



27 April 2012

HIGHLIGHTS FOR THE MARCH 2012 QUARTER

- Consistent with guidance, 1.21 Mt (WMT) shipped during the March 2012 Quarter; impacted predominantly by Tropical Cyclones Heidi and Lua, and the unplanned breakdown of the Utah Point ship loading facility in January 2012
- Atlas remains on track to ship approximately 5.5 to 5.7Mt (wet) for the 2012 financial year
- Atlas achieved an average price per tonne for its 57.5% Fe product of ~ USD 124 CFR (DMT) for the March 2012 quarter
- Cash operating costs (FOB, excluding royalties) remain consistent with guidance for the 2012 financial year of \$42-45/t, despite lower shipped volumes in the March 2012 quarter
- Acquisition of iron ore rights on the Daltons Joint Venture at the Mt Webber DSO project
- Yerecoin magnetite project sale completed and the Balla Balla magnetite project sale is expected to be completed in the June 2012 Quarter
- David Flanagan appointed as Executive Chairman, Ken Brinsden appointed Managing Director and ex-Fremantle Port CEO Ms Kerry Sanderson AO appointed as an independent non-executive director
- Subsequent to the end of the March 2012 Quarter Atlas entered into a binding Memorandum of Understanding with QR National (ASX:QRN) to progress the feasibility of an independent railway in WA's Pilbara region
- Abydos and Mt Dove DSO projects approved for investment
- An announcement on the Horizon 1 (North Pilbara expansion projects) was released on 27 April 2012
- \$362 million cash on hand at 31 March 2012

“This has been a solid performance from Atlas in the face of some difficult conditions. The team have done well to keep operating costs under control in the face of some very adverse weather in the quarter. Further, we have completed 30,474 metres of drilling, continued the Wodgina expansion project and approved investments in our Abydos and Mt Dove DSO projects,” commented Atlas Managing Director, Ken Brinsden.

