



7<sup>th</sup> January 2009

## ATLAS INTERSECTS HIGH GRADE AT PARDOO DSO PROJECT

Atlas Iron Limited (ASX Code: AGO) is pleased to announce the discovery of high grade direct shipping iron ore (DSO) from exploration drilling immediately east of the Alice ore body at its 100% owned Pardoo Iron Ore Project, located 75 kilometres by road from Port Hedland, in the Pilbara of Western Australia. Better results include:

**96 metres at 63.3% Fe, 2.61% SiO<sub>2</sub>, 1.34% Al<sub>2</sub>O<sub>3</sub> and 0.17% P from surface**  
**66 metres at 62.6% Fe, 3.90% SiO<sub>2</sub>, 0.94% Al<sub>2</sub>O<sub>3</sub> and 0.15% P from 6 metres**  
**56 metres at 61.3% Fe, 4.06% SiO<sub>2</sub>, 0.96% Al<sub>2</sub>O<sub>3</sub> and 0.20% P from 40 metres**  
**44 metres at 64.1% Fe, 1.29% SiO<sub>2</sub>, 0.66% Al<sub>2</sub>O<sub>3</sub> and 0.19% P from 10 metres**  
**28 metres at 64.3% Fe, 2.59% SiO<sub>2</sub>, 0.35% Al<sub>2</sub>O<sub>3</sub> and 0.11% P from 46 metres**  
**26 metres at 64.8% Fe, 1.57% SiO<sub>2</sub>, 0.68% Al<sub>2</sub>O<sub>3</sub> and 0.17% P from 4 metres**

“With results like these, the team have clearly demonstrated that Pardoo can produce *high grade* intercepts.” commented David Flanagan, Atlas’ Managing Director.

“The blending potential of this mineralisation could significantly enhance the economics of other lower grade Pardoo ore bodies and we’re happy about that.”

“The Pardoo geological team, have clearly developed a very good understanding of the project geology and they’ve converted that knowledge into a high grade discovery in a short period of time.”

The nature of the discovery, within broad-spaced lines of previous exploration drilling, suggests that ongoing exploration at Pardoo could deliver more of these types of deposits. Deposit geometry and tonnage potential will be further tested by drilling in coming months.

Atlas is on target to report revised and new resources and reserves in January 2009.

The latest discovery at Pardoo continues an outstanding run of exploration success for the Company, with four new DSO discoveries at the Abydos Project, 120km south east of Port Hedland, and a significant new DSO discovery at the Wodgina Project, 100km south of Port Hedland, all announced within the last month.

