



25th June 2012

ATLAS PRODUCTION EXPANSION UPDATE

Atlas Iron Limited [**ASX Code: AGO**] is pleased to provide an update on progress towards its targeted 12mtpa production rate by December 2013.

HIGHLIGHTS

- **FINAL ENVIRONMENTAL APPROVALS RECEIVED FOR THE MT DOVE PROJECT**
- **MT DOVE CONSTRUCTION, CRUSH & SCREEN AND MINING CONTRACTS AWARDED TO MACA LTD**
- **CONSTRUCTION TO COMMENCE AT MT DOVE IN EARLY JULY 2012**
- **MT DOVE PRODUCTION FROM DECEMBER 2012**
- **PRELIMINARY CONSTRUCTION ACTIVITY HAS COMMENCED AT THE ABYDOS PROJECT**
- **ABYDOS CONSTRUCTION AND OPERATING CONTRACTS TO BE AWARDED NEXT MONTH**
- **FINAL ABYDOS ENVIRONMENTAL APPROVALS SCHEDULED FOR SEPT 2012**
- **FIRST PRODUCTION FROM THE ABYDOS MINE EXPECTED IN THE JUNE 2013 QUARTER**
- **GUIDANCE FOR TONNES SHIPPED FY13 REMAINS 7-7.5Mt**
- **WODGINA, MT DOVE, ABYDOS CAPITAL DEVELOPMENT COSTS ON TRACK**

MT DOVE MINE

Atlas is pleased to advise that final environmental approvals for the Mt Dove mine site have been received. Atlas now has all necessary approvals and agreements in place to commence mining operations at Mt Dove. Atlas will commence construction in early July 2012 with commissioning planned for December 2012.

Given the relative simplicity of the mining operation, Atlas expects to see production from the Mt Dove mine increase its north Pilbara production rate to 8mtpa in the March 2013 Quarter. Whilst the mine life at the Mt Dove project is relatively short at approximately 15 months, the grade contribution will enhance the overall Atlas Pilbara blend.

Atlas is also pleased to announce that it has awarded the Mt Dove Mine construction and operating contracts (inclusive of mining and crushing and screening) to MACA Limited (ASX:MLD), expanding on the existing relationship at the Pardoo Mine.

ABYDOS MINE

Interim approvals have been received for the Abydos Mine and construction of temporary accommodation facilities in preparation for mining commenced in May 2012. Environmental approvals for the Abydos mine development are well progressed and Atlas is expecting to receive final consent to mine at Abydos in September 2012. In addition, Atlas expects to award the major construction and operating contracts for the Abydos Mine in July 2012.

With first production from the Abydos Mine targeted in the June 2013 Quarter, Atlas' Pilbara production rate is expected to reach 10mtpa by June 2013.

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MT WEBBER PROJECT UPDATE

Atlas remains on target to commence production at Mt Webber by December 2013. Production at Mt Webber will start at a rate of 2Mtpa and ramp up to its 6Mtpa installed plant capacity over time.

With the addition of the Mt Webber project, Atlas' production rate is expected to grow to 12Mtpa.

COMMENTARY

Atlas' Managing Director, Ken Brinsden, said "Atlas' North Pilbara DSO projects are characterised by relatively low capital expenditure and globally competitive operating costs, contributing to Atlas' ability to generate significant operating cash flows. As a result the Company is well positioned to fund its Pilbara growth objectives".

