received.

(o) Earnings per share (EPS)

Basic earnings per share
Basic EPS is calculated as the profit / (loss) attributable to equity holders of the Company, excluding any costs of servicing equity other than ordinary shares, divided by the weighted average number of ordinary shares outstanding during the financial year, adjusted for any bonus elements in ordinary shares issued during the year.

Diluted earnings per share
Diluted EPS adjusts the figures used in the determination of basic EPS to take into account the after income tax effect of interest and other financing costs associated with dilutive potential ordinary shares and the weighted average number of shares assumed to have been issued for no consideration in relation to dilutive potential ordinary shares.

(p) Cash and cash equivalents

Cash and cash equivalents include cash on hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within short-term borrowings in current liabilities on the statement of financial position.

(q) Financial risk management

The Company's activities expose it to a variety of financial risks: credit risk, liquidity risk and market risk. The Company's overall risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the financial performance of the Company.

Risk management is carried out by the Chief Commercial Officer under policies developed and approved by the audit and risk committee. Due to the nature of transactions undertaken by the Company, the main risk exposure is in relation to credit and currency risk, therefore the purpose of the current policy is to:

- Maximise the return on surplus cash with the aim of outperforming the benchmark, within acceptable levels of risk return exposure.
- Mitigate the credit and liquidity risks that the Company is exposed to through investment activities.
- Set dealing policy, controls and management reporting processes.
- Provide a framework for foreign currency hedging

Credit risk
Credit risk arises from cash and cash equivalents, derivative financial instruments and deposits with banks and financial institutions. For banks and financial institutions, only independently rated parties with a minimum rating of 'A-1+' are accepted and exposure to an individual counterparty is restricted to 33% of the total portfolio.

Liquidity risk
Prudent liquidity risk management implies maintaining sufficient cash and marketable securities, the availability of funding through an adequate amount of committed credit facilities and the ability to close out market positions. The Company manages liquidity risk by continuously monitoring forecast and actual cash flows and matching the maturity profiles of financial assets and liabilities. For maximum flexibility all securities purchased have, subject to market conditions, the ability to be liquidated within three working days.

Market risk
Market risk arises from the Company's use of foreign currency financial instruments. It is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates or other factors such as price risk.

(i) Foreign exchange risk
The Company operates internationally and is exposed to foreign exchange risk arising mainly from US dollar sales receipts. Prior to each shipment, the Company will closely monitor the US dollar fluctuations and may lock in the best possible US dollars rate via engagement of foreign exchange contracts. As at 30 June 2010 it is exposed to currency risk on trade receivables.

The Company's Financial Risk Management Policy permits foreign currency hedges for between 0% and 80% of current year's anticipated US dollar receipts to assist in managing this risk as the Board considers appropriate.

(ii) Commodity price risk
The Company is exposed to price risk as sales are referenced to global iron ore prices which are set by the major producers and customers. The Company does not currently hedge iron ore price. It believes a partial natural hedge exists in the form of the Australian dollar's relationship with commodity prices.

(r) Comparative figures

When required by Accounting Standards, comparative figures have been adjusted to conform to changes in presentation for the current financial year.

(s) Rehabilitation provision

The Company records the present value of estimated costs of legal and constructive obligations required to restore operating locations in the period in which the obligation is incurred. The nature of these restoration activities includes dismantling and removing structures, rehabilitating mines, dismantling operating facilities, closure of plant and waste sites, and restoration, reclamation and re-vegetation of affected areas. The obligation generally arises when the asset is installed or the ground/environment is disturbed at the production location. When the liability is initially recognised, the present value of the estimated cost is capitalised by increasing the carrying amount of the related mining assets. Over time, the discounted liability is increased for the change in present value based on the discount rates that reflect current market assessments and the risks specific to the liability. The periodic unwinding of the discount is recognised in the statement of comprehensive income as a finance cost. Additional disturbances or changes in rehabilitation costs will be recognised as additions or charges to the corresponding assets and rehabilitation liability when they occur.

(t) Inventories

Iron ore stockpiles are physically measured or estimated and valued at the lower of cost or net realisable value. Net realisable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and costs of selling final product.

Cost is determined by the weighted average method and comprises direct purchase costs and an appropriate portion of fixed and variable overhead costs, including depreciation and amortisation, incurred in converting materials into finished goods.

Materials and supplies are valued at the lower of cost or net realisable value. Any provision of obsolescence is determined by reference to specific items of stock. A regular review is undertaken to determine the extent of any provision for obsolescence.

(u) Amortisation of capitalised exploration, evaluation and development expenditure

Amortisation of capitalised acquisition and development costs is charged on a units of production basis over the life of economically recoverable reserves.

(v) Other intangible assets

Other intangible assets include computer software.

Intangible assets acquired separately are measured on initial recognition at cost, which comprises its purchase price plus any directly attributable cost of preparing the asset for its intended use. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation on a straight line basis over their useful lives.

(w) Contingencies

By their nature, contingencies will only be resolved when one or more future events occur or fail to occur. The assessment of contingencies inherently involves the exercise of significant judgement and estimates of the outcome of future events.

(x) New standards and interpretations not yet adopted

The following standards, amendments to standards and interpretations have been identified as those which may impact the entity in the period of initial application. They are available for early adoption at 30 June 2010, but have not been applied in preparing this financial report.

(i) AASB 9 *Financial Instruments* includes requirements for the classification and measurement of financial assets resulting from the first part of Phase 1 of the project to replace AASM 139 *Financial Instruments: Recognition and Measurement*. AASB will become mandatory for the Company's 30 June 2014 financial statements. Retrospective application is generally required, although there are exceptions, particularly if the entity adopts the standard for the year ended 30 June 2012 or earlier. The Company has not yet determined the potential effect of the standard

(ii) AASB 124 *Related Party Disclosures* (revised December 2009) simplifies and clarifies the intended meaning of the definition of a related party and provides a partial exemption from the disclosure requirements for government-related entities. The amendments, which will become mandatory for the Company's 30 June 2012 financial statements, are not expected to have any impact on the financial statements.

(iii) AASB 2009-5 *Further amendments to Australian Accounting Standards arising from the Annual Improvements Process* affect various AASBs resulting in minor changes for presentation, disclosure, recognition and measurement purposes. The amendments, which become mandatory for the Company's 30 June 2012 financial statements, are not expected to have significant impact on the financial statements.

(iv) AASB 2009-8 *Amendments to Australian Accounting Standards – Company Cash-settled Share-based Payment Transactions* resolves diversity in practice regarding the attribution of cash-settled share-based payments between different entities within a group. As a result of the amendments AI 8 *Scope of AASB 2* and AI11 *AASB 2 – Group and Treasury Share Transactions* will be withdrawn from the application date. The amendments, which become mandatory for the Company's 30 June 2011 financial statements, are not expected to have significant impact on the financial statements.

(v) AASB 2009-10 *Amendments to Australian Accounting Standards – Classification of Rights Issue* [AASB 132] (October 2010) clarify that rights, options or warrants to acquire a fixed number of an entity's own equity instruments for a fixed amount in any currency are equity instruments if the entity offers the rights, options or warrants pro-rata to all existing owners of the same class of its own non-derivative equity instruments. The amendments, which will become mandatory for the Company's 30 June 2011 financial statements, are not expected to have any impact on the financial statements

(vi) AASB 2009-14 *Amendments to Australian Interpretation – Prepayments of a Minimum Funding Requirement – AASB 14* make amendments to Interpretation 14 AASB 19 –*The Limit on a Defined Benefit Asset, Minimum Funding Requirements* removing an unintended consequence arising from the treatment of the prepayments of future contributions in some circumstances when there is a minimum funding requirement. The amendments will become mandatory for the Company's 30 June 2012 financial statements, with retrospective application required.
The amendments are not expected to have any impact on the financial statements.

(vii) IFRIC 19 *Extinguishing Financial Liabilities with Equity Instruments* addresses the accounting by an entity when the terms of a financial liability are renegotiated and result in the entity issuing equity instruments to a creditor of the entity to extinguish all or part of the financial liability. IFRIC 19 will become mandatory for the Company's 30 June 2011 financial statements, with retrospective application required. The Company has not yet determined the potential effect of the interpretation.

	Notes	2010 $'000	2009 $'000
2. REVENUE			
Sale of iron ore		**84,769**	26,428
		84,769	26,428
3. COST OF SALES			
Mining costs		**31,708**	16,277
Haulage		**13,866**	6,565
Port costs		**12,108**	2,517
Shipping costs		**12,462**	3,057
Government royalty		**4,292**	1,352
Depreciation and amortisation		**16,148**	2,894
		90,584	32,662
4. GAIN ON SALE OF MINING PROPERTIES			
Proceeds on sales of tenement		**8,500**	-
Cost of tenement sold		**(463)**	-
		8,037	-

5. ACQUISITION OF SUBSIDIARY

Business combination

On 18 December 2009, the Company obtained control of Warwick Resources Ltd ("Warwick"), an iron ore explorer with a diverse asset portfolio, by acquiring 100 percent of the shares and voting interests. As a result, the Company's equity interest in Warwick increased from approximately 20 percent to 100 percent.

The Company and Warwick had executed a Scheme Implementation Agreement (SIA) in relation to the merger, under which the Company acquired all of the issued securities in Warwick. Under the SIA, Warwick shareholders received one Atlas share for every three Warwick shares they hold. As a result, the Company issued 41,744,547 fully paid ordinary shares at the closing price Atlas shares traded on the day the Company obtained control of Warwick, of $1.80 per share; resulting in a total consideration of $75,140,185.

