

25 January 2010

SUBSTANTIAL INCREASE IN WODGINA DSO RESERVES

Atlas Iron Limited (ASX Code: AGO) is pleased to announce a substantial increase in the Wodgina DSO Project Reserves to 20.9Mt at 57.7%Fe.

HIGHLIGHTS

- **120% INCREASE IN WODGINA PROJECT RESERVES**
- **WODGINA PROJECT CONSTRUCTION WELL ADVANCED**
- **WODGINA PRODUCTION COMMENCING AT 2MTPA, GROWING TO 3.6MTPA IN 2nd HALF 2010**
- **2 NEW OFFTAKE CONTRACTS SIGNED, WITH STRONG DEMAND CONTINUING**

The Wodgina Project Reserves have been updated taking into account additional exploration and infill drilling, with the inclusion of 2 additional mining areas, 'Dragon' and 'Constellation'. Updated Reserves for the Wodgina Project are presented in the following table.

| Wodgina DSO Reserve Table (Proven and Probable) – January 2009 | | | | | | | | | | |
|--|----------|------------------------|--------|--------|----------------------|------------------------------------|-------|-------|---------|----------|
| Deposit | Ore Type | Reserve Classification | Kt | Fe (%) | SiO ₂ (%) | Al ₂ O ₃ (%) | P (%) | S (%) | LOI (%) | CaFe (%) |
| Anson | Bedded | Proven | 7,926 | 58.5 | 5.0 | 1.5 | 0.10 | 0.03 | 8.9 | 64.3 |
| | | Probable | 5,515 | 56.6 | 7.3 | 1.9 | 0.08 | 0.04 | 8.9 | 62.1 |
| Constellation | Bedded | Probable | 1,321 | 57.3 | 5.1 | 2.2 | 0.03 | 0.13 | 9.2 | 63.1 |
| Dragon | Bedded | Probable | 6,109 | 57.7 | 6.0 | 1.5 | 0.06 | 0.09 | 8.5 | 63.0 |
| Grand Total | | | 20,871 | 57.7 | 5.9 | 1.6 | 0.08 | 0.05 | 8.8 | 63.3 |

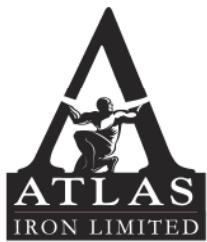
Optimisation and design studies at Wodgina contributing to this Reserve statement have resulted in strip ratios (waste:ore tonnes) of approximately 1.5:1. Further background data to the generation of project reserves can be found in Attachment 1.

"The whole team have to be applauded for having done a brilliant job." commented Atlas Managing Director, David Flanagan. "We only discovered the deposits in December 2008 and now in January 2010 we are only a few months from starting a significant new iron ore mine in the Pilbara." he added.

"Our marketing team continues to receive numerous expressions of interest for the product from our Pardoo and Wodgina DSO projects, as evidenced by the two long-term off-take agreements with medium-sized Chinese steel mills announced last week."

Background Atlas Iron Limited

Atlas Iron Limited is mining and exporting from its 100%-owned Pardoo Iron Ore project, located 75 kilometres by road from Port Hedland in the Pilbara region of Western Australia. Atlas shipped over 1 million tonnes of Pardoo Direct Shipping Ore (DSO) in its first year of operation. Atlas is working to further expand its production



following commissioning of the Utah Point port facility in mid 2010. When combined with additional export tonnages from its Wodgina and Abydos DSO Projects, the Company is targeting exports at an annualised rate of 6 million tonnes by the end of 2010, growing to 12 million tonnes by 2012.

For further information please contact

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Reserve Estimation

The information in this report that relates to reserve estimations is based on information compiled by Mr Ken Brinsden, who is a member of the Australasian Institute of Mining and Metallurgy. Ken Brinsden is a full time employee of Atlas Iron Limited. Ken Brinsden has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which he is undertaking to qualify as a Competent Person as defined in the 2004 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves'. Ken Brinsden consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.

