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ATLAS SECURES TWO MORE LONG TERM DSO SALES AGREEMENTS

Atlas Iron Limited (ASX Code: AGO) has taken another significant step towards achieving its key growth targets, with the Company striking two long-term off-take agreements with medium-sized Chinese steel mills covering a total of 1.1 million tonnes per annum of Atlas DSO product.

The two off-take agreements represent approximately 30% of the increased production that will occur as a result of the start of operations at the Company's 100%-owned Wodgina DSO Project. The agreements extend until 31 March, 2013 and were executed after careful evaluation of the extremely competitive bids received from steel mills.

These two new agreements are in addition to the four off-take agreements announced in late 2008 and early 2009 covering 100% of the iron ore that will be produced from Pardoo. Further off-take agreements representing the remaining Wodgina production volumes are expected to be executed in the first half of 2010.

Atlas announced this week that its DSO resource inventory had doubled to 186.6 million tonnes at 56.6% Fe, paving the way for the planned increases in production and sales revenue over the next three years. The revised figure represents an increase of 230% compared with a year ago.

Key terms of the two new off-take agreements are:

- Price referenced to the long-term benchmark, with pricing relativity achieved reflecting the strong competition to secure access to Atlas tonnage;
- A "mutual fairness" adjustment mechanism which applies only in the event that spot prices and benchmark prices materially diverge. Once activated, this mechanism serves to adjust the sales price mid-way to the spot price in order to maintain the fairness of contract pricing to both parties; and
- Ore sold on a delivered basis, with freight to be arranged by Atlas and reimbursed by the customers.

Subject to the commissioning of the Utah Point port berth at Port Hedland, the first shipment under these two off-take agreements is expected to be completed by the end of July 2010.

"The high level of interest in ore from Atlas' DSO Projects remains very encouraging," said Atlas Managing Director David Flanagan. "We are pleased to welcome two new steel mills to our customer base and look forward to developing strong long-term relationships with them.

"Our marketing team has received numerous expressions of interest for the remaining additional tonnage and they will look to finalise further agreements in coming months."

Background Atlas Iron Limited

Atlas Iron Limited is mining and exporting from its 100%-owned Pardoo Iron Ore project, located 75 kilometres by road from Port Hedland in the Pilbara region of Western Australia. Atlas shipped over 1 million tonnes of Pardoo Direct Shipping Ore (DSO) in its first year of operation. Atlas is working to further expand its production following commissioning of the Utah Point port facility in mid 2010. When combined with additional export tonnages from its Wodgina and Abydos DSO Projects, the Company is targeting exports at an annualised rate of 6 million tonnes by the end of 2010, growing to 12 million tonnes by 2012.

For further information please contact

David Flanagan, Managing Director

Mark Hancock, Chief Financial Officer

Tel: (08) 9476 7900