



2 September 2010

TURNER RIVER HUB TO PLAY KEY ROLE IN GROWTH TO 12MTPA

Atlas Iron Limited (ASX Code: AGO) is pleased to report that its plan to establish a centralised processing and haulage point to underpin its expansion push has been strongly supported by a pre-feasibility study.

Known as the Turner River Hub, the centralised would blend and process ore from 3 of Atlas' 4 North Pilbara iron ore projects (Wodgina, Abydos and Mt Webber) in preparation for transport to the new Utah Point Port Facility at Port Hedland 95kms away.

HIGHLIGHTS

- **TURNER RIVER HUB UNDERPINNED BY RESERVES OF 46MT WITH 105MT OF RESOURCES**
- **HUB SUPPORTS EXPANDED WODGINA AND NEW MINES AT ABYDOS AND MT WEBBER**
- **PLAN INCLUDES "PRIVATE ROAD" AND RAIL HAULAGE OPTIONS**
- **\$A178M TOTAL CAPEX FOR ALL ROADS, WORKS AND MINE STARTUP**
- **\$A40-45/T FOB CASH COST FOR "MINING-HAUL-CRUSH-SCREEN-HAUL-SHIPLOAD"**
- **STUDY'S FINDINGS FOLLOW 50% UPGRADE IN ATLAS RESERVES TO 53.7MT AT 57.7% Fe**

The Hub would have an annual capacity of 10 million tonnes, meaning it will play a key role in Atlas' plan to double its production from six million tonnes a year this Christmas to 12 million tonnes a year by 2012.

It will also deliver substantial economies of scale, thereby reducing per unit costs, and bring the benefits of blending ore types from multiple sources, including optimum prices and longer mine lives.

The ore for the Hub would be sourced from Atlas' Wodgina, Abydos and Mt Webber iron ore projects (see *Figures 1 and 2*). Ore from Atlas' current mine, Pardoo, will not be processed at the Hub but will continue to account for about two million tonnes per annum.

The Turner River Hub's location will also help underpin further project development within Atlas' existing North Pilbara exploration project portfolio, including the Wodgina North, Western Shaw, Pincunah and Miralga Creek exploration projects (see Figure 3).

Atlas has up to 15Mtpa of capacity at the Utah Point Port Facility. Utah is currently being commissioned with the first vessel, the "Bergen Max" due to berth and commence ship loading Atlas ore on 17 September 2010.

"With mine production from Pardoo and Wodgina ramping up and on track for a 6Mtpa export rate by Christmas. Atlas is growing its production rates very quickly." Managing Director David Flanagan said.

"Atlas is the only Australian iron ore company targeting a five-fold increase in exports over the next four months and a plan to get to 12Mtpa in 2012."

"We believe the Company's rapidly growing production and cashflow makes Atlas an attractive investment opportunity."

Further enquiries please contact

David Flanagan, Managing Director

Ken Brinsden, Chief Operating Officer

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PRELIMINARY FEASIBILITY STUDY OUTCOMES

Atlas Iron Limited is well placed to continue with the development its Wodgina operations, and in turn, start individual new mines at Abydos and Mt Webber delivering final product feed to port for export. However, the proximity of these three mines within an arc of approximately 80 kilometres of each other provides the opportunity to consolidate the mine feed at a larger central processing and blending facility.