The fair values of identifiable assets and liabilities of Warwick as at the date of acquisition were:

	Fair Value
	$'000
Cash and cash equivalents	2,059
Other receivables	776
Property, plant and equipment	74
Mining tenements capitalised	70,000
Trade and other payables	(43)
Provisions	(12)
Total net identifiable assets	**72,854**
Goodwill*	18,330
Total consideration	**91,184**
Consideration	
Equity consideration	91,184
Cash and cash equivalents acquired	(2,059)
Acquisition of subsidiary, net of cash acquired	**89,125**

Goodwill

Goodwill was recognised as a result of the acquisition as follows:

Total consideration	75,140
Fair value of previous interest in acquiree	16,043
Less value of identifiable assets	(72,853)
Goodwill*	18,330

*Goodwill has been written off in full.

The re-measurement to fair value of the Company's existing interest (approximately 20 percent) in the acquiree at the date of acquisition together with previously recognised increases in fair value at 30 June 2009 resulted in a gain of $10,659 thousand, which has been recognised in other income.

The goodwill arising of $18,330 thousand is attributable to synergies between Warwick's significant landholding in a major iron ore province with potential to host large-scale, long-life projects and the Company's existing holdings in the area. As the goodwill represents the excess of the consideration paid over the high case valuation contained in the Warwick Independent Expert Report, the Company's Board has decided to write off goodwill in the current year, notwithstanding the significant potential of the Warwick tenements and the overall uplift in market sentiment for iron ore.

Transactions separate from the acquisition

The Company incurred acquisition-related costs of $5,066 thousand relating to stamp duty, advisory fees, external legal fees and due diligence costs. The legal fees and due diligence costs have been included in administrative expenses in the Company's consolidated statement of comprehensive income.

	2010 $'000	2009 $'000
6. DEPRECIATION, AMORTISATION AND WRITE-OFFS		
Amortisation of intangibles	**204**	184
Depreciation and amortisation of non-current assets	**498**	599
Exploration and evaluation costs written off	**24,174**	52,296

The above excludes depreciation and amortisation amount of $16,148 thousand (2009: $2,894 thousand) included in cost of sales.

7. SHARE-BASED PAYMENTS

Employee and Contractors Option Plan

The Company provides benefits to employees (including directors) and contractors of the Company in the form of share-based payment transactions, whereby options to acquire ordinary shares are issued as an incentive to improve employee and shareholder goal congruence. The exercise price of the options granted range from $2.00 to $3.70 per option. The options granted to employees have expiry dates ranging from 30 June 2014 to 31 March 2015.

Options granted carry no dividend or voting rights. When exercisable, each option is convertible into one ordinary share of the Company with full dividend and voting rights.

Set out below are summaries of the options granted:

	2010		2009	
	Number of options	Weighted average exercise price	Number of options	Weighted average exercise price
Outstanding at the beginning of the year	**27,901,000**	**$1.24**	27,690,000	$1.22
Granted	**3,750,000**	**$2.53**	2,050,000	$2.04
Exercised	**(2,527,000)**	**$0.74**	(1,109,000)	$0.61
Cancelled/lapsed	**(910,000)**	**$3.19**	(730,000)	$3.77
Outstanding at year-end	**28,214,000**	**$1.39**	27,901,000	$1.24
Exercisable at year-end	**22,008,000**	**$1.28**	13,065,229	$0.69

The weighted average remaining contractual life of share options outstanding at the end of the period was 2.5 years (2009: 2.2 years), and the exercise prices range from $0.20 to $5.00.

Expenses arising from share-based payment transactions

The weighted average fair value of the options granted during the year was $0.98. The price was calculated by using the Black-Scholes European Option Pricing Model applying the following inputs, except for listed options in which case the closing price on the date of issue was used:

Weighted average exercise price ($)	2.53
Weighted average life of the option (years)	4.89
Weighted average underlying share price ($)	2.06
Expected share price volatility (%)	70.00
Weighted average risk free interest rate (%)	3.89
Adjustment for unlisted nature (%)	15.00

Historical volatility has been the basis for determining expected share price volatility as it assumed that this is indicative of future trends, which may not eventuate.

The life of the options is based on historical exercise patterns, which may not eventuate in the future.

	2010 $'000	2009 $'000
7. SHARE-BASED PAYMENTS (CONTINUED)		
Corporate expenses	**2,436**	5,639

8. OTHER EXPENSES FROM ORDINARY ACTIVITIES

	2010 $'000	2009 $'000
Salaries and benefits	**(7,378)**	(4,113)
Corporate expenses	**(7,050)**	(4,580)
Consultancy expenses	**(129)**	(17)
Administration recovery	**11,397**	10,621
Fee on infrastructure usage rights	**-**	(3,000)
Other expenses	**(2,924)**	(2,404)
	(6,084)	(3,493)

9. NET FINANCE REVENUE

	2010 $'000	2009 $'000
Interest received	**6,779**	6,837
Initial discount on interest free loan *	**(1,294)**	-
Effective interest received on interest free loan *	**466**	-
	5,951	6,837
Interest accretion	**(198)**	(1)
Net finance revenue	**5,753**	6,836

* An interest free loan of $13,860 thousand was provided to Aurox Resources Limited on 19 February 2010 repayable on 18 February 2011.

10. INCOME TAX

The major components of income tax expense are:

	2010 $'000	2009 $'000
Current income tax		
Current income tax charge	**(22,860)**	(21,119)
Adjustment in respect of current income tax of previous year	**(2,511)**	(5,406)
Tax losses not recognised	**11,299**	18,074
Deferred Income Tax		
Relating to origination and reversal of temporary differences	**14,117**	4,285
Adjustment in respect of current income tax of previous year	**(45)**	4,166
Income tax expense reported in the statement of comprehensive income	**-**	-

	2010 $'000	2009 $'000
Statement of Recognised Income and Expense		
Deferred income tax related to items charged or credited directly to equity		
Fair value of investment	**(386)**	(1,351)
Capital raising costs	**(1,725)**	(1,138)
Income tax expense reported in equity	**(2,111)**	(2,489)

A reconciliation between tax expense and the product of accounting profit before income tax multiplied by the Company's applicable income tax rate as follows:

	2010 $'000	2009 $'000
Accounting profit/(loss) before tax from continuing operations	**(40,846)**	(63,144)
Loss before tax from discontinued operations	**-**	-
Accounting profit/(loss) before income tax	**(40,846)**	(63,144)
At the Company's statutory income tax rate of 30% (2009: 30%)	**(12,254)**	(18,943)
Adjustment in respect of current income tax of previous years	**(2,556)**	(1,240)
Entertainment – non deductible	**15**	8
Penalties	**-**	1
Investment allowance	**(589)**	-
Non cash benefit	**896**	1,692
Other non deductible	**5,453**	-
Loss on fair value adjustment of loan to Aurox	**(249)**	-
Equity accounting for share of loss of associate	**672**	408
Share of equity loss on joint venture	**511**	-
Fair value adjustments	**(3,198)**	-
Other – amounts not recognised	**11,299**	18,074
Income tax expense reported in the consolidated statement of comprehensive income	**-**	-
Income tax attributable to discontinued operations	**-**	-
	-	-

10. INCOME TAX (CONTINUED)

	Statement of financial position			
	2009 $'000	**Current Tax**	**Equity**	**2010 $'000**
Deferred Income Tax				
Deferred income tax at 30 June relates to the following:				
CONSOLIDATED				
Deferred tax liabilities				
Prepayments	-	(106)	-	(106)
Accrued income	(297)	(131)	-	(428)
Capitalised exploration	(9,202)	(10,918)	-	(20,120)
Capitalised operating costs	(2,323)	(3,189)	-	(5,512)
Investments	(386)	-	386	-
	(12,208)	(14,344)	386	(26,166)
DTL – not recognised	12,208			26,166
	-	(14,344)	386	-
Deferred tax assets				
Prepayments	-	33	-	33
Plant and equipment	4	60	-	64
Payroll liabilities	51	60	-	111
Accrued expenses	15	34	-	49
Provisions – office refurbish	30	(30)	-	-
Provisions – rehabilitation	998	1,209	-	2,207
Provisions – demobilisation	50	(50)	-	-
Provisions – long service leave	7	10	-	17
Provisions – annual leave	160	76	-	237
Other	-	(1,137)	4,889	3,752
Gross deferred income tax assets	1,315	265	4,889	6,470
Tax losses	46,135	25,378		71,513
DTA recognised to offset DTL	(12,208)	-	-	(26,166)
DTA – not recognised	(35,242)	(11,299)	(5,275)	(51,817)
	-	-	-	-

The above disclosures have been prepared based on a tax consolidated group for the year ended 30 June 2010.

The Company has tax losses arising in Australia of $238,378 thousand (2009: $153,809 thousand) that are available for offset against future taxable profits of the companies in which losses arose. The availability of these losses is subject to the company continuing to meet the legislative requirements for the utilisation of the losses.

At 30 June 2010, there is no recognised or unrecognised deferred income tax liability (2009: $nil) for taxes that would be payable on the unremitted earnings of certain of the Company's subsidiaries, associate or joint venture, as the Company has no liability for additional taxation should such amounts be remitted.

11. DIVIDENDS PAID OR PROVIDED FOR ON ORDINARY SHARES

No dividends were paid or declared since the start of the financial period. No recommendation for payment of dividends has been made.

	2010 $'000	2009 $'000

12. TRADE AND OTHER RECEIVABLES

	2010 $'000	2009 $'000
Current		
Trade receivables	**1,297**	470
Goods and Services Tax receivable	**2,030**	3,676
Interest receivable	**1,321**	152
Prepayments	**612**	197
Loan to other entities	**13,030**	-
Port access prepayments*	**4,248**	-
Security deposits**	**1,000**	-
Other receivables	**885**	537
	24,423	5,032

No receivables are past due.

