

3 February 2011

24% INCREASE IN ATLAS' DSO RESOURCES

Atlas Iron Limited (ASX Code: AGO) is pleased to report a 24% increase in its Direct Shipping Ore (DSO) Mineral Resources to 254.4Mt at 56.7%Fe. The updated Resources now include the McCamey's North and Hercules deposits (100% AGO), located 45km east of Newman and 100km south of Port Hedland in the Pilbara respectively.

Atlas Iron Limited – DSO Mineral Resources, 1 st January 2011									
Project Area	Resource Classification	Kt	Fe (%)	SiO ₂ (%)	Al ₂ O ₃ (%)	P (%)	S (%)	LOI (%)	CaFe (%)
Total*	Measured	15,430	57.8	5.9	1.5	0.08	0.06	8.7	63.3
	Indicated	54,000	56.7	7.1	2.0	0.08	0.03	8.8	62.2
	Inferred	185,000	56.7	6.7	3.3	0.09	0.03	8.0	61.6
Grand Total		254,430	56.7	6.7	2.9	0.09	0.03	8.2	61.8

Table 1: Atlas Iron DSO resource table as at 1 January 2011.

This resource statement includes updates for Pardoo and Wodgina, and initial resources for the new discoveries at McCamey's North and Hercules, being 39Mt at 58%Fe and 14Mt at 56.1%Fe respectively.

Resources at Wodgina have increased by over 30%, highlighting the potential for a significant extension to the mine life there with the new discovery Hercules being only 2km from the crusher.

Both resources have significant upside potential and Atlas will continue to develop them in the year ahead. Pilbara exploration and evaluation drilling is continuing, with five rigs currently active at four projects and an accelerated program mapped out for the remainder of 2011.

"The growth at Wodgina is continuing, and we're still drilling Hercules with an expectation that it will deliver more tonnes." commented David Flanagan, Atlas Iron's Managing Director. "Atlas' near-term growth strategy remains focused on the North Pilbara which is delivering shareholders very strong cashflows and rapidly increasing resources. We will still work at growing our resource base around Newman. It is a world class proven iron ore field and we are optimistic we will have more success over time."

BACKGROUND ATLAS IRON LIMITED

Atlas Iron Limited is mining and exporting from its two iron mines at Pardoo and Wodgina in the North Pilbara region of Western Australia. Atlas is currently exporting at a rate of approximately 6Mtpa and is targeting exports at an annualised rate of 12Mtpa by the end of 2012.

On 21 December 2010 Atlas announced a recommended takeover offer for Giralia Resources NL valued at approximately \$828 million, that if successfully completed will create a merged group with a pro-forma market capitalisation of approximately \$2.5 billion as at 20 December 2010 and over \$2.8 billion at the close of trade on 2 February 2011. See announcement dated 21 December 2010 for full details of the recommended takeover offer for Giralia Resources NL.

