



25 July 2011

FERRAUS – ATLAS TRANSACTION UPDATE

On 27 June 2011, Atlas Iron Limited (“**Atlas**”) [ASX: AGO] and FerrAus Limited (“**FerrAus**”) [ASX: FRS] announced that they had entered into agreements under which:

1. Atlas agreed to subscribe for 37,439,785 FerrAus shares at an issue price of \$0.65 per FerrAus share (“**Subscription**”);
2. FerrAus agreed to buy certain iron ore tenements in the South East Pilbara from Warwick Resources Pty Ltd and Giralia Resources Pty Ltd, both of which are wholly owned subsidiaries of Atlas, in consideration for the issue of 121,846,154 FerrAus shares with a deemed issue price of \$0.65 per FerrAus share to Atlas (“**Iron Ore Assets Acquisition**”); and
3. Atlas agreed to make an off-market takeover bid for 100% of the FerrAus shares on issue on the basis of 1 Atlas ordinary share for every 4 FerrAus shares (“**Takeover Offer**”).

The Subscription and Iron Ore Assets Acquisition are subject to FerrAus' shareholder approval.

Atlas and FerrAus are pleased to announce that the Notice of Meeting and Explanatory Memorandum in relation to the Subscription and Iron Ore Assets Acquisition will be despatched to FerrAus Shareholders on 28 July 2011.

Each FerrAus Director continues to recommend that FerrAus Shareholders **VOTE IN FAVOUR** of both the Subscription and the Iron Ore Assets Acquisition and intends to **VOTE IN FAVOUR** of both transactions for any FerrAus shares they hold or in which they have a relevant interest.

In addition, the Independent Expert has concluded that together the Subscription and Iron Ore Assets Acquisition are **FAIR AND REASONABLE**. The Independent Expert notes that if the Subscription and Iron Ore Assets Acquisition were to be considered on an individual basis, the Subscription would not be fair but would be reasonable, while the Iron Ore Assets Acquisition would be fair and reasonable.

FerrAus Shareholders should read the Notice of Meeting and Explanatory Memorandum in full, including the Independent Expert's Report, before forming their opinion in relation to the Subscription and Iron Ore Assets Acquisition.

Indicative Timetable

An updated indicative timetable for the Subscription and Iron Ore Assets Acquisition and the Takeover Offer is set out below:

28 July 2011	Notice of Meeting and Independent Expert's Report despatched to FerrAus shareholders
29 August 2011	General Meeting of FerrAus shareholders
30 August 2011	Allotment of Subscription shares and Iron Ore Assets Acquisition consideration shares to Atlas
5 September 2011*	Atlas lodges Bidder's Statement with ASIC and ASX and serves it on FerrAus, and FerrAus lodges its Target Statement with ASIC and ASX and serves it on Atlas
5 September 2011*	Atlas despatches Bidder's Statement to FerrAus shareholders, and FerrAus despatches its Target's Statement to FerrAus shareholders
5 September 2011*	Atlas Offer opens
4 October 2011	Atlas Offer closes (unless extended)

*These dates are subject to ASIC providing Atlas with relief under section 631 of the Corporations Act to extend the time within which Atlas must open the Takeover Offer. If ASIC does not grant the relief, the Offer Period will commence on or before 27 August 2011.



Takeover Offer

When the Takeover Offer was first announced on 27 June 2011, it was conditional upon FerrAus obtaining shareholder approval for, and completion of, both the Subscription and the Iron Ore Assets Acquisition.

Following discussions with FerrAus, Atlas is pleased to announce that the Takeover Offer will no longer be subject to defeating conditions in relation to FerrAus shareholder approval for, and completion of, the Subscription or the Iron Ore Assets Acquisition. This increases the certainty of the Takeover Offer for FerrAus shareholders and will allow FerrAus shareholders to consider the Subscription and Iron Ore Assets Acquisition independently of the Takeover Offer.

Each FerrAus Director continues to recommend that FerrAus Shareholders **ACCEPT** the Takeover Offer and intend to **ACCEPT** the Takeover Offer with respect to all FerrAus shares held by them or in which they have a relevant interest, in the absence of a superior offer and subject to the opinion of an Independent Expert in relation to the Takeover Offer.

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