



21 May, 2009

NEW DSO DISCOVERY AT MT WEBBER

Atlas Iron Limited [**ASX Code: AGO**] is pleased to announce initial results from RC drilling at its Mt Webber DSO project. Mt Webber (Atlas 100% Fe Rights) is located 150km southeast of Port Hedland in the Pilbara of Western Australia.

Highlights of the drilling, from the first 25 holes, include:

66 metres at 58.5% Fe, 4.3% SiO₂, 1.9% Al₂O₃, 0.09% P and 0.02% S from surface in MWRC008;

44 metres at 60.1% Fe, 4.9% SiO₂, 1.3% Al₂O₃, 0.09% P and 0.01% S from surface in MWRC016, including 26 metres at 61.6% Fe;

30 metres at 60.1% Fe, 4.4% SiO₂, 1.4% Al₂O₃, 0.06% P and 0.01% S from surface in MWRC022;

32 metres at 59.9% Fe, 3.1% SiO₂, 1.3% Al₂O₃, 0.08% P and 0.02% S from 16m in MWRC020, including 8 metres at 61.1% Fe;

26 metres at 60.8% Fe, 3.8% SiO₂, 1.5% Al₂O₃, 0.06% P and 0.01% S from surface in MWRC023, including 20 metres at 62.1% Fe;

42 metres at 58.8% Fe, 4.8% SiO₂, 2.4% Al₂O₃, 0.06% P and 0.03% S from 10m in MWRC002, including 10 metres at 61.4% Fe, and

49 metres at 58.7% Fe, 4.1% SiO₂, 1.8% Al₂O₃, 0.11% P and 0.03% S from surface in MWRC003, including 14 metres at 60.8% Fe.

"This is a very good discovery and we look forward to completing the rest of the drilling programme and reporting resources later in the year", commented David Flanagan, Atlas' Managing Director. "Our initial reconnaissance and mapping indicated that this project had potential to be the next major pillar of Atlas' expansion plans, and these drill results certainly back that up".

To date Atlas has drilled approximately 65 RC holes into the first prospect at Mt Webber on an 80m line spacing. Exploration work is continuing, with the goal of having sufficient coverage to estimate an inferred resource on all the main prospects prior to the end of 2009.

Full details of the results are contained in Appendix 1, attached.

Background Atlas Iron Limited

Atlas is mining at its 100%-owned Pardoo Iron Ore Project, located 75 kilometres by road from Port Hedland, in the Pilbara region of Western Australia and completed its first shipment of Pardoo Direct Shipping Ore in early December 2008. Atlas is planning to export 1 million tonnes during its first 12 months of operations at the Pardoo Project, growing to 3 Mtpa following commissioning of the Utah Point port facility. When combined with additional export tonnages from its Abydos and Wodgina DSO Projects, the Company is targeting exports at an annualised rate of 6 Mtpa in 2010, growing to 12 Mtpa by 2012.

For further information please contact

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APPENDIX 1: SIGNIFICANT INTERCEPTS

