

## 19 August 2011

# 50% INCREASE IN NORTH PILBARA RESERVES

Atlas Iron Limited (ASX Code: AGO) is pleased to announce a 50% increase in DSO Reserves, to 79.3Mt at 57.8% Fe, for its North Pilbara Projects. The increase is inclusive of depletion from mining in the past 12 months.

The North Pilbara projects comprise the Pardoo and Wodgina mining operations as well as the Mt Dove, Abydos, Mt Webber and McPhee Creek development projects.

Atlas is now exporting consistently at a rate of 6Mtpa and is targeting a ramp up to an export rate of 12mtpa by December 2012, as it commences mining at its other North Pilbara projects being Mt Dove, Abydos and Mt Webber.

#### HIGHLIGHTS

- 50% INCREASE IN RESERVES\*\*
- LOW ALUMINA PRODUCT
- ADDITIONAL DRILLING UNDERWAY
- RESERVES UNDERWRITING SIGNIFICANT INCREASES IN NORTH PILBARA MINE LIFE

| Atlas Summary Reserves Table - as at 30 June 2011 |  |        |      |     |     |      |      |     |      |  |  |  |
|---|--|--------|------|-----|-----|------|------|-----|------|--|--|--|
|   | Fe SiO <sub>2</sub> Al <sub>2</sub> O <sub>3</sub> P S LOI |        |      |     |     |      |      |     |      |  |  |  |
|   | <b>Reserve Classification</b>                              | Kt     | (%)  | (%) | (%) | (%)  | (%)  | (%) | (%)  |  |  |  |
| Sub Total   | Proven   | 12,420 | 58.0 | 5.6 | 1.5 | 0.08 | 0.06 | 8.7 | 63.5 |  |  |  |
|   | Probable   | 66,831 | 57.7 | 6.3 | 1.8 | 0.08 | 0.02 | 8.5 | 63.1 |  |  |  |
| Grand Total**                                     | All Reserves   | 79,251 | 57.8 | 6.2 | 1.7 | 0.08 | 0.03 | 8.6 | 63.2 |  |  |  |

#### Note:

Bedded Ore Reserves estimated at cut-off grades in the range of 50-56% Fe.

\*\* Reserves are subject to Joint Venture interests in the ratio AGO 70% : AJM 30% for the Mt Webber JV

and in the ratio AGO 75%: HAO 25% for the Daltons JV

The Reserves have been estimated in compliance with the JORC Code (see Attachment 1 for further details)

"Atlas is now an established iron ore producer and exporter with strong customer relationships. The company has achieved significant growth in resources and reserves in the same period where we expanded production by 600%" Managing Director David Flanagan said. "The whole team are to be congratulated on a brilliant result."

Atlas is continuing to focus on Reserve conversion in the North Pilbara with up to five drill rigs in the field and a particular emphasis on upgrading inferred resources at McPhee Creek. Further infill drilling designed to extend and upgrade resources is underway or proposed at Wodgina, Abydos and Mt Webber.

Please see the Resource Estimate in Attachment 2 for further details on the Company's Resources.

Further detailed results contributing to the Company's Reserves can be found in the following Reserve Tables.



| Pardoo DSO Reserves Table (Proven and Probable) - as at 30 June 2011 |          |                           |       |           |             |                                       |          |          |            |             |  |  |
|--|----------|---------------------------|-------|-----------|-------------|---------------------------------------|----------|----------|------------|-------------|--|--|
| Location   | Ore Type | Reserve<br>Classification | Kt    | Fe<br>(%) | SiO₂<br>(%) | Al <sub>2</sub> O <sub>3</sub><br>(%) | P<br>(%) | S<br>(%) | LOI<br>(%) | CaFe<br>(%) |  |  |
| Pardoo   | Bedded   | Proven                    | 318   | 57.1      | 7.0         | 2.0                                   | 0.16     | 0.02     | 8.4        | 62.3        |  |  |
|  |          | Probable                  | 4,714 | 57.1      | 7.5         | 1.8                                   | 0.09     | 0.04     | 7.6        | 61.8        |  |  |
| Total  |          |                           | 5,031 | 57.1      | 7.5         | 1.8                                   | 0.09     | 0.04     | 7.6        | 61.8        |  |  |

