



25 July 2012

70% INCREASE IN PILBARA RESERVES TO 414Mt

Atlas Iron Limited (ASX Code: AGO) is pleased to announce a 70% increase in Pilbara Ore Reserve tonnes since Atlas completed the acquisition of FerrAus in the December 2011 Quarter, a maiden Ore Reserve estimate for its McPhee Creek DSO project and a significant increase in the South East Pilbara Ore Reserves.

HIGHLIGHTS

- 70% increase in Pilbara Ore Reserves to 414Mt
- Maiden Ore Reserve at McPhee Creek of 89.7Mt
- 46% increase in South East Pilbara Reserves to 239Mt
- 7% increase in North Pilbara Reserves to 84.8Mt net of production

Atlas Summary Ore Reserves Table - as at 30 June 2012

	Ore Reserve Classification	Kt	Fe (%)	SiO ₂ (%)	Al ₂ O ₃ (%)	P (%)	S (%)	LOI (%)	CaFe (%)
Sub Total**	Proved	58,000	58.0	5.3	2.4	0.09	0.03	8.4	63.3
	Probable	356,000	56.6	6.2	2.9	0.10	0.02	8.8	62.1
Grand Total**	All Reserves	414,000	56.8	6.0	2.8	0.10	0.02	8.8	62.3

Notes:

1. **Ore Reserves at Mt Webber are quoted on a gross basis, with equity subject to Joint Venture interests in the ratio AGO 70% : AJM 30%, for the Ibanez, Fender and Gibson deposits.
2. The Ore Reserves are reported at Cut-Off Grades (COG) ranging from 50 - 56% Fe, varying by pit location.
3. The Sth East Pilbara Ore Reserves are quoted as Run-of-Mine Reserves pre-beneficiation.
4. The Ore Reserves have been estimated in compliance with the JORC Code. (See Attachment 1 for further details).
5. CaFe% is calcined Fe calculated by Atlas using the following formula $(Fe\% / (100 - LOI\%)) * 100$.
6. Ore Reserves are quoted inclusive of mining depletion, Run-of-Mine ore and final product stocks at the Company's existing operating mines, being the Pardoo and Wodgina operations.

"This reserve growth represents a key step towards establishing the inventory to underpin our expansion strategy," Managing Director Ken Brinsden said. "We have continued to grow our North Pilbara reserves net of depletion, McPhee Creek has delivered an impressive maiden reserve and the growth in the South East Pilbara reserves is outstanding. Another significant Ore Reserve and Mineral Resource update, particularly from our McPhee Creek project, is expected with the December 2012 Quarterly Report."

"Our exploration and resource development priorities in the Pilbara are strongly aligned with our Horizon 1 and Horizon 2 growth programs and we expect to continue to deliver further Reserve growth to underpin our future Pilbara infrastructure objectives"

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Atlas continues to devote a significant portion of its exploration and evaluation budget to the North Pilbara projects and its McPhee Creek Project, with further drill programs scheduled for Wodgina and McPhee Creek in the 2013 financial year, as well as ongoing exploration at Mt Webber and Abydos. Atlas is targeting another Ore Reserve and Mineral Resource update coincident with the December 2012 Quarterly Report.

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

Further detail contributing to the Company's Ore Reserves can be found in the table below.

Atlas Ore Reserves Table (Proven and Probable) - as at 30 June 2012									
Project Area	Reserve Classification	Kt	Fe (%)	SiO ₂ (%)	Al ₂ O ₃ (%)	P (%)	S (%)	LOI (%)	CaFe (%)
Pardoo	Proved	150	54.9	10.4	1.6	0.08	0.05	8.2	59.7
	Probable	3,700	57.2	7.3	1.8	0.09	0.04	7.8	62.0
Abydos	Probable	9,300	57.4	6.1	1.8	0.05	0.01	9.5	63.4
Wodgina	Proved	6,700	57.4	6.2	1.5	0.05	0.10	8.5	62.8
	Probable	12,200	57.7	6.2	1.5	0.09	0.04	8.9	63.3
Mt Webber**	Proved	19,800	58.0	5.4	1.9	0.09	0.02	8.7	63.5
	Probable	31,300	57.1	7.0	2.0	0.09	0.02	8.3	62.3
Mt Dove	Probable	1,800	58.0	6.8	1.8	0.11	0.03	7.9	62.9
McPhee Creek	Probable	89,700	57.7	5.4	1.7	0.15	0.01	9.3	63.6
Jigalong***	Proved	31,000	58.1	5.0	2.8	0.10	0.01	8.2	63.3
	Probable	208,000	55.9	6.4	3.6	0.08	0.01	8.8	61.3
Port Inventory (Utah Point)	Proved	7	57.6	6.0	0.9	0.09	0.03	8.9	63.2
Sub Total	Proved	58,000	58.0	5.3	2.4	0.09	0.03	8.4	63.3
	Probable	356,000	56.6	6.2	2.9	0.10	0.02	8.8	62.1
Grand Total	All Reserves	414,000	56.8	6.0	2.8	0.10	0.02	8.8	62.3

