

Tuesday, 6 July 2010

MERGER OF AUROX AND ATLAS DEEMED FAIR AND REASONABLE

Aurox Resources Limited ("Aurox") today released to its shareholders the Scheme Booklet explaining the full details of its proposed merger with Atlas Iron Limited ("Atlas") by way of scheme of arrangement ("Scheme"). The Independent Expert commissioned by Aurox has concluded that the Scheme is fair and reasonable, and in the best interests of Aurox shareholders.

If the Scheme is implemented, Atlas will issue to Aurox shareholders one fully-paid ordinary Atlas share for every three Aurox shares held on the record date. The value attributed to Aurox shares based upon the closing prices of Atlas and Aurox shares prior to the merger announcement on 10 March 2010 was 74 cents per Aurox share. This represents a:

- **173% premium** to the closing price of Aurox shares on 5 March 2010 (the last traded price of Aurox shares before the announcement); and
- **143% premium** to the 30-trading day volume weighted average price ("VWAP") of Aurox shares before the close of trade on 5 March 2010.

The implied value of the proposal based on the market price of Atlas shares represented 69 cents per Aurox Share as at 1 July 2010 (being the last trading day before the date of the Scheme Booklet), representing a:

- **156% premium** to the closing price of Aurox shares on 5 March 2010 (being the last traded price of Aurox shares before the announcement on 10 March 2010); and
- **128% premium** to the 30-trading day VWAP of Aurox shares before the close of trade on 5 March 2010.

Aurox Managing Director, Charles Schaus, said:

"Aurox shareholders stand to significantly benefit from participation in Atlas' growth. Their rapidly increasing production profile and substantial project pipeline is being steered by a proven management team".

David Flanagan, Atlas' Managing Director, said:

"It is an exciting time for Atlas, with mining having recently commenced at Wodgina, our second iron ore mine. We urge Aurox shareholders to vote in favour of the merger with Atlas to participate in the growth profile of the merged companies. We thank the board of Aurox for their unanimous support of the merger, and look forward to welcoming all Aurox shareholders as Atlas shareholders".

The Aurox directors believe that the proposed merger is a compelling combination, and provides the opportunity for Aurox shareholders to:

- participate in Atlas' rapidly growing production profile, which will position the company as a significant iron ore producer;
- retain exposure to the Balla Balla Project, but at the same time gain exposure to a portfolio of iron ore projects throughout the Pilbara;

- share in a larger, more diversified company, with existing DSO projects, significant exploration and production potential, two Pilbara magnetite projects and approximately 15,000 km² Western Australia landholding;
- benefit from optimisation of development schedules due to greater infrastructure capacity;
- gain exposure to a substantial growth profile with a pipeline of assets and opportunities;
- benefit from owning securities in an S&P/ASX 200 index company with strong trading liquidity, a strong balance sheet and a proven management and technical team.

The Aurox Directors unanimously recommend that shareholders vote in favour of the Scheme, in the absence of a superior proposal. Each Aurox Director intends to vote in favour of the Scheme in respect of the Aurox Shares held by him or on his behalf, in the absence of a superior proposal.

A meeting of Aurox shareholders will be held at 9.30am (WST) on Friday 6 August 2010 to approve the scheme.

Please refer to the Scheme Booklet released today for further details of the proposed merger.

6 July 2010

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For further information regarding this announcement:

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