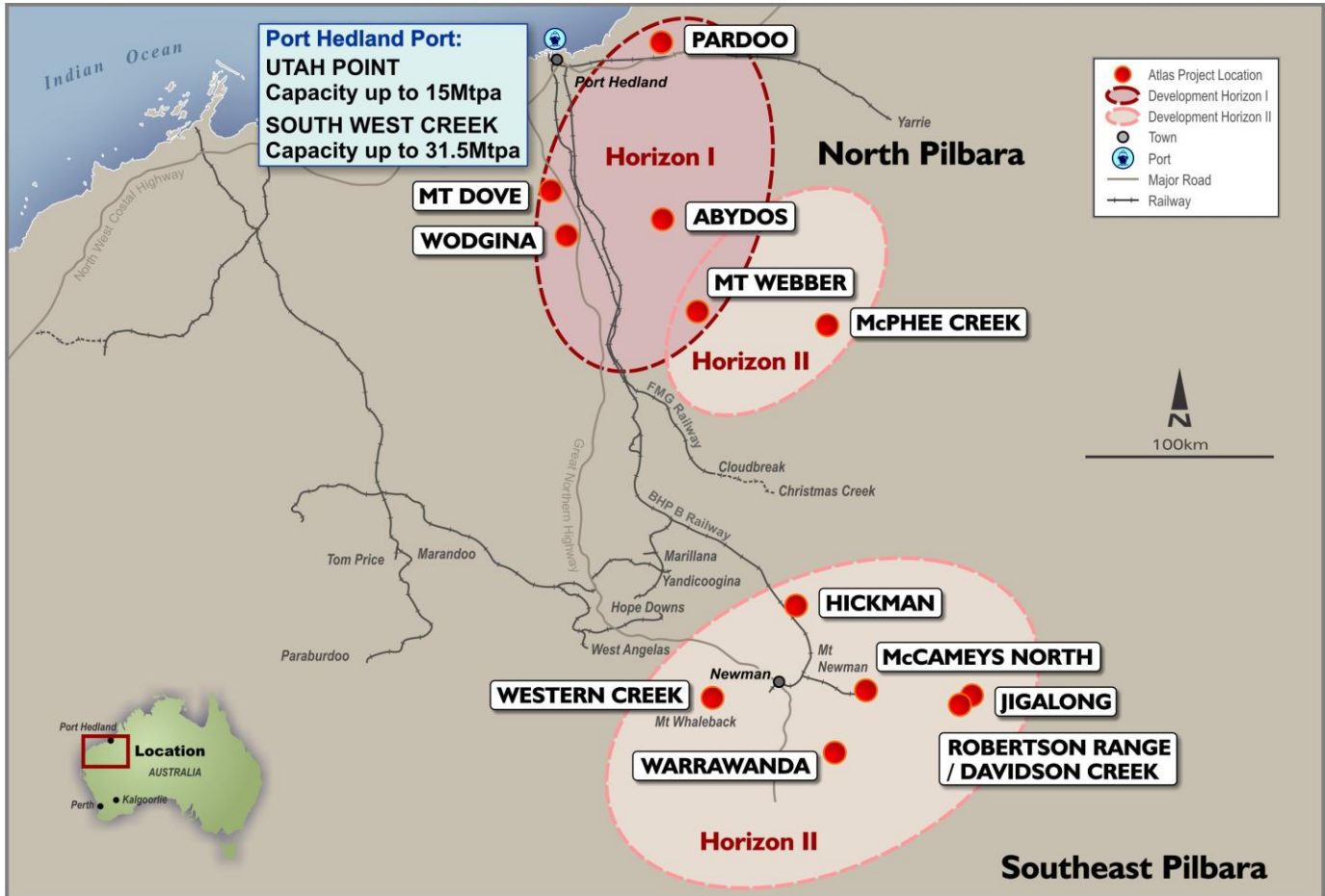


FIGURE1 - Atlas: Pilbara's Emerging Powerhouse

INTRODUCTION

Atlas first commenced exports from the Pardoos DSO project in the Pilbara of Western Australia at a rate of 1Mtpa in December 2008 and following commencement of its second operation at Wodgina in June 2010, Atlas achieved export rates of 6Mtpa. Atlas is planning to commence a further 3 mines in the North Pilbara to achieve exports at a rate of 10Mtpa by June 2013 and 12Mtpa by December 2013. With the addition of McPhee Creek and its South East Pilbara assets, Atlas plans to progressively expand its exports, targeting 46Mtpa during the 2017 calendar year.

These are ambitious and achievable targets that will deliver significant value to Atlas shareholders and major benefits to the broader community within which we operate.



OPERATIONS

MINE PRODUCTION AND SHIPPING

Table 1: Production				
	March 12 Quarter (t)	December 11 Quarter (t)	Variance Quarter (t)	Variance Quarter (%)
Ore Tonnes Mined ²	1,121,661	1,391,438	-269,777	-19%
Ore Tonnes Processed	1,055,456	1,485,308	-429,852	-29%
Haulage to Port	1,193,110	1,401,163	-208,053	-15%

Note 1: See Appendix 1 for detail of mine production at Pardoo and Wodgina

Note 2: Ore Tonnes Mined represents ore tonnes delivered to Run-of-Mine (ROM) at the Plant (Dec 2011 Qtr restated).

Table 2: Inventory and Shipping				
Inventory	March 12 Quarter (t)	December 11 Quarter (t)	Variance Quarter (t)	Variance Quarter (%)
Run of Mine Ore Stocks	217,902	151,696	66,206	44%
Final Product Stocks - Site	47,513	185,167	-137,654	-74%
Final Product Stocks - Port	29,622	48,140	-18,518	-38%
Shipping				
Ore Tonnes Shipped (Wet)	1,211,630	1,387,379	-175,751	-13%
Ore Tonnes Shipped (Dry)	1,097,425	1,292,308	-194,883	-15%

Consistent with guidance provided to the market in January 2012, production for the March 2012 quarter resulted in Ore Tonnes Shipped of 1.21Mt. This reflects a shortfall of 3 vessels which is predominantly driven by the combined effects of adverse weather (2 cyclones in January and March 2012, and numerous heavy rain events) on mining, processing and haulage, and a significant unplanned breakdown at the Utah ship loading facility in January (in aggregate over 20 days impacted by the abovementioned matters).