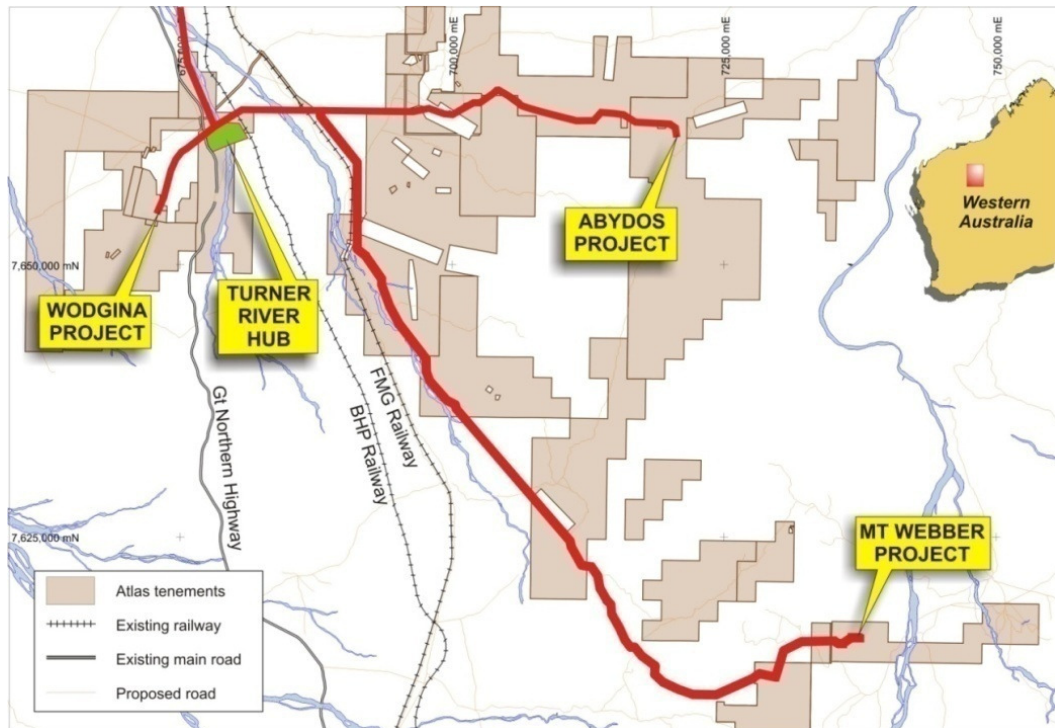


FIGURE 1 - Turner River Hub Project and Satellite Mine Locations

Results from the Turner River Hub Preliminary Feasibility Study (PFS) have concluded that the central processing facility offers the following advantages:

- Larger scale crushing and screening plant and associated facilities lowers the overall unit cost of production;
- Centralised production simplifies the ore blending process to achieve final product specification;
- Turner River Hub location allows access to the existing fixed infrastructure available to Atlas through the ongoing infrastructure sharing agreement with Talison Minerals, including access to the existing gas fired power station;
- The Turner River Hub location just 95 kilometres south of Port Hedland facilitates access to alternate down-stream haulage options including:
 - Off-highway road train haulage via a private haul road to the Port of Port Hedland,
 - Existing FMG rail, or
 - Existing BHPB rail.
- Large scale off-highway road train haulage from the satellite mines to the central processing facility, or subsequently final product from the Turner River Hub to the port, lowers the cost of ore transport by over 30% compared to on-highway haulage:



- Off-highway haulage via a private haul road provides an alternative to rail haulage as a result of the reduced capital establishment costs, limited distance for transport at approximately 95 kilometres and the unknown costs associated with 3rd party rail access or haulage with an existing Pilbara infrastructure provider: and
- The Turner River Hubs location will provide a natural fit for further project development within Atlas' existing North Pilbara exploration project portfolio, including the potential for future production from Wodgina North, Western Shaw, Pincunah and Miralga Creek.

At a preliminary level of assessment the project fundamentals for the project resulted in the following:

- Capital estimate to establish the Turner River Hub in the order of \$178M (excluding contingency);
- With operating costs circa \$40-45/t the TRH will generate significant operating cash flows at 10MTPA
- Payback for the Project expected to be less than 24 months;
- Combined operating costs across the satellite mines at Wodgina, Abydos and Mt Webber and the Turner River Hub (using a Contractor based operating model) of AUD \$40-\$45 per tonne FOB (excluding royalties and selling costs); and
- Project underpinned with good resource base and pit inventories, including excellent reserve conversion rates to date with this trend expected to continue.

