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ATLAS INCREASES PRODUCTION CAPACITY AT WODGINA BY 75% TO 7MTPA

Atlas Iron Limited (ASX Code: AGO) is pleased to announce that it has struck a pivotal agreement to expand capacity at its Wodgina iron ore mine in WA's Pilbara by 75 per cent to 7Mtpa, putting the Company firmly on track to grow its total production rate to 12Mtpa by December 2012.

HIGHLIGHTS

- **Expands Atlas' Wodgina crushing and screen capacity from 4Mtpa to 7Mtpa and total crushing and screening capacity from 6Mtpa to 9Mtpa**
- **Six year agreement with options to extend for a further six years**
- **Atlas gains significant capacity in camp accommodation and other support utilities**
- **Production from the proposed Abydos DSO mine will now be processed at Wodgina**
- **Significant step towards achieving 12Mtpa export rate by the end of 2012**

Atlas has entered into a long term infrastructure agreement with Global Advanced Metals (GAM), the owners of the infrastructure at the Wodgina tantalum mine site, for the long-term sharing of infrastructure at the Wodgina mine site. This new agreement with GAM is a variation to the existing Wodgina infrastructure agreement where Atlas' rights to the existing crushing facility were due to expire on 31 December 2011.

The new agreement is for a period of six years with three, two year options at Atlas' election. Under the new agreement, Atlas will have access to a range of infrastructure including 100% of the existing crushing and screening plant. Atlas will also have the ability to expand site infrastructure to suit its production targets, including expanding camp accommodation and expanding the capacity of the current utilities.

Under the new agreement, Atlas Iron will assist in funding, for GAM's exclusive use, alternate crushing and screening capacity on the site by the end of the first quarter 2012 at a cost to Atlas of approximately \$35 million, leaving both parties free to optimise their operations to meet varying market conditions.

As a result of this agreement, run of mine production from Atlas' proposed Abydos DSO mine will now be able to be processed at Wodgina.

"Atlas wishes to thank Global Advanced Metals for its commitment to work with Atlas at Wodgina", Atlas Managing Director, David Flanagan said. "This is another example of how mining companies in the Pilbara can co-operate on sharing capital intensive infrastructure for their mutual benefit", he added.

Turner River Hub Strategy

With the acquisition of Giralia Resources NL completed and the finalisation of this new Wodgina infrastructure agreement, Atlas is reviewing its Turner River Hub strategy. Atlas is planning construction of a second hub at the Mt Webber DSO Project sufficient to support total exports at a rate of 12 Mtpa by the end of 2012 and provide further expansion opportunities to the nearby McPhee Creek iron ore deposit.

Further enquiries please contact

David Flanagan, Managing Director

Tel: +618 9476 7900