



31<sup>st</sup> July 2009

## WODGINA DSO PROJECT FEASIBILITY STUDY COMPLETE

Atlas Iron Limited [ASX Code: AGO] is pleased to report on the outcomes of the Feasibility Study for its 100%-owned Wodgina DSO Project, located 100km south of Port Hedland in the Pilbara region of Western Australia.

Key outcomes from the Feasibility Study include:

- **LOW START-UP CAPEX CIRCA AU\$10M**
- **OPERATING COSTS FOR LIFE-OF-MINE CIRCA AUD\$41/TONNE**
- **INITIAL PRODUCTION RATE OF 2MTPA, TARGETING 3.6Mtpa RATE BY LATE 2010**
- **CAPITAL PAYBACK PERIOD OF LESS THAN 1 YEAR**
- **PROJECT EXHIBITS STRONG POTENTIAL FOR GROWTH IN RESOURCE/RESERVE BASE**

Based on the Wodgina Feasibility Study outcomes, the Atlas Board has resolved to develop and execute the Wodgina DSO Project. Mine production is expected to commence in January 2010 at an initial rate of 2.0mtpa quickly growing to 3.6mtpa in 2010, with trucking to the new Utah Point port facility in Port Hedland commencing during April 2010.

"This project will ensure Atlas' production rate grows to 6Mtpa by 2010, in combination with exports from the Pardoo mine. The combination of the existing Wodgina mine infrastructure, significant resource upside, the ability to produce a 58%Fe plus product, very low strip ratios and the project's location close to Port Hedland makes the investment decision pretty easy", commented David Flanagan, Atlas' Managing Director. "The first exploration drill hole was completed at Wodgina in mid-November 2008. With mining commencing in January 2010 we intend to move from first drill hole to mine development in just over 12 months. This is a remarkable story and testament to the capabilities of our team", he added.

The completion of the Feasibility Study represents over 9 months work incorporating exploration and resource development RC drilling, diamond drilling, metallurgical test work, process development and mine planning managed by Atlas Iron. The Feasibility Study mine plan envisages mining, crushing & screening, and trucking ore to Utah Point at an initial rate of 2 million tonnes per annum (Mtpa) growing to 3.6Mtpa during 2010.

The project will utilise the Wodgina mine's existing mine infrastructure. The current port loading option is for ore to be shipped through Utah Point at Port Hedland, where Atlas has an allocation of 6Mtpa subsequent to the commissioning of the berth in April 2010. The total estimated workforce required on site at the project will be approximately 120 people.

The estimated capital requirement for the establishment of the project is A\$9.57 million, including a relatively small pre-strip and contingency of A\$0.5 million however exclusive of working capital. The minimal capital outlay has been possible by leveraging off the already established infrastructure at Talison Mineral's Wodgina Tantalum Mine. Operating costs vary between AUD\$38 and \$45/tonne per period over the life of the mine (mine start-up costs nominally \$50 per tonne), with the annual average operating cost over the life of the mine is estimated at A\$41 per tonne of ore mined (including royalties).

### Background Atlas Iron Limited

Atlas Iron Limited is mining and exporting from its 100%-owned Pardoo Iron Ore project, located 75 kilometres by road from Port Hedland in the Pilbara region of Western Australia, 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, expanding 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 million tonnes in 2010, growing to 12 million tonnes by 2012.

### For further information please contact

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### Initial Ore Reserve Statement – Wodgina DSO Project

Investors are referred to Atlas Iron Limited's Resource and Reserve update announcement dated 29 July 2009.