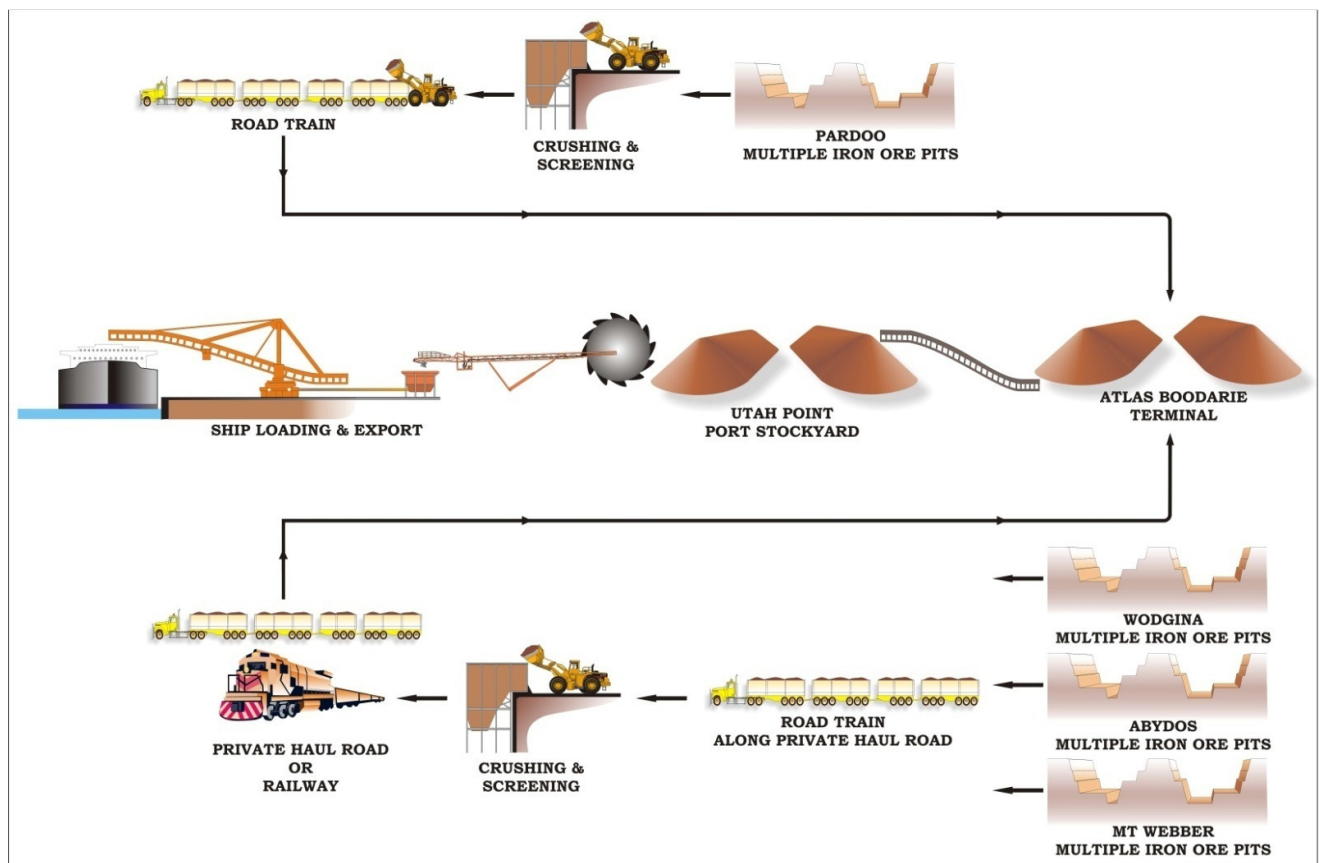


FIGURE 2 - Northern Pilbara Projects, 12Mtpa Production Process Flow Schematic

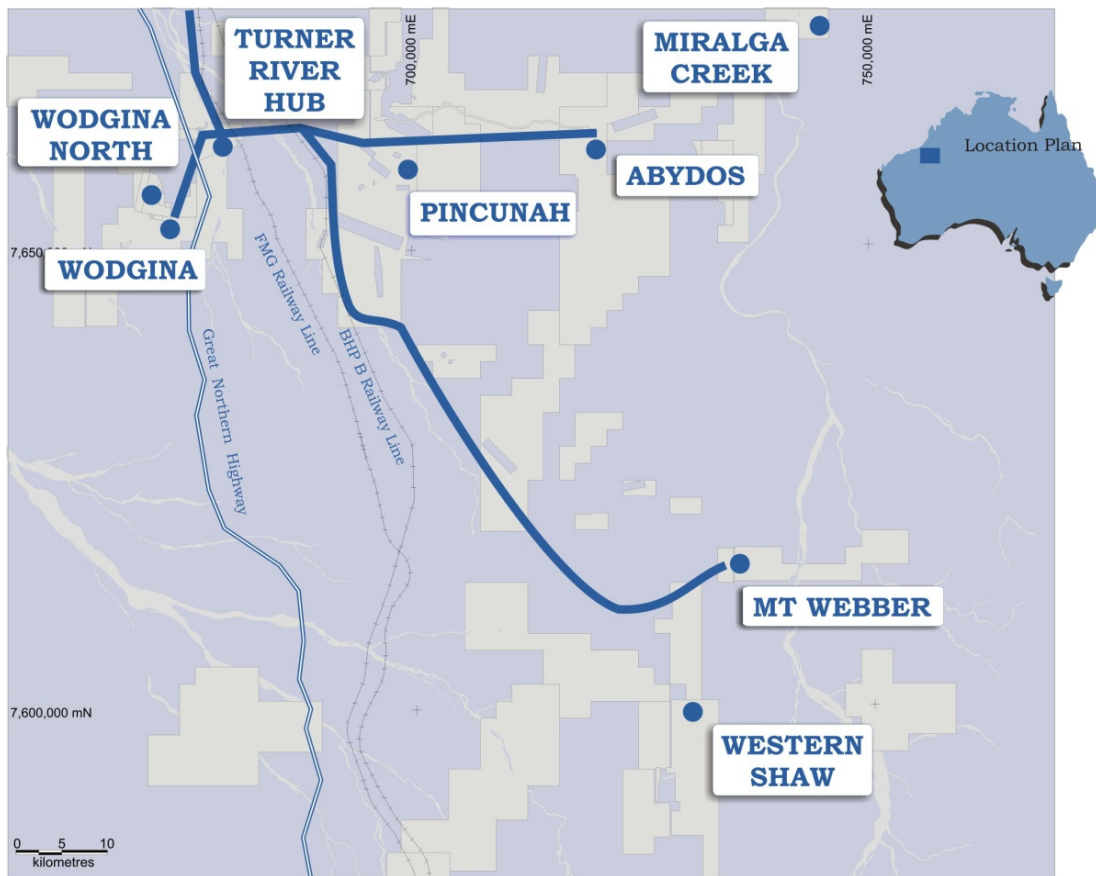


FIGURE 3 - Projects Contributing to the Turner River Hub Strategy

FORWARD WORK

The Company is currently tendering for the award of a Definitive Feasibility Study (DFS) on the Turner River Hub Project, with an announcement expected on the successful prime Consultant in early September 2010. It is expected the DFS study will be completed during Q2 of 2011.

On the basis of favourable outcomes from the DFS and subsequent board approval, the Company will move quickly into execution, with various long lead procurement items ordered soon after the completion of the final study works.

The Company is well advanced on the mine and processing environmental approvals process, including flora / fauna field study work and desktop analysis in addition to the pegging of the required mining, haulage and processing tenure applications.

Atlas is active in exploration across its Northern Pilbara Projects to add to the Company's Resource base, with a particular focus on those resources that will contribute to the Turner River Hub strategy. Updated Resource and Reserves will be released during the 4th quarter of this calendar.



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. In the 2009/10 financial year Atlas shipped over 1.2 million tonnes of Pardoo Direct Shipping Ore (DSO). Atlas is working to further expand its production following commissioning of the Utah Point port facility late in 2010. When combined with additional export tonnages from its Wodgina, Abydos & Mt Webber 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 during 2012.

For further information please contact

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Atlas Iron Limited – Statement on Global Exploration Target

Atlas has reported a total resource inventory of 207.4 million tonnes at 56.7% Fe consisting of resources at Pardoo, Abydos, Turner River, Mt Webber, Wodgina, Weld Range, Jimblebar Range, Western Creek, Warrawanda and Caramulla South. While the Company intends to do further exploration on its tenements and remains optimistic it will report additional resources and reserves in the future, any discussion in relation to targets, resources, reserves or 'ore' over and above the resource of 207.46 million tonnes at 56.7% Fe is only conceptual in nature. There has been insufficient exploration to define a Mineral Resource over and above the resource of 207.4 million tonnes at 56.7% Fe, and it is uncertain if further exploration will result in the determination of a Mineral Resource over and above the resource of 207.4 million tonnes at 56.7% Fe.

Reserve Estimation

The information in this report that relates to Reserve estimations is based on information compiled by Mr Ken Brinsden, who is a member of the Australasian Institute of Mining and Metallurgy. Ken Brinsden is a full time employee of Atlas Iron Limited. Ken Brinsden 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, Mineral Resources and Ore Reserves'. Ken Brinsden 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.