To mitigate the effects of adverse weather and the unplanned breakdown at the Utah Point ship loading facility in January 2012, three shipments of lower grade Atlas value fines product were completed during the March 2012 Quarter. A further shipment of this product has occurred during April 2012 with another one expected later in the June 2012 Quarter.

Despite lower shipping volumes for the March 2012 Quarter, operating costs still remains within guidance for the 2012 financial year of \$42-45/t. Atlas believes the June 2012 quarter will see its operations deliver on previous guidance for the 2012 financial year of 5.5 to 5.7Mt.

**MARKETING**

Iron ore sales for the March 2012 Quarter were 1.21Mt WMT (1.1Mt DMT), down from the December 2011 Quarter (1.39Mt WMT (1.29Mt DMT)) for the reasons outlined above. After shipping only 218,000 tonnes in January 2012 due to Cyclone Heidi and Utah Point ship loader facility break down related delays, shipped volumes for the remainder of the March 2012 Quarter were within guidance.

Iron Ore prices were quite stable over the March 2012 Quarter after the considerable volatility experienced in the December 2011 quarter. Atlas' average sale price for its standard 57.5% Fe product for the March 2012 Quarter was USD 124 per DMT which represented an improvement on the USD 120 per DMT achieved in December 2011 quarter. Based on market trends to the dates of this report and the expiry at quarter end of the offtake contract entered in 2008, which had the largest pricing discount of Atlas' offtake contracts, June 2012 Quarter pricing outcomes are considered likely to improve further.

In addition to the standard 57.5% Fe product, as referred to in the "Operations" section above, three shipments of Atlas "Value Fines" were undertaken during the March 2012 Quarter. These lower grade shipments were in the 53-54% Fe range and were sold at a discounted price on a spot basis. Atlas' average sale price for its Value Fines product for the March 2012 Quarter was USD 98 per DMT and demand for this product remains strong with a similar cargo in April 2012 achieving pricing well in excess of USD 100 per DMT.

PROJECTS – HORIZON 1

During the March 2012 Quarter, Atlas spent \$33.1 million on project development, with the greatest share of expenditure aligned with the Wodgina Expansion project (underway) and detailed engineering works contributing to the various feasibility and execute projects underway to support the Company's growth initiatives.

A significant step was the Board's approval for the implementation of the Mt Dove DSO project and the Abydos DSO project during the March 2012 Quarter. Mt Dove is now confirmed as Atlas' next mine development with the construction contract likely to be awarded imminently, with works to commence from May 2012, and production expected to contribute to Atlas shipped tonnes in the December 2012 Quarter. The Abydos DSO project is gathering momentum with initial site establishment underway, pre-strip to start later in the year and first ore planned for early 2013.

Horizon 1 announcement released on 27 April 2012

As set out in the Atlas Horizon 1 announcement released on 27 April 2012, Atlas is planning to commence 3 mines in the North Pilbara (Mt Dove, Abydos and Mt Webber) to achieve exports at a rate of 10Mtpa by June 2013 and 12Mtpa by December 2013. Installed sprint capacity of up to 15Mtpa will provide flexibility to produce and ship at higher rates pending matching port capacity and allocation (for further details, including updates on each project's status, see Horizon 1 announcement released on 27 April 2012). Following the release of Horizon 1 announcement, Atlas is targeting the shipping of 11Mt in the 2014 Financial Year.

Atlas and Venturex agreement on Abydos DSO Project Haul Road

On 26 April 2012, Atlas entered into an agreement with Venturex Resources Limited (Venturex) to establish a Haul Road linking the new Abydos mining operation to the existing sealed Marble Bar Road via Venturex's access road route to the proposed Venturex Sulphur Springs Hub site.