Notes:

- *Ore Reserves at Mt Webber are quoted on a gross basis, with equity subject to Joint Venture interests in the ratio AGO 70% : AJM 30%, for the Ibanez, Fender and Gibson deposits.
- The Ore Reserves are reported at Cut-Off Grades (COG) ranging from 50 - 56% Fe, varying by pit location.
- The Sth East Pilbara Ore Reserves are quoted as Run-of-Mine Reserves pre-beneficiation.
- The Ore Reserves have been estimated in compliance with the JORC Code. (See Attachment 1 for further details).
- CaFe% is calcined Fe calculated by Atlas using the following formula $(Fe\% / (100 - LOI\%)) * 100$.
- Ore Reserves are quoted inclusive of mining depletion, Run-of-Mine ore and final product stocks at the Company's existing operating mines, being the Pardoo and Wodgina operations.

For further information please contact

Ken Brinsden, Managing Director
 Tony Walsh, Company Secretary
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ATTACHMENT 1

Mining Ore Reserve Estimates - Compliance with the JORC code assessment criteria

This mining Ore 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).

Ore Reserve Estimation – Pardoo, Wodgina, Mt Dove, Abydos, Mt Webber and McPhee Creek

The information in this report that relates to Ore Reserve estimations for the Pardoo, Wodgina, Mt Dove, Abydos, Mt Webber and McPhee Creek Areas, is based on information compiled by employees of Atlas Iron Limited and Audited by Mr Steve Craig, who is a member of the Australasian Institute of Mining and Metallurgy. Steve Craig is a full time employee and Managing Director of Orelogy Pty Ltd. Steve Craig 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'. Steve Craig consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.

Ore Reserve Estimation – Ferraus Project (Davidson Creek, Robertson Range, Mirrin Mirrin)

The information in this report that relates to Ore Reserve estimations for the Ferraus Project Area, is based on information compiled by Mr Alan G. Cooper, who is a member of the Australasian Institute of Mining and Metallurgy. Alan Cooper is a full time employee of Snowden Mining Industry Consultants Pty Ltd. Alan Cooper 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'. Alan Cooper 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

Mineral Resource Estimate

Atlas Iron Limited - Mineral Resource Summary 30 June 2012									
	Resource Classification	Kt	Fe (%)	SiO ₂ (%)	Al ₂ O ₃ (%)	P (%)	S (%)	LOI (%)	CaFe (%)
Pardoo	Measured	50	56.9	7.1	2.6	0.18	0.02	8.1	61.9
	Indicated	9,800	56.4	8.1	1.9	0.10	0.03	8.2	61.4
	Inferred	8,000	55.6	7.9	2.4	0.10	0.02	9.1	61.2
Abydos	Indicated	11,500	57.1	6.5	1.9	0.05	0.02	9.4	63.0
	Inferred	9,000	56.8	6.7	2.0	0.06	0.02	9.4	62.6
Wodgina	Measured	11,430	57.2	6.4	1.6	0.06	0.08	8.6	62.6
	Indicated	23,500	56.0	7.9	1.9	0.08	0.05	9.1	61.6
	Inferred	16,000	53.9	8.8	3.5	0.06	0.05	9.4	59.5
Mt Webber	Measured	22,700	57.8	5.5	2.0	0.09	0.02	8.8	63.4
	Indicated	41,500	56.1	7.8	2.4	0.08	0.02	8.5	61.3
	Inferred	1,000	56.8	8.4	1.2	0.06	0.06	7.2	61.2
McPhee Creek	Indicated	155,400	56.8	6.6	1.9	0.15	0.01	9.4	62.3
	Inferred	71,000	54.2	8.6	3.4	0.09	0.02	9.6	61.9
Mt Dove	Indicated	1,800	58.0	6.8	1.8	0.11	0.03	7.9	62.9
	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	0.01	3.7	62.3
Newman	Indicated	41,100	58.1	5.3	4.4	0.17	0.01	6.1	61.9
	Inferred	166,000	56.0	6.9	4.0	0.05	0.02	8.3	61.1
Jigalong	Measured	43,200	57.9	5.2	3.0	0.10	0.01	8.2	63.6
	Indicated	339,100	55.9	6.8	3.7	0.09	0.01	8.7	61.7
	Inferred	62,000	55.4	8.1	3.3	0.10	0.01	8.2	59.1
West Pilbara	Inferred	38,000	53.6	7.5	4.8	0.04	0.01	9.3	59.1
Total	Measured	77,380	57.8	5.5	2.5	0.09	0.03	8.4	63.4
	Indicated	623,700	56.3	6.8	3.1	0.11	0.02	8.7	61.8
	Inferred	384,000	55.4	7.6	3.7	0.07	0.02	8.6	60.7
Grand Total		1,085,080	56.1	7.0	3.3	0.09	0.02	8.6	61.6