### Background Atlas Iron Limited

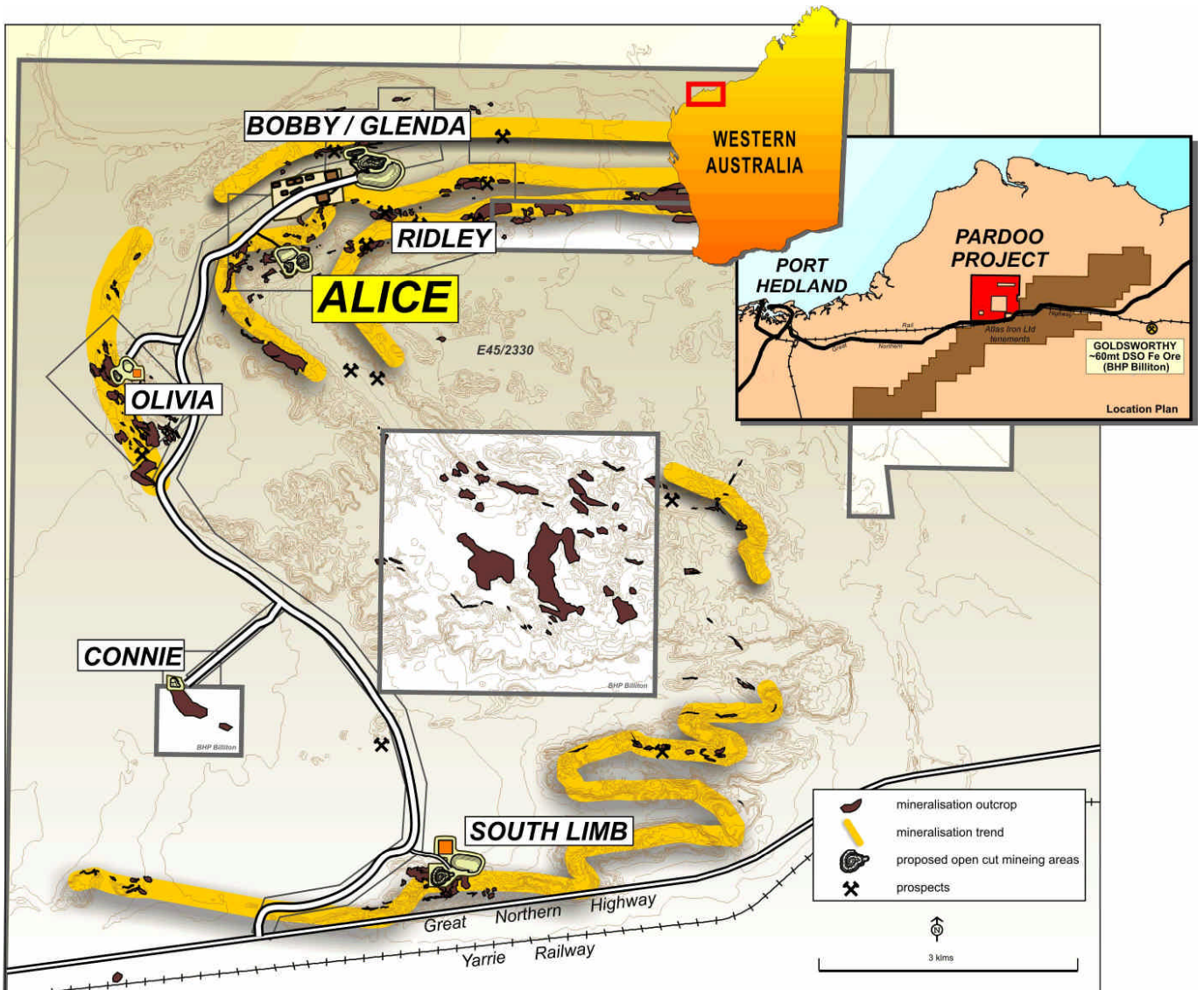
Atlas recently commenced mining and shipping ore from its 100%-owned Pardoo Iron Ore Project in the Pilbara of Western Australia. Atlas is planning to export 1 million tonnes during its first 12 months of operations at the Pardoo Project, growing to 3 Mtpa for year 2. With additional export tonnages from Abydos, the Company is targeting exports at a rate of 6 Mtpa by 2010, growing to 12 Mtpa by 2012.

### For further information please contact:

David Flanagan, Managing Director  
Andrew Paterson, Geology Manager  
Tel (08) 9476 7900

Atlas Iron Limited ACN 110 396 168

10 Richardson St, West Perth WA 6005 PO Box 223, West Perth WA 6872 T: +61(0) 8 9476 7900 F: +61(0) 8 9476 7988 W: [www.atlasiron.com.au](http://www.atlasiron.com.au)