	2010 $'000	2009 $'000
Non – Current		
Security deposits**	**6,119**	5,146
Port access prepayments*	**11,964**	15,858
	18,083	21,004

* An agreement was entered into with the Port Hedland Port Authority to establish Atlas as a foundation user of the Public Access port facility located at Utah Point. A contribution of $15 million has been made by Atlas and will be recouped against port handling charges incurred on future tonnes shipped over the Berth. $4.2 million of this prepayment is disclosed under Current Trade and Other Receivables as this is expected to be recouped within the next 12 months.

** The Security deposits represent cash backing for exploration and mining bonds, office bonds and a credit card guarantee facility.

13. INVENTORIES

	2010 $'000	2009 $'000
Raw materials– at cost	**1,608**	1,173
Iron ore stockpiles – at cost	**13,254**	7,163
	14,862	8,336

14. OTHER FINANCIAL ASSETS

	2010 $'000	2009 $'000
Non-Current		
Investment in listed entity, at market value	**-**	5,516
	-	5,516

The investment in listed entity represents the investment held in Warwick Resources Pty Ltd (formally Warwick Resources Ltd). On 18 December 2009 the Company acquired the remaining shares in Warwick Resources Limited. From this date of effective control, Warwick Resources Limited was consolidated into the Group.

	2010 $'000	2009 $'000
15. INVESTMENT ACCOUNTED FOR USING THE EQUITY METHOD		
Investment in associate	**2,312**	1,541
Investment in joint venture	**-**	-
	2,312	1,541

Name of Entity	Principal Activity	Ownership Interest 2010 %	2009 %
Shaw River Resources Limited	Mineral Exploration	**45.44**	42.73
NWIOA Ops Pty Limited	Mineral Exploration	**33.33***	-

* The Company has an interest of 39% in relation to the Port related expenditure and 33.33% related to administrative expenditure.

Summarised financial information in respect of the Company's associate and joint venture is set out below:

	2010 $'000	2009 $'000
Financial Position of Associate		
Total assets	**6,702**	6,459
Total liabilities	**(288)**	(301)
Net assets	**6,414**	6,157
Company's share of net assets	**2,915**	2,631
Financial Performance of Associate		
Total revenue	**234**	188
Total loss for the year after tax	**(5,049)**	(3,532)
Company's share of associate's (loss)	**(2,241)**	(1,362)

Investment in associate is 90,151,486 shares and 2,500,000 20 cent options, expiring on 31 December 2010, in Shaw River Resources Limited. During the year, the company participated in a share placement that increased its investment in associate by $3,012 thousand.

The market value of this investment at 30 June 2010 was $12,170 thousand (2009: $15,415 thousand).

	2010	2009
Financial Position of Joint Venture		
Total assets	**1,599**	-
Total liabilities	**(1,069)**	-
Net assets	**530**	-
Company's share of net assets	**207**	-
Financial Performance of Joint Venture		
Total revenue excluding contributions	**2**	-
Total loss for the year after tax excluding contributions	**(4,224)**	-
Company's share of associate's (loss)*	**(1,703)**	-

*Share of associate's loss includes a write-off of development expenditure in line with the Company's accounting policy.

		2010 $'000	2009 $'000
16. PROPERTY, PLANT AND EQUIPMENT			
Property, plant & equipment			
At cost		**18,283**	11,516
Accumulated depreciation		**(3,119)**	(1,237)
	16(a)	**15,164**	10,279
(a) Movements in carrying amounts			
Movement in the carrying amounts for each class of property, plant and equipment between the beginning and the end of the current financial year.			
Property			
Carrying amount at beginning		**7,022**	2,389
Transfers		**-**	211
Additions			
Land		**-**	338
Buildings		**6,154**	3,049
Under construction		**(1,352)**	1,352
Disposals		**-**	-
Depreciation expense		**(1,109)**	(317)
Carrying amount at end		**10,715**	7,022
Plant and equipment			
Carrying amount at beginning		**3,257**	2,237
Transfers		**-**	(212)
Additions		**2,026**	1,793
Disposals		**(55)**	-
Depreciation expense		**(779)**	(561)
Carrying amount at end		**4,449**	3,257
Total		**15,164**	10,279
17. INTANGIBLES			
Computer software		**680**	496
Accumulated amortisation		**(483)**	(279)
Carrying amount at end	17(a)	**197**	217
a) Computer software			
Carrying amount at beginning		**217**	286
Additions		**184**	115
Disposals		**-**	-
Amortisation expense		**(204)**	(184)
Carrying amount at end		**197**	217

	2010 $'000	2009 $'000
18. MINE AND PORT DEVELOPMENT COSTS		
At cost	**86,688**	28,254
Accumulated amortisation	**(18,767)**	(2,849)
	67,921	25,405
Mine development cost breakdown:		
Carrying amount at beginning	**25,405**	4,884
Additions	**50,554**	20,992
Change in rehabilitation provision	**3,936**	2,697
Reclassification of costs (to)/from mining tenements	**-**	(585)
Transfers from mining tenements	**943**	267
Amortisation	**(15,917)**	(2,850)
Carrying amount at end	**64,921**	25,405

Recoverability of the carrying amount of mine development expenditure is dependent on the successful commercial exploitation, or alternatively, sale of the respective area of interest.

Port development cost breakdown:		
Carrying amount at beginning	**-**	-
Additions	**3,000**	-
Carrying amount at end	**3,000**	-

Port development additions comprise payments made regarding the construction of the new berth at Utah Point.

19. MINING TENEMENTS CAPITALISED		
Tenement acquisition costs	**90,746**	25,113
	90,746	25,113
Tenement acquisition cost breakdown:		
Carrying amount at beginning	**25,113**	23,029
Acquisitions	**70,729**	2,617
Divestments	**(463)**	-
Reclassification of costs (to)/from mining development	**-**	585
Transfers to development costs	**(943)**	(267)
Write downs	**(3,690)**	(851)
Carrying amount at end	**90,746**	25,113

The ultimate recoupment of costs carried forward for exploration and evaluation phases is dependent on the successful development and commercial exploitation or sale of the respective mining areas.

	2010 $'000	2009 $'000
20. TRADE AND OTHER PAYABLES (CURRENT)		
Trade payables*	**6,409**	14,056
Other payables and accruals	**14,453**	8,667
	20,862	22,723

* Trade payables are non-interest bearing and are normally settled on a 30-day term.

21. PROVISIONS

	2010 $'000	2009 $'000
Current		
Rehabilitation	**979**	1,635
Employee benefits	**789**	534
	1,768	2,169
Non-Current		
Rehabilitation	**6,377**	1,693
Employee benefits	**57**	24
Office makegood	**-**	100
Demobilisation	**577**	167
	7,011	1,984

Rehabilitation Provision

The Company makes full provision for the future cost of rehabilitating mine sites on a discounted basis on the development of mines. This provision represents the present value of rehabilitation costs relating to the mine sites, which are expected to be incurred through to the life of mine. These provisions have been created based on the Company's internal estimates. Assumptions, based on the current economic environment, have been made which management believes are a reasonable basis upon which to estimate the future liability. These estimates are reviewed at each reporting date to take into account any material changes to the assumptions. However, actual rehabilitation costs will ultimately depend upon future market prices for the necessary decommissioning works required which will reflect market conditions at the relevant time. Furthermore, the timing of rehabilitation is likely to depend on when the mines cease to produce at economically viable rates. This, in turn, will depend upon future iron ore prices, which are inherently uncertain.

22. ISSUED CAPITAL

(a) Issued and paid up capital		2010		2009	
		Number of shares ('000)	$'000	Number of shares ('000)	$'000
Ordinary shares fully paid	22(b), 22(d)	**473,674**	**508,677**	342,830	296,984
		473,674	**508,677**	342,830	296,984

	2010 Number of shares ('000)	2010 $'000	2009 Number of shares ('000)	2009 $'000
(b) Movements in ordinary share capital				
Beginning of the financial year	**342,830**	**296,984**	287,131	231,369
Issued during the year:				
- Ordinary shares issued upon exercise of 20c options	**125**	**25**	-	-
- Ordinary shares issued upon exercise of 25c options	**277**	**69**	-	-
- Ordinary shares issued upon exercise of 30c options	**-**	**-**	7,546	2,264
- Ordinary shares issued upon exercise of 40c options	**-**	**-**	334	134
- Ordinary shares issued upon exercise of 50c options	**650**	**325**	-	-
- Ordinary shares issued upon exercise of 55c options	**10**	**6**	-	-
- Ordinary shares issued upon exercise of 60c options	**600**	**360**	75	45
- Ordinary shares issued upon exercise of 70c options	**250**	**175**	500	350
- Ordinary shares issued upon exercise of 75c options	**150**	**113**	200	150
- Ordinary shares issued upon exercise of 80c options	**13,980**	**11,184**	1,240	992
- Ordinary shares issued upon exercise of 96c options	**50**	**48**	-	-
- Ordinary shares issued upon exercise of $1.00 options	**25**	**25**	-	-
- Ordinary shares issued upon exercise of $1.35 options	**50**	**67**	-	-
- Ordinary shares issued upon exercise of $2.00 options	**200**	**400**	-	-
- Ordinary shares issued upon exercise of $2.25 options	**100**	**225**	-	-
- Ordinary shares to acquire interests in mineral rights and tenements at $1.86	**-**	**-**	3,022	5,500
- Ordinary shares issued for reimbursement of exploration costs at $1.78	**70**	**125**	-	-
- Ordinary shares to acquire exploration assets at $2.06	**-**	**-**	486	1,000
- Ordinary shares to acquire interests in mineral rights and tenements at $2.60	**-**	**-**	125	325
- Ordinary shares to acquire interests in mineral rights and tenements at $3.74	**-**	**-**	8	30
- Ordinary shares to acquire interests in mineral rights and tenements at $1.40	**-**	**-**	2,150	3,000
- Ordinary shares issued for cash at $1.39 (Tranche 1)	**1,986**	**2,760**	40,014	55,619
- Ordinary shares issued for cash at $1.39 (Tranche 2)	**33,540**	**46,620**	-	-
- Ordinary shares issued for cash at $1.39 (Share Purchase Plan)	**10,704**	**14,874**	-	-
- Ordinary shares issued for convertible note on Warwick shares at $1.65	**700**	**1,155**	-	-
- Ordinary shares issued for acquisition of Warwick Resources Ltd	**41,745**	**75,140**	-	-
- Ordinary shares issued for cash at $2.49 (May 2010)	**25,500**	**63,495**	-	-
- Ordinary shares issued for acquisition tenement data	**131**	**250**	-	-
- less transaction costs		**(5,748)**	-	(3,794)
End of the financial year	**473,673**	**508,677**	342,831	296,984