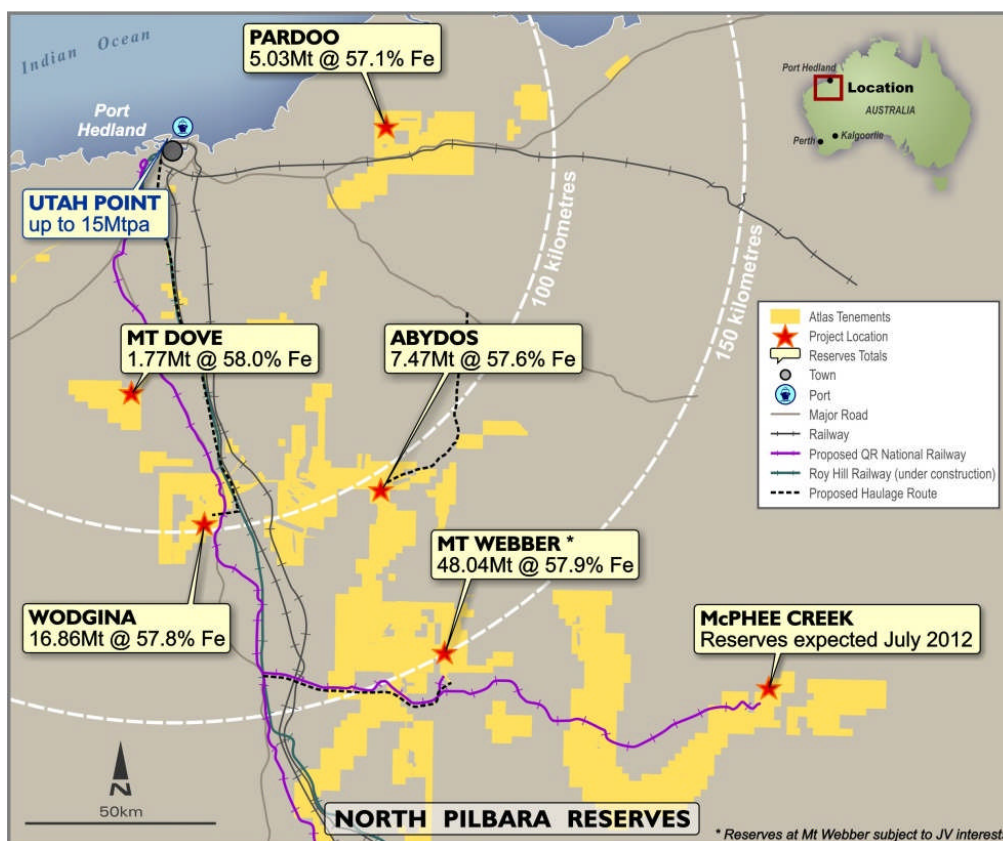
Atlas has previously announced its expected capital development costs for the Wodgina, Mt Dove, Abydos and Mt Webber Projects (please see announcement of 27th April, 2012). Further work, including various contract awards and detailed tender negotiations reaffirm the Company's previous guidance.

For further information please contact

Ken Brinsden, Managing Director

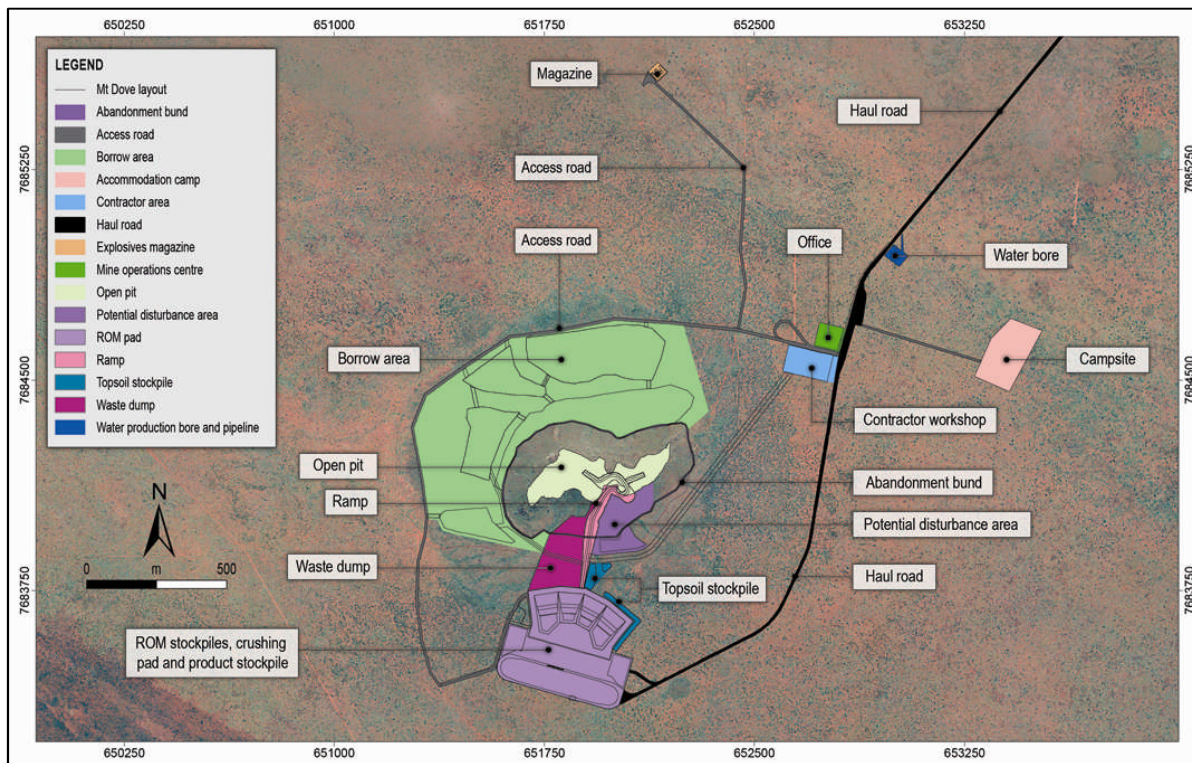
Mark Hancock, Executive Director – Commercial