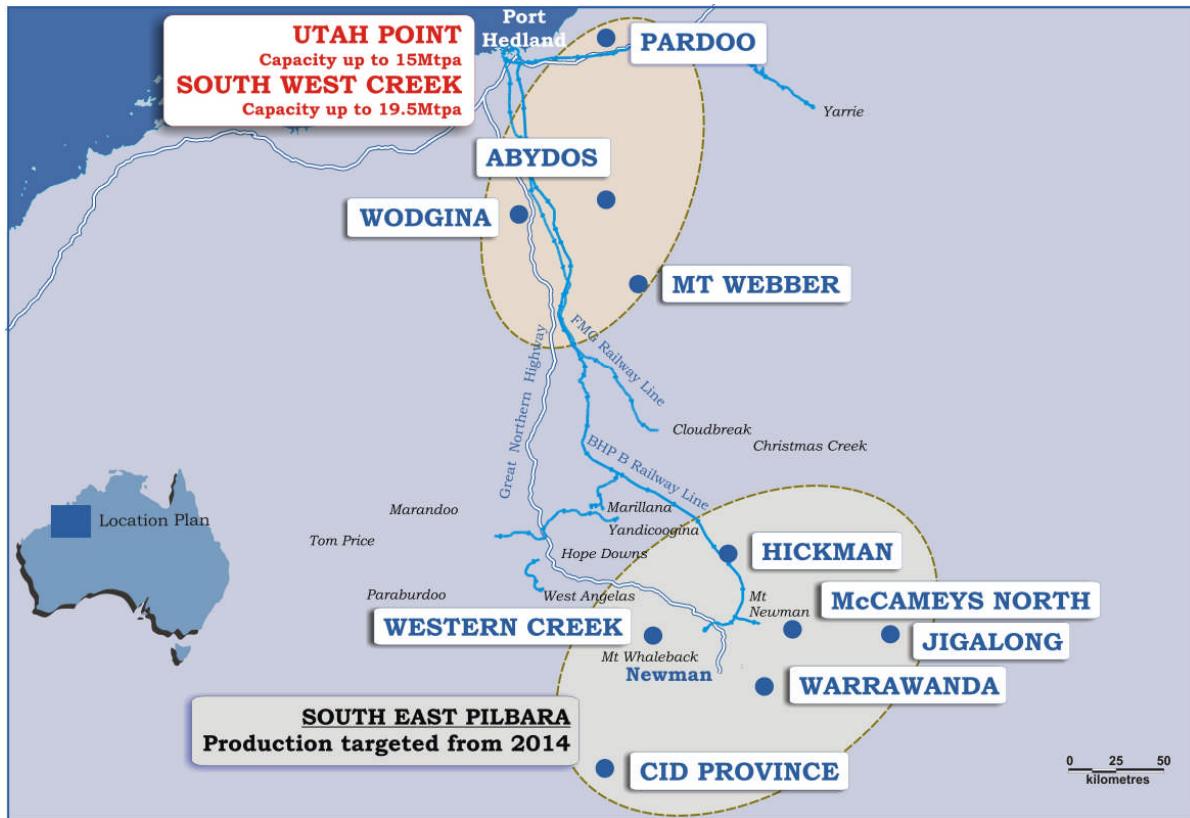
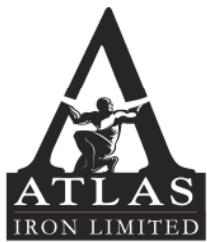
For further information please contact

David Flanagan, Managing Director

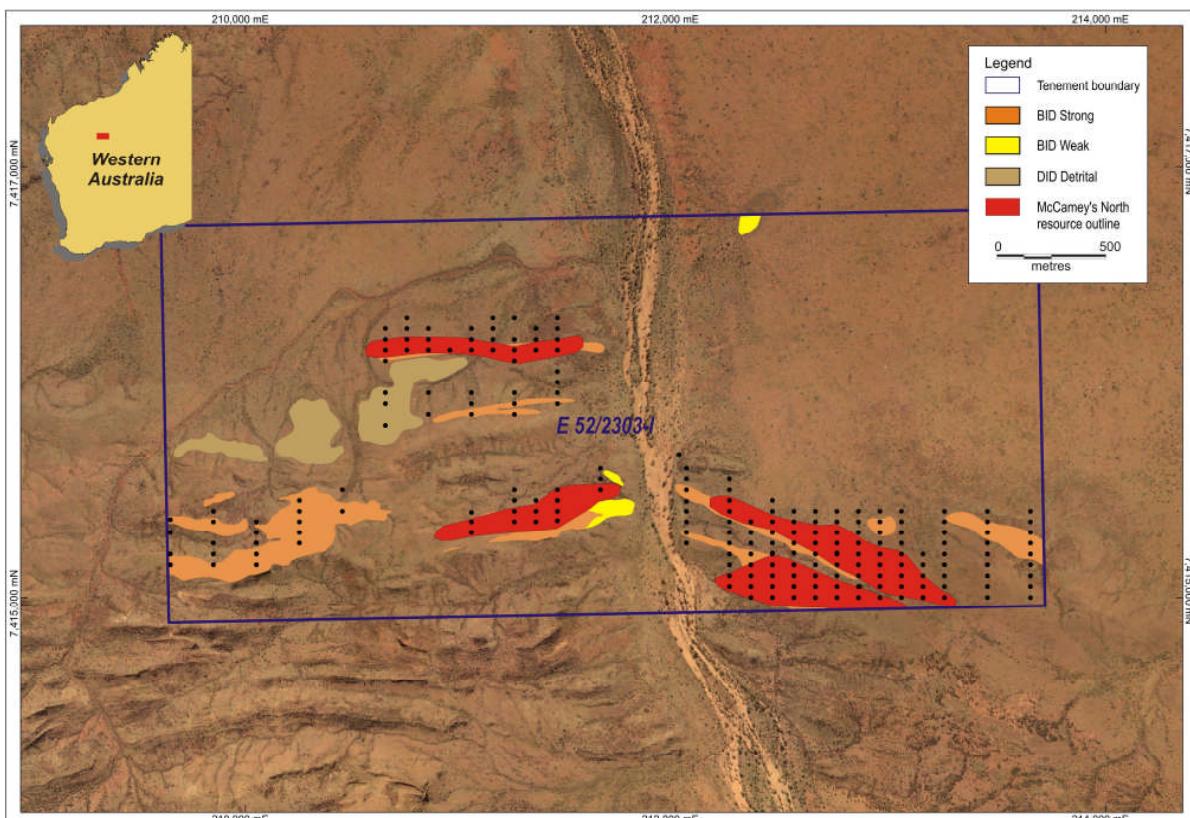
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Andrew Paterson, General Manager Geology