22. ISSUED CAPITAL (CONTINUED)

(c) Movements in options on issue

	2010 Number of options ('000)	2009 Number of options ('000)
Beginning of the financial year	39,935	48,844
Issued during the year:		
Exercisable at $4.08 Options exp 30 June 2013	-	125
Exercisable at $4.62 Options exp 30 June 2013	-	125
Exercisable at $3.06 Options exp 30 June 2013	-	25
Exercisable at $3.46 Options exp 30 June 2013	-	25
Exercisable at $2.55 on or before 30 September 2012	-	30
Exercisable at $2.85 on or before 30 September 2012	-	30
Exercisable at $2.35 on or before 30 June 2013	-	50
Exercisable at $2.65 on or before 30 June 2013	-	50
Exercisable at $2.30 on or before 30 June 2013	-	25
Exercisable at $2.60 on or before 30 June 2013	-	25
Exercisable at $1.65 on or before 30 September 2013	-	350
Exercisable at $1.85 on or before 30 September 2013	-	350
Exercisable at $1.00 on or before 30 September 2013	-	25
Exercisable at $1.15 on or before 30 September 2013	-	25
Exercisable at $1.10 on or before 30 September 2013	-	25
Exercisable at $1.25 on or before 30 September 2013	-	25
Exercisable at $2.00 on or before 30 September 2013	-	15
Exercisable at $2.25 on or before 30 September 2013	-	15
Exercisable at $1.05 on or before 30 December 2013	-	25
Exercisable at $1.20 on or before 30 December 2013	-	25
Exercisable at $1.35 on or before 30 December 2013	-	50
Exercisable at $1.50 on or before 30 December 2013	-	50
Exercisable at $1.50 on or before 30 December 2013	-	15
Exercisable at $1.70 on or before 30 December 2013	-	15
Exercisable at $0.80 on or before 30 December 2013	-	40
Exercisable at $0.90 on or before 30 December 2013	-	40
Exercisable at $0.55 on or before 30 December 2013	-	10
Exercisable at $0.60 on or before 30 December 2013	-	10
Exercisable at $1.30 on or before 30 December 2013	-	100
Exercisable at $1.65 on or before 31 March 2014	-	50
Exercisable at $1.85 on or before 31 March 2014	-	50
Exercisable at $1.40 on or before 31 March 2014	-	15
Exercisable at $1.60 on or before 31 March 2014	-	15
Exercisable at $1.35 on or before 31 March 2014	-	25
Exercisable at $1.50 on or before 31 March 2014	-	25
Exercisable at $1.35 on or before 31 March 2014	-	25
Exercisable at $1.50 on or before 31 March 2014	-	25
Exercisable at $1.65 on or before 31 March 2014	-	50
Exercisable at $1.85 on or before 31 March 2014	-	50
Exercisable at $2.30 expiring 30 June 2014	125	-

22. ISSUED CAPITAL (CONTINUED)

(c) Movements in options on issue (continued)

	2010 Number of options ('000)	2009 Number of options ('000)
Exercisable at $2.60 expiring 30 June 2014	125	-
Exercisable at $2.30 expiring 30 June 2014	75	-
Exercisable at $2.60 expiring 30 June 2014	75	-
Exercisable at $2.15 expiring 30 September 2014	15	-
Exercisable at $2.45 expiring 30 September 2014	15	-
Exercisable at $2.15 expiring 30 September 2014	75	-
Exercisable at $2.40 expiring 30 September 2014	75	-
Exercisable at $2.00 expiring 30 September 2014	50	-
Exercisable at $2.25 expiring 30 September 2014	50	-
Exercisable at $2.10 expiring 30 September 2014	30	-
Exercisable at $2.40 expiring 30 September 2014	30	-
Exercisable at $2.05 expiring 30 September 2014	40	-
Exercisable at $2.30 expiring 30 September 2014	40	-
Exercisable at $2.20 expiring 30 September 2014	15	-
Exercisable at $2.50 expiring 30 September 2014	15	-
Exercisable at $2.20 expiring 30 September 2014	50	-
Exercisable at $2.45 expiring 30 September 2014	50	-
Exercisable at $2.15 expiring 30 September 2014	25	-
Exercisable at $2.40 expiring 30 September 2014	25	-
Exercisable at $2.25 expiring 30 June 2014	50	-
Exercisable at $2.55 expiring 30 June 2014	50	-
Exercisable at $2.10 expiring 30 June 2014	250	-
Exercisable at $2.35 expiring 30 June 2014	250	-
Exercisable at $2.10 expiring 30 December 2014	50	-
Exercisable at $2.35 expiring 30 December 2014	50	-
Exercisable at $2.25 expiring 30 December 2014	50	-
Exercisable at $2.55 expiring 30 December 2014	50	-
Exercisable at $2.25 expiring 30 December 2014	30	-
Exercisable at $2.55 expiring 30 December 2014	30	-
Exercisable at $2.25 expiring 30 December 2014	25	-
Exercisable at $2.55 expiring 30 December 2014	25	-
Exercisable at $2.25 expiring 30 December 2014	30	-
Exercisable at $2.55 expiring 30 December 2014	30	-
Exercisable at $2.45 expiring 30 December 2014	15	-
Exercisable at $2.80 expiring 30 December 2014	15	-
Exercisable at $2.45 expiring 30 December 2014	15	-
Exercisable at $2.80 expiring 30 December 2014	15	-
Exercisable at $2.45 expiring 30 December 2014	50	-
Exercisable at $2.80 expiring 30 December 2014	50	-
Exercisable at $2.70 expiring 30 December 2014	25	-
Exercisable at $3.05 expiring 30 December 2014	25	-
Exercisable at $2.80 expiring 31 March 2015	25	-

22. ISSUED CAPITAL (CONTINUED)

(c) Movements in options on issue (continued)	2010 Number of options ('000)	2009 Number of options ('000)
Exercisable at $3.15 expiring 31 March 2015	25	-
Exercisable at $2.70 expiring 31 March 2015	30	-
Exercisable at $3.05 expiring 31 March 2015	30	-
Exercisable at $2.40 expiring 31 March 2015	15	-
Exercisable at $2.70 expiring 31 March 2015	15	-
Exercisable at $2.70 expiring 31 March 2015	75	-
Exercisable at $3.05 expiring 31 March 2015	75	-
Exercisable at $2.80 expiring 31 March 2015	30	-
Exercisable at $3.20 expiring 31 March 2015	30	-
Exercisable at $2.65 expiring 31 March 2015	25	-
Exercisable at $3.00 expiring 31 March 2015	25	-
Exercisable at $2.75 expiring 31 March 2015	40	-
Exercisable at $3.10 expiring 31 March 2015	40	-
Exercisable at $2.65 expiring 31 March 2015	15	-
Exercisable at $3.00 expiring 31 March 2015	15	-
Exercisable at $2.50 expiring 31 March 2015	40	-
Exercisable at $2.80 expiring 31 March 2015	40	-
Exercisable at $2.70 expiring 31 March 2015	75	-
Exercisable at $3.05 expiring 31 March 2015	75	-
Exercisable at $3.25 expiring 31 March 2015	25	-
Exercisable at $3.70 expiring 31 March 2015	25	-
Exercisable at $2.70 expiring 31 March 2015	75	-
Exercisable at $3.05 expiring 31 March 2015	75	-
Exercisable at $2.35 expiring 31 March 2015	25	-
Exercisable at $2.65 expiring 31 March 2015	25	-
Exercisable at $2.60 expiring 31 March 2015	30	-
Exercisable at $2.95 expiring 31 March 2015	30	-
Exercisable at $2.40 expiring 31 March 2015	25	-
Exercisable at $2.70 expiring 31 March 2015	25	-
Exercisable at $2.70 expiring 31 March 2015	25	-
Exercisable at $3.05 expiring 31 March 2015	25	-
Exercisable at $2.05 expiring 31 March 2015	25	-
Exercisable at $2.30 expiring 31 March 2015	25	-
Exercisable at $2.45 expiring 31 March 2015	40	-
Exercisable at $2.75 expiring 31 March 2015	40	-
Exercisable at $2.25 expiring 31 March 2015	15	-
Exercisable at $2.55 expiring 31 March 2015	15	-
Exercisable at $2.75 expiring 31 March 2015	40	-
Exercisable at $3.10 expiring 31 March 2015	40	-
Exercisable at $2.25 expiring 31 March 2015	25	-
Exercisable at $2.55 expiring 31 March 2015	25	-
Exercisable at $2.65 expiring 31 March 2015	15	-
Exercisable at $3.00 expiring 31 March 2015	15	-
Exercisable at $2.25 expiring 31 March 2015	25	-
Exercisable at $2.55 expiring 31 March 2015	25	-
Exercisable at $2.25 expiring 31 March 2015	25	-
Exercisable at $2.55 expiring 31 March 2015	25	-

22.ISSUED CAPITAL (CONTINUED)

(c) Movements in options on issue (continued)	**2010 Number of options ('000)**	**2009 Number of options ('000)**
Less: Expired and lapsed 16 November 2008 $0.30 options	-	(234)
Less: Expired and lapsed 30 November 2009 $0.80 options	(60)	-
Less: Options exercised	(16,367)	(9,995)
Less: Options cancelled	(910)	(730)
End of the financial year	26,348	39,935

(d) Ordinary shares

Ordinary shares entitle the holder to participate in dividends and the proceeds on winding up of the Company in proportion to the number of and amounts paid on the shares held.