Hole ID	Easting (GDA94)	Northing (GDA94)	Dip°	Azimuth (GDA94)	Hole Depth	From	To	Int Width (m)	Fe %	SiO ₂ %	Al ₂ O ₃ %	P %	S %	LOI %			
MW01																	
MWRC001	737180	7616560	-60	300	69	14	30	16	58.1	5.4	0.8	0.07	0.03	10.2			
						34	66	32	59.9	2.8	0.8	0.11	0.01	10.2			
						38	54	16	60.4	2.3	0.7	0.11	0.01	10.3			
						58	64	6	60.3	2.0	1.0	0.14	0.01	10.3			
MWRC002	737215	7616540	-60	300	84	10	52	42	58.8	4.8	2.4	0.06	0.03	7.8			
								includes and	16	26	10	61.4	4.3	2.0	0.05	0.03	5.3
MWRC003	737249	7616520	-60	120	57	8	57	49	58.7	4.1	1.8	0.11	0.03	8.8			
								includes and	32	46	14	60.8	2.7	1.2	0.12	0.02	7.9
MWRC004	737122	7616778	-60	300	48	18	26	8	58.7	3.5	1.3	0.06	0.04	10.7			
MWRC005	737156	7616758	-60	300	54	8	12	4	55.8	7.9	2.4	0.02	0.05	9.3			
									16	30	14	56.9	6.2	1.2	0.05	0.03	10.2
MWRC006	737191	7616738	-60	300	51	6	10	4	56.1	6.5	3.1	0.05	0.06	9.5			
MWRC007	737225	7616718	-60	300	39	10	30	20	57.4	7.4	2.4	0.03	0.03	7.6			
									26	30	4	61.3	2.6	1.4	0.02	0.03	8.0
MWRC008	737260	7616698	-60	300	78	0	66	66	58.5	4.3	1.9	0.09	0.02	8.9			
								includes and	56	64	8	60.2	1.8	1.0	0.11	0.01	10.5
MWRC010	737100	7616421	-60	300	45	4	20	16	59.4	4.9	1.1	0.15	0.02	8.2			
									16	20	4	62.3	2.7	0.6	0.10	0.02	7.2
MWRC011	737135	7616401	-60	300	78	0	26	26	59.7	4.5	0.7	0.11	0.01	8.4			
									6	22	16	61.6	3.1	0.4	0.12	0.01	7.9
MWRC012	736748	7616532	-60	300	54	0	4	4	57.1	8.5	4.4	0.06	0.02	4.2			
MWRC014	736818	7616492	-60	300	36	16	20	4	57.0	6.3	1.2	0.10	0.01	10.5			
MWRC015	736644	7616592	-60	300	76	0	6	6	56.8	5.4	2.6	0.06	0.04	10.2			
MWRC016	736679	7616572	-60	300	58	12	38	26	56.6	7.6	2.4	0.09	0.02	8.4			
								includes and	24	28	4	61.3	3.4	1.5	0.11	0.01	7.0
									32	36	4	60.8	4.0	0.8	0.10	0.01	7.7
MWRC017	736714	7616552	-60	300	82	0	44	44	60.1	4.9	1.3	0.09	0.01	7.5			
								includes and	8	34	26	61.6	3.6	1.1	0.07	0.01	6.8
									48	52	4	56.9	7.1	1.0	0.20	0.01	9.7
MWRC019	736759	7616711	-60	300	40	8	28	20	57.5	6.7	1.9	0.06	0.04	8.7			
MWRC020	736794	7616691	-60	300	58	6	10	4	56.5	8.6	1.6	0.02	0.03	8.2			
									16	48	32	59.9	3.1	1.3	0.08	0.02	9.2
									24	32	8	61.1	2.1	1.2	0.04	0.02	8.8
									36	46	10	60.9	1.8	0.9	0.13	0.01	9.4
MWRC021	736828	7616671	-60	300	46	10	32	22	59.4	3.4	1.0	0.03	0.02	10.2			
								includes	18	26	8	60.5	2.2	0.8	0.01	0.01	10.4
MWRC022	736967	7616591	-60	300	52	0	30	30	60.1	4.4	1.4	0.06	0.01	7.9			
								includes	10	26	16	62.1	3.0	0.9	0.06	0.00	7.0
									40	44	4	55.6	9.1	1.2	0.11	0.00	9.4
MWRC023	736898	7616631	-60	300	58	0	26	26	60.8	3.8	1.5	0.06	0.01	7.2			
								includes	6	26	20	62.1	3.1	0.7	0.07	0.00	6.9
MWRC024	736932	7616611	-60	300	58	0	8	8	58.4	5.7	1.6	0.04	0.01	8.8			
									14	30	16	55.5	8.7	1.5	0.13	0.00	9.9
MWRC025	737002	7616571	-60	300	46	0	4	4	55.4	6.9	3.6	0.07	0.02	9.6			

Table 1: Significant intercepts from the first 25 holes at Mt Webber. Only intercepts greater than 2m at 55% Fe have been chosen for inclusion.

Note: 2m composite samples, cone split sampling, 55.0% Fe lower cut, no upper cut, maximum internal waste of 2 m, analysis by X-Fluorescence Spectrometry Method with Loss on Ignition (LOI) determined using Thermo-Gravimetric Analyses.

COMPETENT PERSON STATEMENT

Exploration Results – Mt Webber

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