 $\it \textit{Note:}$  Ore Reserves estimated at cut-off grades in the range of 54-56% Fe.

| Wodgina DSO Reserves Table (Proven and Probable) - as at 30 June 2011 |          |                           |        |           |                         |                                       |          |          |            |             |  |  |
|---|----------|---------------------------|--------|-----------|-------------------------|---------------------------------------|----------|----------|------------|-------------|--|--|
| Location  | Ore Type | Reserve<br>Classification | Kt     | Fe<br>(%) | SiO <sub>2</sub><br>(%) | Al <sub>2</sub> O <sub>3</sub><br>(%) | P<br>(%) | S<br>(%) | LOI<br>(%) | CaFe<br>(%) |  |  |
| Wodgina   | Bedded   | Proven                    | 12,017 | 58.0      | 5.5                     | 1.5                                   | 0.08     | 0.06     | 8.8        | 63.6        |  |  |
|   |          | Probable                  | 4,843  | 57.2      | 6.7                     | 1.8                                   | 0.08     | 0.05     | 8.7        | 62.6        |  |  |
| Total   |          |                           | 16,860 | 57.8      | 5.9                     | 1.6                                   | 0.08     | 0.06     | 8.7        | 63.3        |  |  |

*Note:* Ore Reserves estimated at cut-off grades in the range of 54-56% Fe.

| Abydos DSO Reserves Table (Probable) - as at 30 June 2011 |          |                           |       |           |                         |                                       |          |          |            |             |  |  |
|---|----------|---------------------------|-------|-----------|-------------------------|---------------------------------------|----------|----------|------------|-------------|--|--|
| Location  | Ore Type | Reserve<br>Classification | Kt    | Fe<br>(%) | SiO <sub>2</sub><br>(%) | Al <sub>2</sub> O <sub>3</sub><br>(%) | P<br>(%) | S<br>(%) | LOI<br>(%) | CaFe<br>(%) |  |  |
| Abydos  | Bedded   | Probable                  | 7,467 | 57.6      | 6.2                     | 1.6                                   | 0.05     | 0.01     | 9.4        | 63.6        |  |  |
| Total   |          |                           | 7,467 | 57.6      | 6.2                     | 1.6                                   | 0.05     | 0.01     | 9.4        | 63.6        |  |  |

Note: Ore Reserves defined at a 53% Fe cut-off grade

| Mt Webber DSO Reserves Table (Probable) - As at 30 June 2011 |          |                           |        |           |             |                                       |          |          |            |             |  |
|--|----------|---------------------------|--------|-----------|-------------|---------------------------------------|----------|----------|------------|-------------|--|
| Location   | Ore Type | Reserve<br>Classification | Kt     | Fe<br>(%) | SiO₂<br>(%) | Al <sub>2</sub> O <sub>3</sub><br>(%) | P<br>(%) | S<br>(%) | LOI<br>(%) | CaFe<br>(%) |  |
| Mt Webber JV   | Bedded   | Probable                  | 25,233 | 57.5      | 6.3         | 2.0                                   | 0.08     | 0.03     | 8.8        | 63.0        |  |
| Daltons JV   | Bedded   | Probable                  | 22,809 | 58.3      | 5.9         | 1.6                                   | 0.09     | 0.02     | 8.2        | 63.6        |  |
| Total**  |          |                           | 48,042 | 57.9      | 6.1         | 1.8                                   | 0.09     | 0.02     | 8.5        | 63.3        |  |