On a show of hands every holder of ordinary shares present at a meeting in person or by proxy, is entitled to one vote, and upon a poll each share is entitled to one vote.

(e) Shares to be issued

The Company has not received funds for shares not issued at year end (2009: $12,913 thousand).

	2010 $'000	**2009 $'000**
23. RESERVES AND ACCUMULATED LOSSES		
(a) Reserves		
Share-based payments reserve	**17,036**	14,600
Investment revaluation reserve	**-**	1,287
Balance at end of year	**17,036**	15,887
Movements:		
Balance at beginning of year	**15,887**	14,751
Realised gain on investment transferred out of reserves	**(10,659)**	-
Revaluation of investments in listed entities	**9,372**	(4,503)
Option expense	**2,436**	5,639
Balance at end of year	**17,036**	15,887
(b) Accumulated losses		
Balance at beginning of year	**(125,867)**	(62,723)
Net loss attributable to members of Atlas Iron Limited	**(40,846)**	(63,144)
Balance at end of year	**(166,713)**	(125,867)

(c) Nature and purpose of reserves

The share-based payments reserve is used to recognise the fair value of options issued.

The investment revaluation reserve is used to recognise movement in the value of listed investments held as available-for-sale assets.

24. STATEMENT OF CASH FLOWS

	2010 $'000	2009 $'000
(a) Reconciliation of the net loss after income tax to the net cash flows from operations		
Net loss	**(40,846)**	(63,144)
Non-cash items		
Depreciation and amortisation of non-current assets	**16,850**	3,677
Option expense	**2,436**	5,640
Impairment of mining tenements	**3,690**	851
Unwinding of mine rehabilitation provision	**195**	-
Shares issued related to exploration and evaluation activities	**375**	3,000
Unrealised gain on foreign exchange	**39**	(221)
Loss on disposal of fixed assets	**(55)**	-
Net loss on fair valuing loan	**830**	-
Goodwill written off	**18,330**	-
Share of loss of associate	**2,241**	1,362
Realised gain on investment transferred from reserves	**(10,660)**	-
Changes in operating assets and liabilities		
(Increase) in trade and other receivables	**(884)**	(1,444)
(Increase) in prepayments	**(354)**	(14,358)
(Increase) in inventories	**(6,526)**	(8,336)
(Increase in security deposits	**(2,009)**	-
Increase in trade and other payables	**(5,242)**	12,041
Increase in employee entitlements	**287**	298
(Decrease)/Increase in provision	**(214)**	(468)
	(21,517)	(61,102)
Sale of mining tenements	**(8,500)**	-
Acquisition of associate entity	**4,960**	-
Net cash outflow from operating activities	**(25,057)**	(61,102)

Cash at bank and in hand earns interest at floating rates based on daily bank deposit rates.

Short-term deposits are made for varying periods of between one day and three months depending on the immediate cash requirements of the Company, and earn interest at the respective short-term deposit rates.

(b) Reconciliation of cash and cash equivalents

	2010 $'000	2009 $'000
Cash and cash equivalents comprises:		
– cash at bank and in hand	**4,933**	76,824
– short-term deposits	**150,000**	47,526
Closing cash and cash equivalents balance	**154,933**	124,350

(c) Non-cash financing and investing activities

During the year a total of 41,744,549 ordinary shares valued at $75,140 thousand were issued to acquire Warwick Resources Limited. In 2009 the Company issued 5,791 thousand ordinary shares valued at $9,855 thousand to acquire mineral rights and tenements and an option over Wodgina mine infrastructure usage.

Options issued to employees and consultants for no consideration or as settlement for expenses are shown in note 7.

	2010 $'000	2009 $'000

25. EXPENDITURE COMMITMENTS

(a) Exploration commitments

The Company has certain commitments to meet minimum expenditure requirements on the mineral exploration assets it has an interest in. Outstanding exploration commitments are as follows:

	2010 $'000	2009 $'000
– not later than one year	**5,942**	2,195
	5,942	2,195

(b) Contractual commitments

	2010 $'000	2009 $'000
Port handling fees		
- not later than one year	**18,125**	10,621
- one year or later and no later than five years	**36,174**	-
- later than five years	**1,656**	-
Camp construction costs	**-**	7,919
	55,955	18,540

(c) Lease expenditure commitments

	2010 $'000	2009 $'000
Operating leases (non-cancellable):		
Minimum lease payments		
– not later than one year	**1,724**	1,236
– later than one year and not later than five years	**3,032**	2,847
Aggregate expenditure contracted for at reporting date	**4,756**	4,083

The Company has entered into leases for office and accommodation buildings, motor vehicles and office equipment. These leases have an average remaining life of 2.4 years.

(d) Remuneration commitments

Amounts disclosed as remuneration commitments include commitments arising from the service contracts of key management personnel referred to in note 30 that are not recognised as liabilities and are not included in the key management personnel compensation.

	2010 $'000	2009 $'000
- not later than one year	**818**	763
- later than one year and not later than five years	**-**	-
	818	763

(e) Capital commitments

	2010 $'000	2009 $'000
Contribution towards port development	**5,591**	1,000
	5,591	1,000

26. CONTINGENT LIABILITIES AND CONTINGENT ASSETS

The Company has engaged with external parties to provide drilling, mining and haulage services. In the unlikely event whereby the Company decides not to proceed with acquiring these services, termination fees in the form of penalties will be payable and are detailed below:

Termination period	Termination fee ('000)
July 2010	$1,715
August 2010	$1,642
September 2010	$1,625
October 2010	$1,602
November 2010	$1,564
December 2010	$1,330
January 2011	$1,246
February 2011	$1,163
March 2011	$1,090
April 2011	$1,026
May 2011	$941
June 2011	$844
July 2011	$743
August 2011	$641
September 2011	$538
October 2011	$432
November 2011	$313

27. SUBSEQUENT EVENTS

The following matters have arisen since 30 June 2010, which have significantly affected, or may significantly affect the operations of the Company, the results of those operations, or the state of affairs of the Company in subsequent financial years:

Aurox Resources Limited Interest Free Loan

A 10% per annum interest-bearing loan of $7,670 thousand was made to Aurox Resources Limited on 2 July 2010. The loan is repayable in full, including any accumulated interest, on 2 November 2010.

Aurox Resources Limited Merger with Atlas Iron Limited

On 20 August 2010, the Company obtained control of Aurox Resources Limited ("Aurox"), an iron ore explorer with projects including the Balla Balla Iron Ore Project situated midway between Karratha and Port Hedland near the West Pilbara coast.

The Company and Aurox executed a Scheme of Arrangement in relation to the merger, under which the Company exchanged one new fully paid ordinary Atlas Iron Limited share for three ordinary Aurox shares. As a result, the Company issued 65,505 thousand fully paid ordinary shares at the closing price ($2.16 per share) on the day the Company obtained control of Aurox resulting in a total consideration of $141,487 thousand.

The fair values of identifiable assets and liabilities of Aurox, as at the date of acquisition, have been identified on a provisional basis:

	Fair Value
	$'000
Cash and cash equivalents	2,147
Port facility prepayment	12,856
Other receivables	829
Property, plant and equipment	1,617
Mine development costs	72,405
Mining tenements	10,200
Port access rights	71,133
Trade and other payables	(4,057)
Loans - Atlas Iron Limited	(21,530)
Provisions	(4,113)
Total net identifiable assets	**141,487**
Total consideration	**141,487**
Consideration	
Equity consideration	141,487
Cash and cash equivalents acquired	(2,147)
Acquisition of subsidiary, net of cash acquired	**139,340**

The disclosure does not include the tax effect of the transaction as management believes that given the timing of the transaction, and the detail required to estimate the tax on a provisional basis, a sensible assessment could not be obtained prior to release of the Annual Report.

The fair values disclosed are provisional due to the complexity of the acquisition and due to the inherently uncertain nature of the mining industry and intangible exploration and evaluation assets in particular. The review of the fair value of the assets and liabilities acquired will be completed within 12 months of the acquisition date at the latest.

28. LOSS PER SHARE

	2010 $'000	2009 $'000
(a) Reconciliation of earnings to profit or loss		
Net loss	**(40,846)**	(63,144)
Loss used in calculating basic and diluted loss per share	**(40,846)**	(63,144)
	Number of shares	**Number of shares**
(b) Weighted average number of ordinary shares outstanding during the year used in calculating basic loss per share		
Weighted average number of ordinary shares used in calculating basic loss per share	**425,379,307**	296,643,994

Effect of dilutive securities:

There were dilutive potential ordinary shares on issue at balance date. However, given the Company has made a loss, there is no dilution of earnings hence the diluted loss per share is the same as basic loss per share.

	2010 $'000	2009 $'000
29. AUDITORS' REMUNERATION		
Amounts received or due and receivable by Stantons International for:		
- Audit or review of the financial report of the Company	**154**	103
	154	103

30. KEY MANAGEMENT PERSONNEL

(a) Shares issued on exercise of compensation options

No ordinary shares in the Company were provided as a result of the exercise of compensation options to directors and executives.

No amounts are unpaid on any shares issued on the exercise of options.