Under the agreement, Atlas and Venturex will have shared access and capacity rights to the Haul Road to service and support Atlas' Abydos DSO project and Venturex's proposed Sulphur Springs project. Venturex and Atlas have also agreed to cooperate with each other in relation to investigating the potential for shared development of other infrastructure capacity in the region. This is currently Atlas' preferred haulage route for the Abydos project (See Venturex's announcement dated 27 April 2012 for further details).

PROJECTS – HORIZON 2

Rail

Atlas / QR National progress joint Pilbara Rail study

Subsequent to the end of the March 2012 Quarter, Atlas entered into a binding Memorandum of Understanding with QR National to progress the feasibility of an independent railway in WA's Pilbara region. The proposed Pilbara Independent Rail (PIR) Project would connect iron ore deposits owned by Atlas and other companies in the East and South-East Pilbara to Port Hedland. The study is expected to be completed by the end of this calendar year, with first haulage earmarked for as early as 2015. The standard-gauge railway would be designed to be expanded progressively in line with shipping allocations at Port Hedland port. The line would initially be connected to stockpiling facilities which would be developed concurrently at Port Hedland. Under the binding agreement, Atlas and QR National will share the costs of the study and both will contribute resources as required. Any development proposal would be subject to the approvals and investment hurdles of the companies' respective Boards. The Agreement envisages that Atlas would be a foundation customer of the railway and contemplates Atlas being a junior equity partner in the Project.

Atlas also continues to engage with other Pilbara miners in relation to rail infrastructure.

Port

North West Infrastructure

Atlas holds a 63% interest in North West Infrastructure (NWI). NWI, which has rights to 50 Mtpa of export capacity at Port Hedland, continues to progress its plans to develop a stockyard facility in Boodarie and berths in South West Creek at Port Hedland. A notable achievement during the March 2012 Quarter was receipt by NWI of environmental approvals for the landside development of its proposed port infrastructure. The port development is targeted to align with a future rail solution.

EXPLORATION AND RESOURCE DEVELOPMENT

During the March 2012 Quarter Atlas drilled 270 RC holes and 22 diamond holes for a total of 30,474 metres across its Pilbara projects. Approximately 50% of the drilling occurred at McPhee Creek, with the balance being ongoing programs at the Abydos, Mt Webber and Jigalong projects. During the March 2012 Quarter Atlas completed \$13.7 million of expenditure on exploration and evaluation studies, resource development and camp establishment.

Moving into the June 2012 Quarter the focus of exploration and evaluation activity will remain firmly on the North Pilbara projects, being Abydos, Mt Webber and McPhee Creek. In addition, the Atlas Exploration Team will also focus on Horizon 2 targets in the southeast Pilbara.

**CORPORATE*****Mt Webber DSO Project – Daltons Joint Venture***

On 26 March 2012 Atlas announced that it had entered into a binding Heads of Agreement to acquire the remaining 25 per cent of the iron ore rights on the relevant Daltons Joint Venture tenements from Haoma Mining (see announcement of 26 March 2012 for further details). Subsequent to the end of the March 2012 Quarter, Atlas finalised the formal agreement with Haoma and paid the consideration due of \$10 million in cash and 8.4 million ordinary shares.

Magnetite Projects

Commercial negotiations have continued during the March 2012 quarter with potential investors or partners in the Ridley magnetite project. As previously advised in the December 2011 Quarterly Report, sale agreements were executed during the December 2011 quarter on Yerecoin and Balla Balla magnetite projects as follows:

Balla Balla

The Company has entered into an agreement to sell its Balla Balla magnetite project to Forge Resources Limited [ASX Code: FRG] for \$40 million. The proceeds are expected to be received from Forge Resources in the June 2012 Quarter assuming approval of the transaction at a Forge shareholder meeting scheduled for 25 May 2012.

Yerecoin

During the March 2012 Quarter, the Company received \$18 million cash from Cliffs Natural Resources (Cliffs) for 100% of its Yerecoin magnetite project. Further payments may be payable by Cliffs based on magnetite and direct shipping ore reserve tonnes.