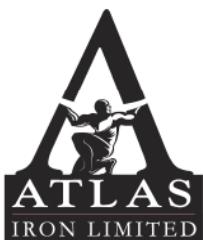
Atlas Iron Limited ACN 110 396 168



Atlas Iron Limited - Pilbara Project Location Plan



McCamey's North Resource Location / Mapped Iron Enrichment Plan



Atlas Iron Limited – DSO Resource Inventory, 1st January 2011

Project Area	Resource Classification	Kt	Fe (%)	SiO ₂ (%)	Al ₂ O ₃ (%)	P (%)	S (%)	LOI (%)	CaFe (%)
Pardoo	Measured	730	58.3	5.1	1.8	0.17	0.02	8.2	63.5
	Indicated	12,500	56.3	8.5	1.8	0.10	0.03	8.0	61.3
	Inferred	10,000	56.0	8.7	2.2	0.09	0.04	8.6	61.3
Abydos	Indicated	9,700	57.0	7.0	1.6	0.05	0.01	9.4	62.9
	Inferred	13,000	54.4	6.6	2.2	0.06	0.02	9.1	60.1
Wodgina	Measured	14,700	57.7	5.9	1.5	0.08	0.06	8.7	63.2
	Indicated	9,900	55.9	7.2	2.4	0.07	0.06	9.1	61.5
	Inferred	29,000	56.3	8.0	2.7	0.06	0.05	9.3	61.9
Mt Webber*	Indicated	21,900	57.2	6.4	2.1	0.08	0.02	8.9	62.7
	Inferred	20,000	57.0	6.6	2.3	0.10	0.03	8.3	62.3
Mt Dove	Inferred	2,000	58.5	6.1	1.8	0.11	0.03	7.9	63.5
Weld Range	Inferred	5,000	64.1	3.3	2.7	0.05	0.01	1.6	65.1
McComey's North	Inferred	39,000	58.0	4.9	4.8	0.17	0.01	6.3	61.8
Western Creek	Inferred	19,000	55.1	6.6	4.1	0.06	0.03	9.3	60.7
Jimblebar Range	Inferred	13,000	57.5	7.0	2.0	0.06	0.04	7.9	62.4
Caramulla South	Inferred	14,000	53.9	8.6	5.4	0.04	0.03	8.1	58.7
Warrawanda	Inferred	21,000	57.1	6.6	2.6	0.07	0.03	8.5	62.4
Total	Measured	15,430	57.8	5.9	1.5	0.08	0.06	8.7	63.3
	Indicated	54,000	56.7	7.1	2.0	0.08	0.03	8.8	62.2
	Inferred	185,000	56.7	6.7	3.3	0.09	0.03	8.0	61.6
Grand Total		254,430	56.7	6.7	2.9	0.09	0.03	8.2	61.8

Explanatory notes relevant to the resource table

- Abydos, Mt Dove, Weld Range, Western Creek, Jimblebar, Caramulla South resources and Connie Deposit are quoted at >50% cut off grade.
- Pardoo, Wodgina (excluding Hercules), Mt Webber and Warrawanda resources are quoted at >53% cut off grade.
- Hercules resource is quoted at >54% Fe cut-off grade.
- Pardoo and Wodgina resources are depleted for mining as at 31/12/2010.
- CaFe% is calcined iron calculated by Atlas using the following formula (Fe%/(100-LOI%))*100.

*Note – Mt Webber project subject to a Joint Venture Agreement Atlas 70% / Altura 30%

Geological Data, Interpretation and Resource Estimation – DSO Mineral Resources

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