30. KEY MANAGEMENT PERSONNEL (CONTINUED)

(b) Option holdings of key management personnel

30 June 2010

	Balance at beginning of year 1 July 2009	Granted	Options exercised	Net change other	Balance at end of year 30 June 2010	Vested at 30 June 2010 Total	Not exercisable	Exercisable
Directors								
Geoff Clifford	500,000	-	-	-	**500,000**	500,000	-	500,000
David Flanagan	8,500,000	-	-	-	**8,500,000**	8,500,000	-	8,500,000
David Hannon	1,500,000	-	-	-	**1,500,000**	1,500,000	-	1,500,000
David Smith (1)	-	-	-	-	**-**	-	-	-
Jyn Sim Baker (2)	500,000	-	-	-	**500,000**	500,000	-	500,000
Tai Sook Yee (3)	-	-	-	-	**-**	-	-	-
Executives								
Anthony Walsh	750,000	-	(250,000)	-	**500,000**	500,000	-	500,000
Ken Brinsden	1,150,000	-	(150,000)	-	**1,000,000**	1,000,000	-	1,000,000
Andrew Paterson	700,000	-	-	-	**700,000**	350,000	-	350,000
Mark Hancock	1,150,000	-	(100,000)	-	**1,050,000**	1,050,000	-	1,050,000
John McMath (4)	-	500,000	-	-	**500,000**	-	-	-
Total	**14,750,000**	**500,000**	**(500,000)**	**-**	**14,750,000**	**13,900,000**	**-**	**13,900,000**

30 June 2009

	Balance at beginning of year 1 July 2008	Granted	Options exercised	Net change other	Balance at end of year 30 June 2009	Vested at 30 June 2009 Total	Not exercisable	Exercisable
Directors								
Geoff Clifford	500,000	-	-	-	**500,000**	500,000	-	500,000
David Flanagan	8,500,000	-	-	-	**8,500,000**	8,500,000	-	8,500,000
David Hannon	1,500,000	-	-	-	**1,500,000**	1,500,000	-	1,500,000
David Nixon (5)	2,000,000	-	-	(2,000,000)	**-**	-	-	-
Jyn Sim Baker	500,000	-	-	-	**500,000**	500,000	-	500,000
Executives								
Anthony Walsh	650,000	100,000	-	-	**750,000**	650,000	-	650,000
Ken Brinsden	1,150,000	-	-	-	**1,150,000**	950,000	-	950,000
Andrew Paterson	-	700,000	-	-	**700,000**	-	-	-
Jeremy Sinclair	470,000	-	-	-	**470,000**	245,000	-	245,000
Jack Cullity	400,000	-	-	-	**400,000**	150,000	-	150,000
Daniel Taylor	-	250,000	-	-	**250,000**	-	-	-
Mark Hancock	1,150,000	-	-	-	**1,150,000**	950,000	-	950,000
Garry Plowright	1,150,000	-	-	-	**1,150,000**	950,000	-	950,000
Total	**17,970,000**	**1,050,000**	**-**	**(2,000,000)**	**17,020,000**	**14,895,000**	**-**	**14,895,000**

(1) Commenced on 6 November 2009

(2) Resigned 2 June 2010

(3) Commenced 2 June 2010

(4) Commenced 1 February 2010

(5) Director until 21 November 2008

30. KEY MANAGEMENT PERSONNEL (CONTINUED)

(c) Shareholdings of key management

30 June 2010

	Balance 1 July 2009	Issued	On exercise of options	Net change other	Balance 30 June 2010
Directors					
Geoff Clifford	25,000	25,000	-	-	50,000
David Flanagan	210,000	-	-	-	210,000
David Hannon	1,842,068	212,600	-	-	2,054,668
David Smith	-	-	-	-	-
Jyn Sim Baker (1)	-	-	-	-	-
Tai Sook Yee	-	-	-	-	-
Executives					
Anthony Walsh	10,000	-	-	130,225	140,225
Ken Brinsden	2,500	-	-	-	2,500
Mark Hancock	1,000	-	-	5,000	6,000
John McMath	-	-	-	-	-
Andrew Paterson (2)	15,000	-	-	-	15,000
Total	2,105,568	237,600	-	135,225	2,478,393

30 June 2009

	Balance 1 July 2008	Issued	On exercise of options	Net change other	Balance 30 June 2009
Directors					
Geoff Clifford	25,000	-	-	-	25,000
David Flanagan	200,000	-	-	10,000	210,000
David Hannon	4,140,868	-	-	(2,298,800)	1,842,068
David Nixon (3)	100,000	-	-	(100,000)	-
Jyn Sim Baker	-			-	-
Executives					
Anthony Walsh	10,000	-	-	-	10,000
Ken Brinsden	-	-	-	2,500	2,500
Mark Hancock	1,000	-	-	-	1,000
Andrew Paterson (2)	-	-	-	15,000	15,000
Jeremy Sinclair (2)	-	-	-	36,000	36,000
Jack Cullity (2)	-	-	-	-	-
Daniel Taylor (2)	-	-	-	6,250	6,250
Garry Plowright	-	-	-	-	-
Total	4,476,868	-	-	(2,329,050)	2,147,818

(1) Resigned 2 June 2010.

(2) Andrew Paterson, Jack Cullity, Daniel Taylor and Jeremy Sinclair are included as part of the top five most highly remunerated executives.

(3) Director until 21 November 2008.

30. KEY MANAGEMENT PERSONNEL (CONTINUED)

(d) Compensation of key management personnel by category

	2010 $'000	2009 $'000
Short-term	**2,987**	3,001
Long-term	**21**	14
Post employment	**254**	241
Share-based payment	**646**	2,451
	3,908	**5,707**

(e) Loans to key management personnel

There were no loans to key management personnel during the year.

31. RELATED PARTY DISCLOSURES

The Company participated in two share placements during the year, acquiring 20,081,165 shares in Shaw River Resources for $3,012,175. As at 30 June 2010, the Company's share holding in Shaw River Resources was 45.44%.

The following balances arising between the Company and its related entities are outstanding as at balance date:

	2010 $'000	2009 $'000
Shaw River Resources Ltd	**7**	4
NWIOA Ops Pty Limited	**-**	14

32. SEGMENT INFORMATION

Segment products and locations

The Company operates in the mineral exploration industry in Australia. For management purposes, the Company is organised into one main operating segment which involves the exploration of minerals in Australia. All of the Company's activities are interrelated and discrete financial information is reported to the Board (Chief Operating Decision Maker) as a single segment. Accordingly, all significant operating decisions are based upon analysis of the Company as one segment. The financial results from this segment are equivalent to the financial statements of the Company as a whole.

33. FINANCIAL INSTRUMENTS, RISK MANAGEMENT OBJECTIVES AND POLICIES

33(a) Interest rate risk

The Company is exposed to movements in market interest rates on short-term deposits. Company policy is to monitor the interest rate yield curve out to 90 days to ensure a balance is maintained between the liquidity of cash assets and the interest rate return.

The Company's exposure to interest rate risks and the effective interest rates of financial assets and financial liabilities, both recognised and unrecognised at the balance date, are as follows:

Fixed rate	**2010**	2009
	$'000	$'000
Cash at bank and short-term bank deposits and Commercial Paper		
A-1+	**150,000**	39,875
A-2	**-**	-
Other	**-**	-
Floating rate		
Expiring within one year (bank overdraft and bill facility)	**4,933**	**84,474**

As at 30 June 2010	**Less than 6 months**	**6 – 12 months**	**Between 1 and 2 years**	**Carrying amount (assets)/ liabilities**
Non-derivatives				
Non-interest bearing	**(4,329)**	**-**	**3,372**	**(957)**
Variable rate	**4,933**	**-**	**-**	**4,933**
Fixed rate	**150,000**	**6,060**	**-**	**156,060**
Total non-derivatives	**150,604**	**6,060**	**3,372**	**160,036**
As at 30 June 2009				
Non-derivatives				
Non-interest bearing	(17,887)	-	7,093	(10,794)
Variable rate	84,474	-	-	84,474
Fixed rate	39,875	5,110	-	44,985
Total non-derivatives	**106,462**	**5,110**	**7,093**	**118,665**

	30 June 2010		30 June 2009	
	Weighted average interest rate %	**Balance**	Weighted average interest rate %	Balance
Cash and cash equivalents	**4.42**	**154,933**	5.38	124,350
Trade and other receivables	**-**	**18,564**	-	4,835
Other financial assets	**-**	**-**	-	5,516
Investments accounted for using the equity method	**-**	**2,312**	-	1,540
Security deposit	**4.51**	**6,060**	6.45	5,110
Rental accommodation bonds and service deposit	**-**	**1,059**	-	36
Trade creditors and accruals	**-**	**(20,862)**	-	(22,722)
Net financial assets		**162,066**		**118,665**

33. FINANCIAL INSTRUMENTS, RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

33(a) Interest rate risk (continued)

Financial Instruments	Floating interest rate		Fixed interest rate maturing in: 1 year or less		Over 1 to 5 years		More than 5 years		Non-interest bearing		Total carrying amount		Weighted average effective interest rate	
	2010 $'000	2009 $'000	2010 $'000	2009 $'000	2010 $'000	2009 $'000	2010 $'000	2009 $'000	2010 $'000	2009 $'000	2010 $'000	2009 $'000	2010 %	2009 %
(i) Financial assets														
Cash	**4,933**	84,474	**150,000**	39,875	**-**	-	**-**	-	**1**	1	**154,934**	124,350	**4.42**	5.38
Trade and other receivables	**-**	-	**-**	-	**-**	-	**-**	-	**18,564**	4,835	**18,564**	4,835	**-**	-
Other financial assets	**-**	-	**-**	-	**-**	-	**-**	-	**-**	5,516	**-**	5,516	**-**	-
Investment accounted for using the equity method	**-**	-	**-**	-	**-**	-	**-**	-	**2,312**	1,540	**2,312**	1,540	**-**	-
Security deposit	**-**	-	**6,060**	5,110	**-**	-	**-**	-	**-**	-	**6,060**	5,110	**5.48**	6.45
Rental accommodation bonds and service deposit	**-**	-	**-**	-	**-**	-	**-**	-	**1,059**	36	**1,059**	36	**-**	-
Total financial assets	**4,933**	84,474	**156,060**	44,985	**-**	-	**-**	-	**21,936**	11,929	**182,929**	141,388		
(ii) Financial liabilities														
Trade creditors	**-**	-	**-**	-	**-**	-	**-**	-	**(6,409)**	(14,056)	**(6,409)**	(14,056)	**-**	-
Other creditors and accruals	**-**	-	**-**	-	**-**	-	**-**	-	**(14,453)**	(8,666)	**(14,453)**	(8,666)	**-**	-
Total financial liabilities	**-**	-	**-**	-	**-**	-	**-**	-	**(20,862)**	(22,722)	**(20,862)**	(22,722)		

If interest rates +/- by 1% from the weighted average effective interest rate at 30 June 2010, interest will +/- by $1,549,332 (2009: $1,243,504).