Note:

1. Pardoo, Wodgina, McCamey's North and Warrawanda resources quoted at >53% Fe cut-off grade.
2. Mt Webber, Abydos, Mt Dove, McPhee Creek, Newman, Midwest, West Pilbara resources quoted at >50% Fe cut-off grade.
3. CaFe% is calcined Fe calculated by Atlas using the following formula $(Fe\% / (100 - LOI\%)) * 100$.
4. Resources within the Mt Webber Altura JV are subject to a 70:30 AGO:AJM joint venture interest.

Changes to the Mineral Resource inventory in comparison to July 2011 are a result of exploration and evaluation drilling, and corporate acquisition:

- An addition of 444.3Mt at 56.0% Fe in combined resources resulting from the acquisition of FerrAus Limited in 2011. This includes the results of updated resource estimations which were in progress at the time of the acquisition.

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- A net increase of 2.2Mt at Mt Webber following completion of infill drilling on the Ibanez, Fender and Gibson deposits (Altura Joint Venture), adjustment of bulk densities and the application of a uniform 50% Fe cut-off grade to bring the reporting into line with ore reserve estimates.
- A net decrease of 2.2Mt at Abydos, resulting from adjustments to bulk densities following infill drilling at Trigg, Mettams and Mullaloo. This is expected to be offset by revised estimations and new resources for other Abydos prospects in the latter half of calendar 2012.
- Mineral Resource Depletions due to mining of 3.7Mt and 5Mt at Pardoo and Wodgina respectively.
- A net decrease of 43.9Mt at McPhee Creek following additional infill drilling within the mineralised envelope, adjustment of bulk densities and revised interpretation of the mineralised stratigraphy. The volume of the orebody has not changed significantly; the main change is a reduction in in-situ density from the 3.1g/cc used in the previous resource estimate, compared to the revised in-situ density of 2.5 g/cc. The focus of drilling at McPhee Creek has now switched from infill drilling to extensional work, with the intention of increasing the Resource and Reserve base.
- A net increase of 49.1Mt in the Boolgeeda Formation resulting from an updated resource estimate for McCamey's North and a maiden inferred resource of 41.2Mt at 55.6% Fe at Hickman.
- Other resources are unchanged from 30 June 2011.

Exploration and development drilling during the coming financial year is prioritised for further growth, consistent with Atlas' Horizons 1 and 2 of Pilbara growth. A significant portion of the 2011/12 drilling was designed for resource conversion at Abydos, Mt Webber and McPhee Creek, as a result of which there was less exploration work conducted on greenfields projects. Moving forward the emphasis will revert to a combination of brownfields and greenfields exploration work, with the intention of extending existing deposits and making new DSO discoveries.

Geological Data, Interpretation and Resource Estimation – Other DSO Projects

The information in this report that relates to mineral resource results on Atlas' DSO Projects other than Jigalong 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.

Geological Data, Interpretation and Resource Estimation – Jigalong

The information in this report that relates to mineral resource results on Atlas' Jigalong Project is based on information compiled by Mr John Graindorge who is a Chartered Professional member of the Australasian Institute of Mining and Metallurgy. John Graindorge is a full time employee of Snowden Mining Industry Consultants Pty Ltd. 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'. John Graindorge consents to the inclusion in this announcement of the matters based on his information in the form and context in which it appears.