Mt Dove Royalty Acquisition

During the March 2012 Quarter Atlas reached agreement with De Grey Mining Ltd to acquire the royalty payable on the first 2MT of production from the Mt Dove mine for \$1 million in cash. DEG was the original vendor of the project and was entitled to a 1% royalty on the FOB sale price under the purchase agreement.

Centaurus Metals Limited

Atlas holds a 19.85% strategic interest in Centaurus Metals Limited, an emerging Brazilian iron ore explorer and developer (see Centaurus' website: www.centaurus.com.au for further details).

Shaw River Manganese Limited

Atlas holds a 45.4% strategic interest in Shaw River, a manganese exploration and development company (see Shaw River's website: www.shawriver.com.au for further details).

Changes to the Board of the Directors

During the March 2012 quarter, Mr David Flanagan was appointed as Executive Chairman and Mr David Hannon reverted to being an independent non-executive director. Mr Ken Brinsden was appointed as Managing Director. At the same time, ex-Fremantle Ports CEO, Ms Kerry Sanderson AO was appointed as an independent non-executive director. (see announcement dated 22 February 2012 for further details).



CORPORATE PROFILE

Directors

David Flanagan, Executive Chairman
Ken Brinsden, Managing Director
David Hannon, Non-Executive Director
Dave Smith, Non-Executive Director
Tai Sook Yee, Non-Executive Director
Jeff Dowling, Non-Executive Director
Kerry Sanderson AO, Non-Executive Director

Company Secretary

Tony Walsh

Executive Management

Mark Hancock, Chief Commercial Officer
Jeremy Sinclair, Chief Operating Officer
Rob Wilson, Chief Development Officer

Registered Office and Head Office

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Tel:+61 8 9476 7900
Fax:+61 8 9476 7988
Website: atlasiron.com.au

Share Details as at 31 March 2012

894,874,560 ordinary shares

Unlisted Options as at 31 March 2012

18,135,000 Unlisted Options

Substantial Shareholders as at 31 March 2012

IMC Group: 66.75 mil shares
Schroder Investment Management Australia: 63.5 mil shares
Blackrock Investment Management: 48.98 mil shares
Macquarie Group Limited: 45.1 mil shares

Reporting Calendar

June 2012 Quarterly Report: 24 July 2012
Resource and Reserve Updates: July 2012
2012 Audited Annual Accounts: 24 August 2012

**Appendix 1 – Mine Production at Pardoo and Wodgina**

Table A: Mine Production – Pardoo				
	March 12 Quarter (t)	December 11 Quarter (t)	Variance Quarter (t)	Variance Quarter (%)
Ore Tonnes Mined	207,603	455,549	-247,946	-54%
Ore Tonnes Processed	219,174	429,024	-209,850	-49%
Haulage to Port	241,325	457,932	-216,607	-47%

Note: Ore Tonnes Mined represents ore tonnes delivered to Run-of-Mine (ROM) at the Plant (Dec 2011 Qtr restated)

Table B: Mine Production – Wodgina				
	March 12 Quarter (t)	December 11 Quarter (t)	Variance Quarter (t)	Variance Quarter (%)
Ore Tonnes Mined	914,058	935,890	-21,833	-1%
Ore Tonnes Processed	836,282	1,056,284	-220,002	-21%
Haulage to Port	951,785	943,231	8,554	1%

Note: Ore Tonnes Mined represents ore tonnes delivered to Run-of-Mine (ROM) at the Plant (Dec 2011 Qtr restated).

COMPETENT PERSONS AND JORC COMPLIANCE STATEMENT**Exploration Results**

The information in this report that relates to exploration results is based on information compiled by Mr Andrew Paterson who is a member of the Australian Institute of Mining and Metallurgy and an employee of Atlas Iron Limited. Andrew Paterson 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'. Andrew Paterson consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.

Dollars

Means Australian dollars.

Production and Shipping Targets

The production and shipping targets for Atlas' DSO projects are subject to the completion of all necessary feasibility studies, environmental permitting, port access, financing arrangements, execution of infrastructure related agreements, necessary agreements with joint venture parties and timely project construction