*Note:* Ore Reserves defined at a 50-54% Fe cut-off grade. \*\*Reserves are subject to Joint Venture interests in the ratio AGO 70% : AJM 30% for the Mt Webber JV and in the ratio AGO 75%: HAO 25% for the Daltons JV

| Mt Dove DSO Reserves Table (Probable) - As at 30 June 2011 |          |                           |       |           |                         |                                       |          |          |            |             |  |
|--|----------|---------------------------|-------|-----------|-------------------------|---------------------------------------|----------|----------|------------|-------------|--|
| Location   | Ore Type | Reserve<br>Classification | Kt    | Fe<br>(%) | SiO <sub>2</sub><br>(%) | Al <sub>2</sub> O <sub>3</sub><br>(%) | P<br>(%) | S<br>(%) | LOI<br>(%) | CaFe<br>(%) |  |
| Mt Dove  | Bedded   | Probable                  | 1,766 | 58.0      | 6.8                     | 1.8                                   | 0.11     | 0.03     | 7.9        | 62.9        |  |
| Total  |          |                           | 1,766 | 58.0      | 6.8                     | 1.8                                   | 0.11     | 0.03     | 7.9        | 62.9        |  |

Note: Ore Reserves defined at a 50% Fe cut-off grade.



## **Background Atlas Iron Limited**

Atlas is currently mining and exporting at an annualised rate of 6Mtpa from its 100%-owned Pardoo and Wodgina Iron Ore Projects, located 75 and 100 kilometres by road respectively from Port Hedland, in the Pilbara region of Western Australia. In addition, Atlas is progressing development at its Mt Dove, Abydos and Mt Webber DSO Projects. When combined with additional export tonnages from its existing Pardoo and Wodgina DSO mines, Atlas is targeting DSO exports at an annualised rate of 12Mtpa by 2012.

#### For further information please contact

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Figure 1: NORTHERN PILBARA PROJECT LOCATIONS / PROJECT RESERVES



### **ATTACHMENT 1**

#### **Reserves – Background Data**

Atlas Iron Limited (Atlas) has undertaken pit optimisation studies at the various Indicated and/or Measured Resources at its North Pilbara Projects (pls see Figure 1).

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

- DSO resources as defined by Atlas Iron Limited,
- Metallurgical testwork conducted at SGS laboratories under the supervision of Atlas Iron Limited,
- Cost data supplied by Atlas Iron Limited,
- Revenue data supplied by Atlas Iron Limited, derived from CRU modelling,
- · Geotechnical studies conducted by Golder Associates Pty Ltd,
- · Allocations for planned and unplanned dilution,
- · Pit optimisations conducted by Golder Associates Pty Ltd

Ore reserves developed form part of scheduled and costed operating mine plans.

#### 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 Iron Limited geologists, based principally on data density and geological confidence criteria.