**Figure 1: Pardoo Location Plan**

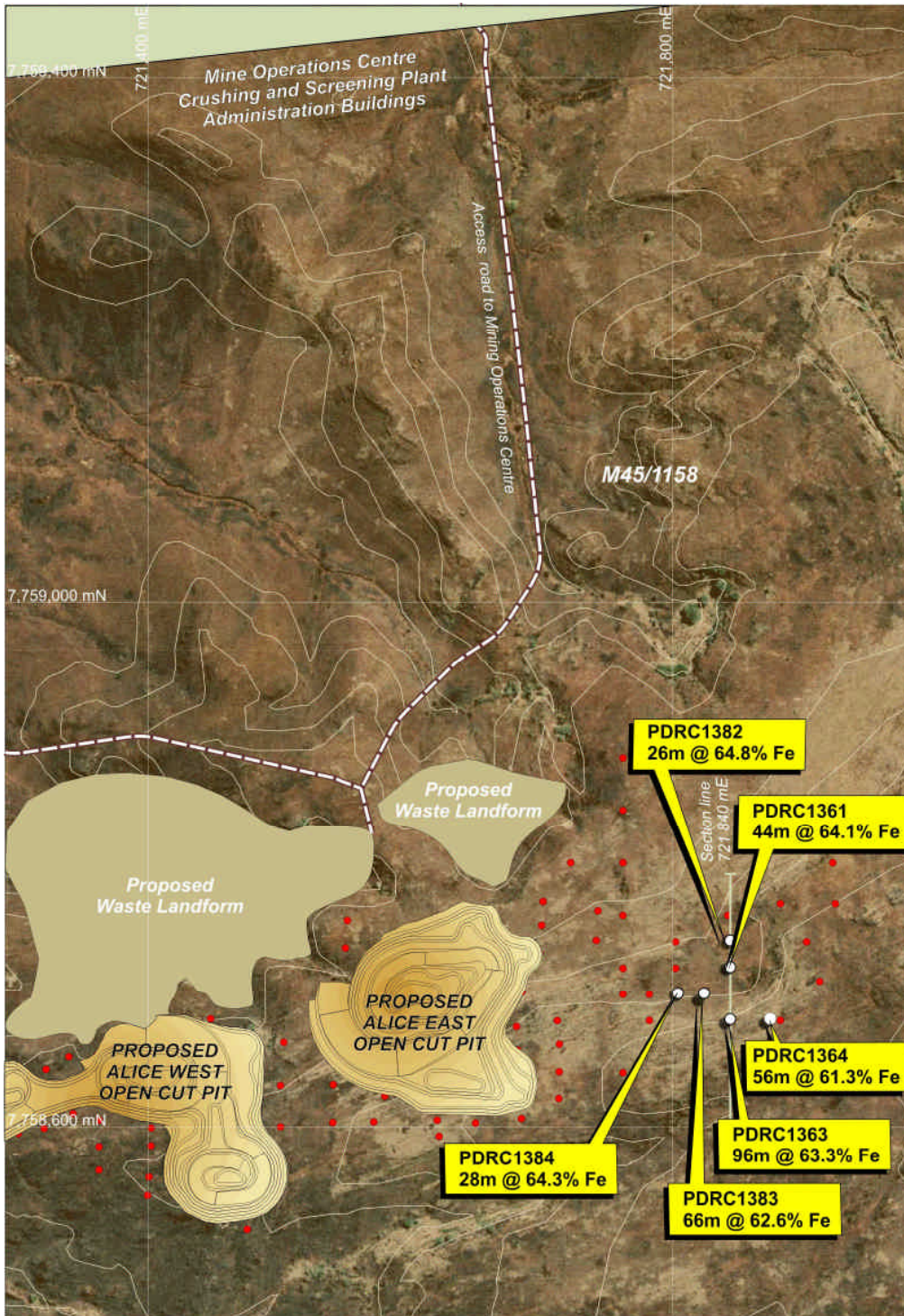
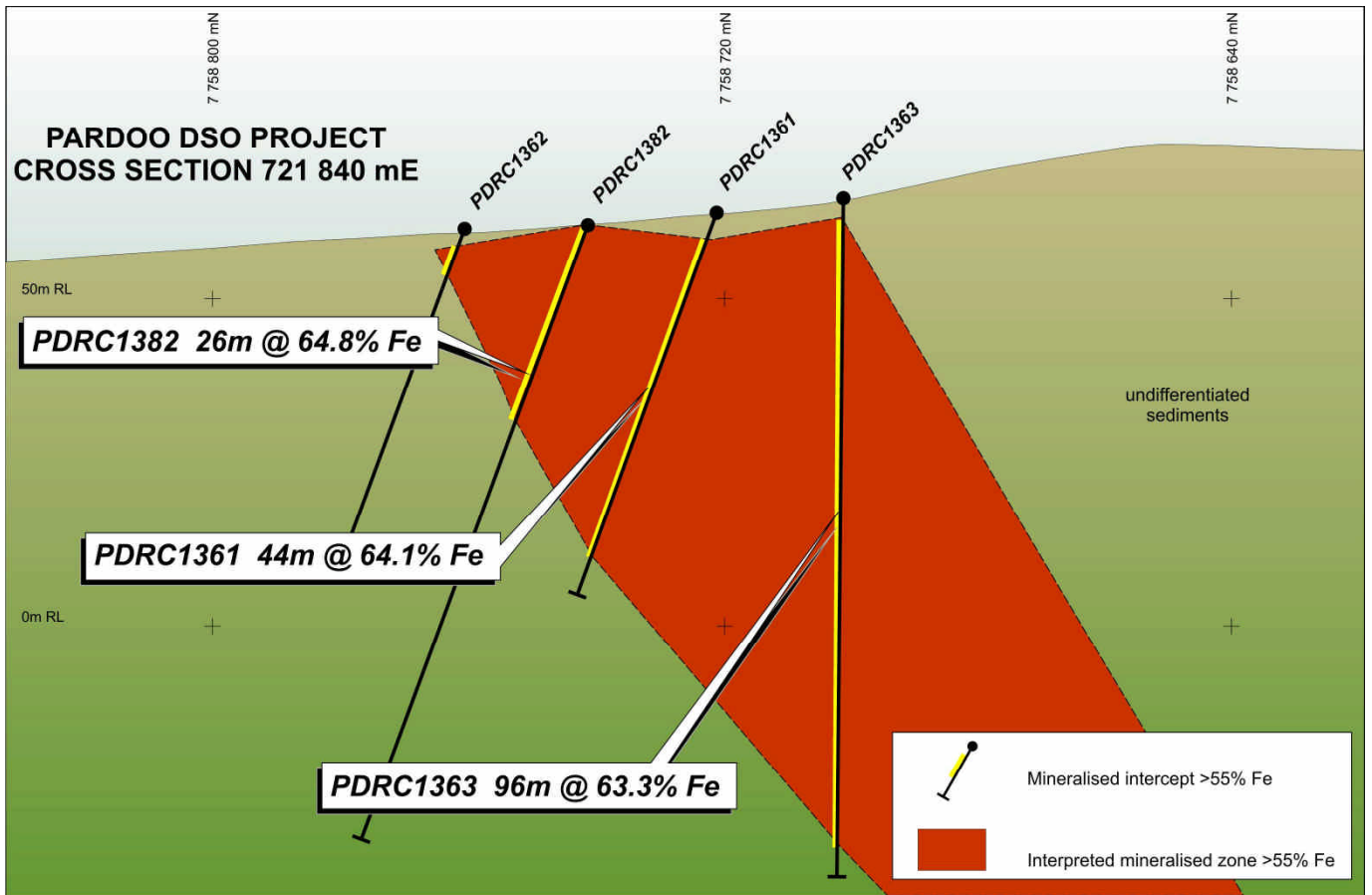