33. FINANCIAL INSTRUMENTS, RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

33(b) Liquidity risk

Maturities of financial liabilities

The tables above analyse the Company's financial liabilities, net and gross settled derivative financial instruments into relevant maturity groupings based on the remaining period at the reporting date to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows.

33(c) Net fair values

All financial assets and liabilities have been recognised at the balance date at amounts approximating their carrying value.

33(d) Credit risk exposures

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Company. Credit risk arises from cash and cash equivalents, derivative financial instruments, deposits with banks and financial institutions and credit exposures to customers, including outstanding receivables and committed transactions.

The Company is exposed to a concentration of risk with all iron ore customers being Chinese companies. The Company has adopted a policy of only dealing with counterparties who have access to top tier bank credit. All shipments occur under Letters of Credit from these top tier banks and are typically confirmed by the Company's bankers.

33(e) Commodity risk

The Company is exposed to the risk of fluctuations in prevailing market commodity prices on the product it produces. The Company's policy is to manage these risks through the use of contract based prices and potential use of financial instruments.

As at year end, there is no impact on loss before tax for changes in commodity prices on the carrying value of the assets and liabilities.

33(f) Foreign currency risk

The Company has transactional currency exposures. Such exposures arise from sales or purchases in currencies other than the respective functional currency. The Company manages this risk by matching receipts and payments in the same currency and monitoring. All the Company's sales are denominated in US dollars, whereas 9% of its cost of sales are denominated in US dollars.

The following table demonstrates the sensitivity to a reasonably possible change in the foreign exchange rate, with all other variables held constant, of the Company's loss before tax due to changes in the carrying value of monetary assets and liabilities denominated in foreign currency as at 30 June 2010.

Increase/decrease in foreign exchange rate	**Effect on loss before tax for the year ended 30 June 2010 Increase/(Decrease)**	**Effect on loss before tax for the year ended 30 June 2009 Increase/(Decrease)**
	$'000	**$'000**
+5%	**(231)**	(58)
-5%	**255**	61

33(g) Fair value hierarchy

The Company held $nil investments of available-for-sale at 30 June 2010 (2009: $5,516 thousand) deemed Level 1 financial instruments. No other assets or liabilities were valued at fair value at balance date.

Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities.
Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
Level 3: inputs for the asset or liability that are not based on observable market data.

34. SUBSIDIARIES

Name of Entity	Country of Incorporation	Ownership 2010 (%)	Ownership 2009 (%)
Parent Entity			
Atlas Iron Limited (i)	Australia		
Subsidiaries			
Atlas Operations Pty Ltd (ii)	Australia	100	100
St George Magnetite Pty Ltd (ii)	Australia	100	100
Mt Gould Minerals Pty Ltd (ii)	Australia	100	100
Weld Range Iron Ore Pty Ltd (ii)	Australia	100	100
Tiziflower Investments Inc (ii)	Panama	100	100
Jakkitower Enterprises SA (ii)	Panama	100	100
Warwick Resources Pty Ltd (ii)	Australia	100	19

(i) Atlas Iron Limited is the head entity within the consolidated group.
(ii) These companies are members of the tax consolidation group.

35. PARENT COMPANY

35(a) Financial Position

	PARENT	
AT 30 JUNE 2010	**2010**	**2009**
	$'000	**$'000**
Total current assets	**187,570**	137,718
Total non-current assets	**216,818**	97,295
TOTAL ASSETS	**404,388**	**235,013**
Total current liabilities	**22,627**	24,892
Total non-current liabilities	**7,011**	1,984
TOTAL LIABILITIES	**29,638**	**26,876**
NET ASSETS	**374,750**	**208,137**
EQUITY		
Issued capital	**508,677**	296,984
Shares to be issued	**-**	12,912
Reserves	**17,036**	15,888
Accumulated losses	**(150,963)**	(117,647)
TOTAL EQUITY	**374,750**	**208,137**
Loss for the year	**(33,317)**	(61,774)
Other comprehensive income		
Gain/(loss) on revaluation of investments	**9,372**	(4,504)
Realised gain on investment transferred out of reserves	**(10,659)**	-
TOTAL COMPREHENSIVE INCOME (LOSS) FOR THE YEAR	**(34,604)**	**(66,278)**

35. PARENT COMPANY (CONTINUED)

35 (b) Guarantees entered into by the Parent

Atlas Iron Limited has not entered into a deed of cross guarantee with its 100% owned subsidiaries.

35 (c) Contingent liabilities of the Parent

The Parent contingent liabilities are consistent with those disclosed in Note 26.

35 (d) Capital commitments of the Parent

The Parent has capital commitments in respect of the Port as disclosed in Note 25(e).

In accordance with a resolution of the directors of Atlas Iron Limited, I state that:

(1) The directors declare that:

(a) In the directors option, the consolidated financial statements and notes of the Company and the remuneration disclosures that are contained in the Remuneration Report in the Directors Report are in accordance with the Corporations Act 2001, including:

(i) giving a true and fair view of the Company's financial position as at 30 June 2010 and its performance for the year ended on that date; and

(ii) complying with Australian Accounting Standards, International Financial Reporting Standards and Corporations Regulations 2001.

(b) There are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable; and

(c) The directors have been given the declarations required by s295A of the Corporations Act 2001.

(2) This declaration has been made after receiving the declarations required to be made to the directors in accordance with section 295(5) of the Corporations Act 2001 for the financial year ended 30 June 2010.

On behalf of the Board

David Flanagan
Managing Director
26 August 2010

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INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF ATLAS IRON LIMITED

Report on the Financial Report

We have audited the accompanying financial report of Atlas Iron Limited, which comprises the statement of financial position as at 30 June 2010, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year ended on that date, a summary of significant accounting policies and other explanatory notes and the directors' declaration of the consolidated entity comprising the company and the entities it controlled at the year's end or from time to time during the financial year.

Directors' responsibility for the Financial Report

The directors of the Company are responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Act 2001*. This responsibility includes designing, implementing and maintaining internal control relevant to the preparation and fair presentation of the financial report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances. In note 1, the directors also state, in accordance with Australian Accounting Standard AASB 101 Presentation of Financial Statements, that the financial report, comprising the financial statements and notes, complies with International Financial Reporting Standards.

Auditor's responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. These Auditing Standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

Our audit did not involve an analysis of the prudence of business decisions made by directors or management.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Independence

In conducting our audit, we have complied with the independence requirements of the *Corporations Act 2001*.

Auditor's opinion

In our opinion:

(a) the financial report of Atlas Iron Limited is in accordance with the *Corporations Act 2001*, including:

(i) giving a true and fair view of the consolidated entity's financial position as at 30 June 2010 and of its performance for the year ended on that date; and

(ii) complying with Australian Accounting Standards (including the Australian Accounting Interpretations) and the Corporations Regulations 2001.

(b) the financial report also complies with International Financial Reporting Standards as disclosed in note 1.

Report on the Remuneration Report

We have audited the remuneration report included in pages 14 to 20 of the directors' report for the year ended 30 June 2010. The directors of the Company are responsible for the preparation and presentation of the remuneration report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the remuneration report, based on our audit conducted in accordance with Australian Auditing Standards

Auditor's opinion
In our opinion the remuneration report of Atlas Iron Limited for the year ended 30 June 2010 complies with section 300 A of the *Corporations Act 2001*.

STANTONS INTERNATIONAL
(An Authorised Audit Company)

Stantons International

Keith G Lingard
Director

West Perth, Western Australia
26 August 2010

Stantons International
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26 August 2010

Board of Directors
Atlas Iron Limited
10 Richardson Street
WEST PERTH, WA 6005

Dear Directors

RE: ATLAS IRON LIMITED

In accordance with section 307C of the Corporations Act 2001, I am pleased to provide the following declaration of independence to the directors of Atlas Iron Limited.

As the Audit Director for the audit of the financial statements of Atlas Iron Limited for the year ended 30 June 2010, I declare that to the best of my knowledge and belief, there have been no contraventions of:

(i) the auditor independence requirements of the Corporations Act 2001 in relation to the audit; and

(ii) any applicable code of professional conduct in relation to the audit.

Yours sincerely
STANTONS INTERNATIONAL
(Authorised Audit Company)

Keith G Lingard
Director

Liability limited by a scheme approved under
Professional Standards Legislation

Member of Russell Bedford International

Additional information required by the Australian Securities Exchange Ltd and not shown elsewhere in this report is as follows. The information is current as at 6 September 2010.