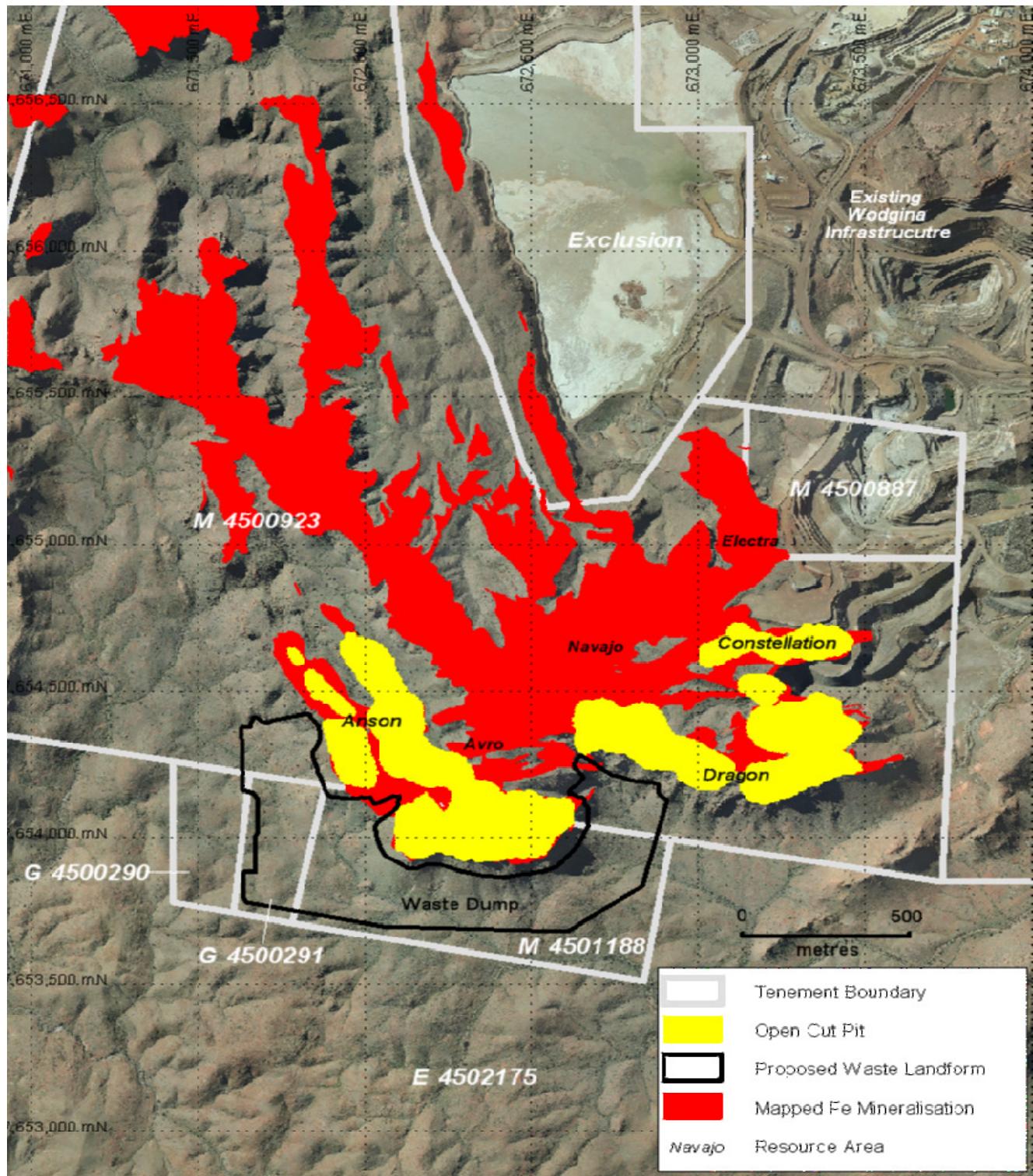
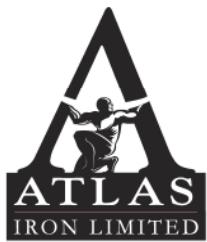


Figure 1: Prospect Location Plan, Wodgina



ATTACHMENT 1

Reserves – Background Data

Atlas Iron Limited (Atlas) has undertaken pit optimisation studies at the various Indicated and/or Measured Resources at its Wodgina Project, located approximately 100km south of Port Hedland in Western Australia.

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

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

Ore reserves developed form part of scheduled and costed operating mine plan for the Wodgina Project.

Mining Reserve Estimates - Compliance with the JORC code assessment criteria

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