#### **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.



**ATTACHMENT 2** 

#### **Resource Estimate**

| Atlas Iron Limited - DSO Resource Summary May 2011 |                |         |      |                  |                                |      |      |     |      |  |
|--|----------------|---------|------|------------------|--------------------------------|------|------|-----|------|--|
|  | Resource       | K+      | Fe   | SiO <sub>2</sub> | Al <sub>2</sub> O <sub>3</sub> | Р    | S    | LOI | CaFe |  |
|  | Classification |         | (%)  | (%)              | (%)                            | (%)  | (%)  | (%) | (%)  |  |
|  | Measured       | 230     | 57.5 | 5.9              | 2.1                            | 0.18 | 0.21 | 8.9 | 63.1 |  |
| Pardoo   | Indicated      | 11,300  | 56.4 | 8.2              | 1.9                            | 0.10 | 0.03 | 8.0 | 61.3 |  |
|  | Inferred       | 10,000  | 55.5 | 8.6              | 2.2                            | 0.09 | 0.04 | 8.6 | 60.7 |  |
| Abydos   | Indicated      | 9,700   | 57.1 | 7.0              | 1.6                            | 0.05 | 0.01 | 9.4 | 63.0 |  |
| Abydos   | Inferred       | 13,000  | 56.4 | 6.9              | 2.3                            | 0.06 | 0.02 | 9.4 | 62.3 |  |
|  | Measured       | 15,100  | 57.5 | 6.0              | 1.6                            | 0.07 | 0.07 | 8.7 | 63.0 |  |
| Wodgina  | Indicated      | 9,900   | 55.9 | 7.8              | 2.2                            | 0.07 | 0.06 | 8.8 | 61.3 |  |
|  | Inferred       | 31,000  | 55.2 | 7.9              | 2.9                            | 0.07 | 0.05 | 9.2 | 60.8 |  |
| Mt Webber:   | Indicated      | 27,900  | 57.2 | 6.5              | 2.1                            | 0.08 | 0.03 | 8.8 | 62.7 |  |
| Mt Webber JV                                       | Inferred       | 12,000  | 55.8 | 6.7              | 2.6                            | 0.10 | 0.02 | 8.4 | 61.0 |  |
| Mt Webber:<br>Daltons JV                           | Indicated      | 22,600  | 58.3 | 5.8              | 1.5                            | 0.10 | 0.02 | 8.2 | 63.6 |  |
| MaDhaa Creak                                       | Indicated      | 65,300  | 56.3 | 6.2              | 2.6                            | 0.11 |      | 9.7 | 62.3 |  |
| MCPhee Greek                                       | Inferred       | 205,000 | 56.1 | 6.9              | 2.3                            | 0.13 |      | 9.5 | 62.0 |  |
| Mt Dovo  | Indicated      | 1,800   | 57.9 | 6.8              | 1.8                            | 0.11 | 0.03 | 7.9 | 62.9 |  |
| WIL DOVE   | Inferred       | 1,000   | 58.5 | 6.3              | 1.7                            | 0.11 | 0.02 | 7.8 | 63.4 |  |
| Mid West   | Inferred       | 12,000  | 60.0 | 6.3              | 2.9                            | 0.06 | 0.00 | 3.7 | 62.3 |  |
| Newman *   | Inferred       | 158,000 | 56.7 | 6.3              | 3.9                            | 0.09 | 0.02 | 8.1 | 61.7 |  |
| West Pilbara                                       | Inferred       | 38,000  | 53.6 | 7.5              | 4.8                            | 0.04 | 0.00 | 9.3 | 59.1 |  |
|  | Measured       | 15,330  | 57.5 | 6.0              | 1.6                            | 0.07 | 0.07 | 8.7 | 63.1 |  |
| Total  | Indicated      | 148,500 | 56.8 | 6.5              | 2.2                            | 0.10 | 0.01 | 9.1 | 62.5 |  |
|  | Inferred       | 480,000 | 56.2 | 6.8              | 3.1                            | 0.10 | 0.01 | 8.8 | 61.6 |  |
| Grand T  | otal           | 643,830 | 56.3 | 6.7              | 2.8                            | 0.10 | 0.01 | 8.9 | 61.8 |  |

Table 1: Atlas Iron DSO Resource Estimate as at 31 May 2011.

**Note:** Pardoo, Wodgina, Mt Webber, McCamey's North and Warrawanda resources quoted at >53% cut off grade.

Abydos, Mt Dove, Mid West, Newman, McPhee Creek, West Pilbara resources and Connie Deposit quoted at >50% cut off grade.

Hercules deposit is quoted at >54% Fe cut off grade

CaFe% is calcined Fe calculated by Atlas using the formula (Fe%/(100-LOI%))\*100.

Measured, Indicated & Inferred resource tonnages are rounded to the nearest ten thousand, hundred thousand and million tonnes respectively.

Resources at Mt Webber are subject to Joint Ventures with Altura Mining (AJM) on the Mt Webber JV and Haoma Mining (HAO) at the Daltons JV in the ratio AGO 70% : AJM 30% and AGO 75% : HAO 25% respectively.

\*- Atlas' South East Pilbara assets incorporating the inferred resource estimate at the Newman project area are the subject of a sale agreement with FerrAus Limited. This agreement is subject to FerrAus shareholder approval on 29 August 2011.





Figure 2: NORTHERN PILBARA PROJECT LOCATIONS / PROJECT RESOURCES

Note: Resources at Mt Webber are subject to joint venture interests

## Geological Data, Interpretation and Resource Estimation – DSO Projects

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