Figure 2: Drill Hole Location Plan



**Figure 3: Schematic cross-section**

**Exploration Results**

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



## PARDOO RC DRILLING RESULTS – ALICE EAST

Hole ID	Easting (GDA94)	Northing (GDA94)	Dip°	Azimuth (GDA94)	Hole Depth	From	To	Interval Width	Fe %	SiO <sub>2</sub> %	Al <sub>2</sub> O <sub>3</sub> %	P %	S %	LOI %	
Alice East															
PDRC1361	721841	7758723	-70	360	60	4	6	2	56.1	6.56	3.60	0.15	0.02	8.52	
							10	54	44	64.1	1.29	0.66	0.19	0.01	3.89
							18	54	36	65.7	1.07	0.52	0.17	0.01	3.29
						<b>Includes</b>									
PDRC1363	721841	7758703	-90	0	102	0	96	96	63.3	2.61	1.34	0.17	0.01	4.54	
							16	96	80	64.7	1.67	0.63	0.18	0.01	4.20
						<b>Includes</b>									
PDRC1364	721868	7758722	-90	0	96	2	22	20	62.1	3.04	1.61	0.19	0.01	5.18	
							8	22	14	63.3	1.71	0.97	0.22	0.01	5.41
							40	96	56	61.3	4.06	0.96	0.20	0.01	6.02
						<b>and</b>									
PDRC1368	721884	7758770	-70	360	54	2	8	6	57.2	6.76	0.98	0.16	0.01	7.71	
PDRC1382	721840	7758742	-70	360	102	4	30	26	64.8	1.57	0.68	0.17	0.01	4.56	
PDRC1383	721823	7758702	-90	0	90	0	2	2	55.4	8.45	5.27	0.08	0.01	6.31	
							6	72	66	62.6	3.90	0.94	0.15	0.01	4.56
							82	84	2	64.2	3.45	0.45	0.08	0.01	3.29
						<b>and</b>									
PDRC1384	721801	7758698	-90	0	84	26	28	2	57.7	9.16	2.41	0.13	0.01	6.25	
							46	74	28	64.3	2.59	0.35	0.11	0.01	4.02
						<b>and</b>									
PDRC1389	721863	7758741	-70	360	54	6	20	14	62.7	2.76	1.27	0.18	0.02	5.09	

Note: 2m composite samples, cone split sampling, 55.0% Fe lower cut, no upper cut, maximum internal waste of 2 m, analysis by X-Ray Fluorescence Spectrometry Method with Loss on Ignition (LOI) determined using Thermo-Gravimetric Analyses.