Tel (08) 9476 7900

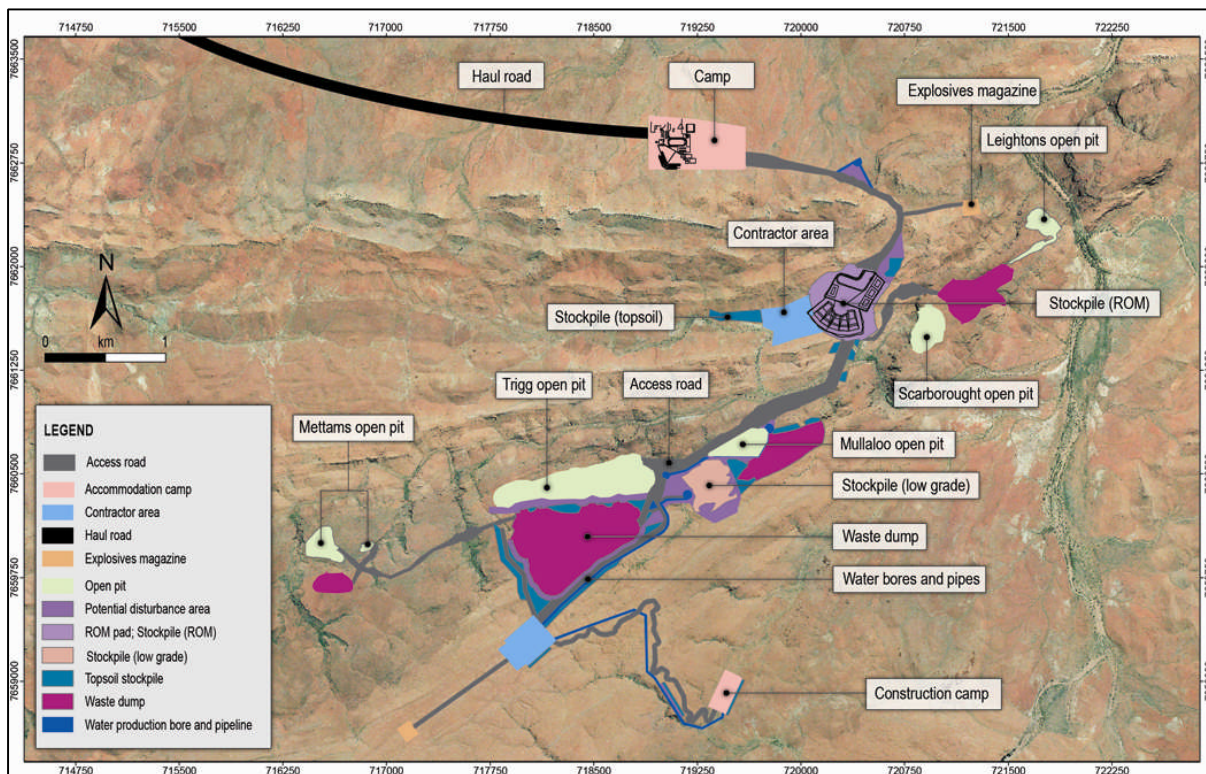


Atlas' Existing and Future North Pilbara Mines

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Mt Dove DSO Mine Layout



Abydos DSO Mine Layout