(a) Distribution of equity securities

The number of shareholders, by size of holding, in each class of share are:

			Ordinary shares Number of holders
1	-	1,000	721
1,001	-	5,000	15,059
5,001	-	10,000	4,487
10,001	-	100,000	4,120
100,001	-	and over	220
			24,607
The number of shareholders holding less than a marketable parcel of shares are:			712

(b) Twenty largest shareholders

The names of the twenty largest holders of quoted shares are:

		Listed ordinary shares	
		Number of shares	Percentage of ordinary shares
1	IMC Resource Investments Pty Ltd	66,749,653	12.36
2	National Nominees Ltd	57,228,591	10.60
3	Citicorp Nominees Pty Ltd	46,587,110	8.63
4	HSBC Custody Nominees Australia Ltd	43,661,702	8.09
5	J P Morgan Nominees Australia Ltd	26,758,347	4.96
6	ANZ Nominees Ltd	17,933,376	3.32
7	Cogent Nominees Pty Ltd	13,117,568	2.43
8	RBC Dexia Investor Services Australia Nominees Pty Ltd	11,607,836	2.15
9	HR Equities Pty Ltd	8,031,334	1.49
10	HSBC Custody Nominees Australia Limited	6,750,303	1.25
11	Brispot Pty Ltd	4,818,691	0.89
12	UBS Nominees Pty Ltd	3,980,136	0.74
13	AMP Life Ltd	2,228,421	0.41
14	HSBC Custody Nominees Australia Ltd	2,171,807	0.40
15	Bond Street Custodians Limited	1,861,644	0.34
16	Krama Pty Ltd	1,820,331	0.34
17	Cogent Nominees Pty Ltd	1,648,187	0.31
18	James Mark Dack	1,500,000	0.28
19	Bond Street Custodians Limited	1,348,151	0.25
20	Merrill Lynch Australia Nominees Pty Ltd	1,324,167	0.25
		321,127,355	59.49

(c) Substantial shareholders

The names of substantial shareholders who have notified the Company in accordance with section 671B of the Corporations Act 2001 are:

	Number of Shares
IMC Resource Investments Pty Ltd	66,749,653
UBS AG and related bodies corporate	37,160,984
Blackrock Investment Management (Australia) Limited	26,944,832

(d) Voting rights

All ordinary shares (whether fully paid or not) carry one vote per share without restriction.

(e) Unlisted Options

A listing of each class of option on issue is set out in Note 22(c) of the accounts. As at 6 September 2010, the Company had 31,233,000 of unlisted options on issue. There are 145 classes of unlisted options as at 6 September 2010.

(f) Schedule of interests in mining tenements

Tenement	Project	Percentage Held
E45/2232	Abydos	*
E45/2241	Abydos	*
E45/2251	Abydos	*
E45/2287	Abydos	*
E45/2308	Abydos	*
E45/2362	Abydos	100
E45/2363	Abydos	100
E45/2471	Abydos	100
E45/2594	Abydos	100
E45/2728	Abydos	*
E45/2899	Abydos	100
E45/3298	Abydos	100
E45/3356	Abydos	100
L45/204	Abydos	100
L45/207	Abydos	100
M45/1179	Abydos	100
E47/2152	Balla Balla	100
G47/1229	Balla Balla	100
G47/1238	Balla Balla	100
L47/174	Balla Balla	100
L47/168	Balla Balla	100
L47/171	Balla Balla	100
L47/175	Balla Balla	100
L47/242	Balla Balla	100
L47/244	Balla Balla	100

Tenement	Project	Percentage Held
E45/3018	Goldsworthy	100
E45/2569	Hedland	*
E45/2779	Hedland	*
E47/1615	Hickman Project	*
E47/2051	Hickman Project	100
E47/2052	Hickman Project	100
E47/2053	Hickman Project	100
E47/2054	Hickman Project	100
E46/780	Jigalong	*
E52/1812	Jigalong	*
E52/1813	Jigalong	*
E69/2235	Jigalong	*
E52/1595	Jimblebar	100
E52/1750	Jimblebar	100
E52/1772	Jimblebar	100
E52/1823	Jimblebar	100
E52/2303	Jimblebar	100
M52/211	Jimblebar	100
M52/790	Jimblebar	100
M52/799	Jimblebar	100
P52/1124	Jimblebar	100
P52/1125	Jimblebar	100
P52/1238	Jimblebar	100
P52/1326	Jimblebar	100
E08/1773	Mardie Pool	100

Tenement	Project	Percentage Held
L47/245	Balla Balla	100
L47/57	Balla Balla	100
M47/297	Balla Balla	100
M47/298	Balla Balla	100
M47/311	Balla Balla	100
M47/312	Balla Balla	100
M47/360	Balla Balla	100
M47/361	Balla Balla	100
M47/804	Balla Balla	100
P47/1094	Balla Balla	100
E45/2174	Farrell's Well	*
E45/2479	Farrell's Well	100
E45/2567	Farrell's Well	100
E45/2996	Farrell's Well	*
E45/2380	Goldsworthy	100
E45/3015	Goldsworthy	100
E45/3016	Goldsworthy	100
E45/3017	Goldsworthy	100
E45/2330	Pardoo	100
E45/2667	Pardoo	100
G45/273	Pardoo	100
G45/315	Pardoo	100
L45/154	Pardoo	100
L45/175	Pardoo	*
L45/176	Pardoo	*
L45/202	Pardoo	100
L45/209	Pardoo	100
L45/210	Pardoo	100
M45/1157	Pardoo	100
M45/1158	Pardoo	100
M45/1159	Pardoo	100
M45/1170	Pardoo	100
M45/1190	Pardoo	100
M45/1191	Pardoo	100
M45/1194	Pardoo	100
E52/1570	Peak Hill	100
G45/316	Turner River Hub	100
E52/2045	Upper Ashburton	100
E52/2145	Upper Ashburton	100
E52/2219	Upper Ashburton	100
E52/2283	Upper Ashburton	100

Tenement	Project	Percentage Held
E09/1666	Midwest	100
E09/1667	Midwest	100
E09/1668	Midwest	100
E09/1669	Midwest	100
E20/720	Midwest	100
E20/721	Midwest	100
M52/236	Mount Gould	*
E45/2533	Mt Dove	*
E47/891	Mt Dove	*
E08/1259	Mt Minnie	*
E08/1337	Mt Minnie	*
E08/1376	Mt Minnie	*
E45/2268	Mt Webber	Note
E45/2312	Mt Webber	Note
E45/2496	Mt Webber	100
P45/2706	Mt Webber	100
P45/2739	Mt Webber	100
E47/2032	Western Creek	100
E47/2033	Western Creek	100
E52/2160	Western Creek	100
E52/2229	Western Creek	100
E52/2230	Western Creek	100
E52/2299	Western Creek	100
E52/2300	Western Creek	100
E52/2304	Western Creek	100
E52/2306	Western Creek	100
E52/2476	Western Creek	100
E52/2477	Western Creek	100
P52/1260	Western Creek	100
E45/2245	Western Shaw	*
E45/2768	Western Shaw	100
P45/2733	Western Shaw	100
E45/2175	Wodgina	*
E45/2404	Wodgina	100
E45/2438	Wodgina	*
E45/2765	Wodgina	100
E45/3171	Wodgina	*
G45/290	Wodgina	100
G45/291	Wodgina	100
L45/211	Wodgina	100
L45/58	Wodgina	*

Tenement	Project	Percentage Held
E52/2317	Upper Ashburton	100
E52/2327	Upper Ashburton	100
E52/2328	Upper Ashburton	100
E52/2329	Upper Ashburton	100
E52/2330	Upper Ashburton	100
E52/2332	Upper Ashburton	100
E52/2334	Upper Ashburton	100
E52/2335	Upper Ashburton	100
E52/2337	Upper Ashburton	100
E52/2351	Upper Ashburton	100
E52/2407	Upper Ashburton	100
E52/2429	Upper Ashburton	100
P52/1268	Upper Ashburton	100
P52/1269	Upper Ashburton	100
P52/1270	Upper Ashburton	100
P52/1271	Upper Ashburton	100
E52/1771	Warrawanda	100
E52/1815	Warrawanda	100
E52/1819	Weelarrana	*
E52/2060	Weelarrana	*
E52/2132	Weelarrana	100
E52/2150	Weelarrana	*
E52/2218	Weelarrana	*
M20/118	Weld Range	100

Tenement	Project	Percentage Held
M45/1188	Wodgina	100
M45/351	Wodgina	*
M45/381	Wodgina	*
M45/382	Wodgina	*
M45/50	Wodgina	**
M45/887	Wodgina	**
M45/923	Wodgina	*
M45/924	Wodgina	*
M45/949	Wodgina	**
M45/950	Wodgina	**
P45/2389	Wodgina	100
P45/2598	Wodgina	100
P45/2737	Wodgina	100
E59/1113	Yalgoo	100
E59/1239	Yalgoo	100
E59/1364	Yalgoo	100
E59/1443	Yalgoo	100
M59/648	Yalgoo	100
M59/725	Yalgoo	100
P59/1696	Yalgoo	100
P59/1730	Yalgoo	100
P59/1897	Yalgoo	100
P59/1898	Yalgoo	100
P59/1899	Yalgoo	100

* - 100% of iron ore rights

** - Infrastructure rights only

Note: Atlas owns a 70% interest in the iron rights on the Mt Webber tenements.

Corporate Information

Directors

Geoff Clifford (Non Executive Chairman)

David Flanagan (Managing Director)

David Hannon (Non Executive Director)

David Smith (Non Executive Director)

Tai Sook Yee (Non Executive Director)

Company Secretaries

Anthony Walsh

Mark Hancock

Registered Office

Ground Floor, 10 Richardson Street

West Perth WA 6005

+61 (0) 8 9476 7900

Solicitors

Blake Dawson

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Perth WA 6000

Bankers

National Australia Bank Limited

100 St. Georges Terrace

Perth WA 6000

Share Register

Security Transfer Registrars Pty Ltd

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Applecross WA 6153

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www.securitytransfer.com.au

Auditors

Stantons International

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West Perth WA 6005

Internet Address

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ASX Code

Shares AGO

ABN 63 110 396 168