Atlas Iron Reserves 30 June 2010

Pardoo DSO Reserves Table (Proven and Probable) - 30 June 2010

Location	Ore Type	Reserve Classification	Kt	Fe (%)	SiO ₂ (%)	Al ₂ O ₃ (%)	P (%)	S (%)	LOI (%)	CaFe (%)
Floyd	Bedded Ore	Probable	1,687	56.7	6.2	2.3	0.11	0.01	9.5	62.7
Bobby	Bedded Ore	Probable	881	58.2	6.6	1.0	0.13	0.01	8.2	63.4
Glenda	Bedded Ore	Probable	161	58.5	5.1	1.0	0.17	0.01	9.4	64.6
Alice Extension	Bedded Ore	Proven	306	62.9	3.1	1.1	0.17	0.01	4.9	66.1
	Bedded Ore	Probable	275	63.4	3.0	0.7	0.17	0.01	4.6	66.5
Chloe	Bedded Ore	Probable	250	57.4	5.6	1.5	0.05	0.05	7.3	61.9
Olivia / Emma	Bedded Ore	Probable	1,986	56.1	10.2	1.6	0.03	0.08	6.1	59.7
South Limb	Bedded Ore	Proven	1,100	57.7	5.6	2.0	0.16	0.02	9.1	63.5
	Bedded Ore	Probable	276	57.1	6.1	2.6	0.17	0.02	9.0	62.8
Run-of-Mine Ore Stocks	Bedded Ore	Proven	46	56.7	7.9	2.1	0.12	0.02	8.0	61.6
Final Product Stocks	Bedded Ore	Proven	260	55.0	8.4	3.0	0.10	0.02	8.5	60.1
Sub Total	Proven		1,712	58.2	5.6	2.0	0.15	0.02	8.2	63.4
	Probable		5,515	57.2	7.5	1.7	0.09	0.04	7.7	61.9
Total			7,227	57.4	7.1	1.8	0.10	0.03	7.8	62.3

Note:

Ore Reserves estimated at cut-off grades in the range of 54-56% Fe.

Wodgina DSO Reserves Table (Proven and Probable) - 30 June 2010

Location	Ore Type	Reserve Classification	Kt	Fe (%)	SiO ₂ (%)	Al ₂ O ₃ (%)	P (%)	S (%)	LOI (%)	CaFe (%)
Anson	Bedded Ore	Proven	7,279	58.6	4.9	1.5	0.10	0.03	9.0	64.4
		Probable	5,450	56.6	7.2	1.9	0.08	0.03	8.9	62.2
Constellation	Bedded Ore	Probable	1,269	57.3	5.1	2.2	0.03	0.13	9.1	63.1
Dragon	Bedded Ore	Proven	5,282	57.6	6.2	1.4	0.05	0.09	8.4	62.9
	Bedded Ore	Probable	458	56.1	6.8	2.6	0.10	0.04	9.3	61.9
Sub Total	Proven		12,561	58.2	5.4	1.4	0.1	0.1	8.7	63.7
	Probable		7,177	56.7	6.8	2.0	0.1	0.1	9.0	62.3
Total			19,738	57.6	5.9	1.6	0.08	0.05	8.8	63.2

Note:

Ore Reserves estimated at cut-off grades in the range of 54-56% Fe.

Abydos DSO Reserves Table (Probable) - August 2010

Location	Ore Type	Reserve Classification	Kt	Fe (%)	SiO ₂ (%)	Al ₂ O ₃ (%)	P (%)	S (%)	LOI (%)	CaFe (%)
Trigg	Bedded Ore	Probable	7,584	58.2	5.2	1.7	0.06	0.01	9.5	64.2
Total			7,584	58.2	5.2	1.7	0.06	0.01	9.5	64.2

Note:

Ore Reserves defined at a 54% Fe cut-off grade.

Mt Webber DSO Reserves Table (Probable) - August 2010

Location	Ore Type	Reserve Classification	Kt	Fe (%)	SiO ₂ (%)	Al ₂ O ₃ (%)	P (%)	S (%)	LOI (%)	CaFe (%)
Ibanez	Bedded Ore	Probable	19,141	57.6	5.9	2.0	0.08	0.02	8.9	63.3
Total**			19,141	57.6	5.9	2.0	0.08	0.02	8.9	63.3

Note:

Ore Reserves defined at a 54% Fe cut-off grade.

**Reserves at Mt Webber are subject to Joint Venture interests in the ratio AGO 70% : AJM 30%.



Atlas Iron Limited - Resource Estimate 30 June 2010									
Project Area	Resource Classification	Kt	Fe (%)	SiO2 (%)	Al2O3 (%)	P (%)	S (%)	LOI (%)	CaFe (%)
Pardoo	Measured	2,070	57.6	6.0	2.2	0.17	0.02	8.5	62.9
	Indicated	13,700	56.5	8.4	1.8	0.10	0.03	8.0	61.4
	Inferred	10,000	56.2	8.8	2.2	0.09	0.04	8.7	61.5
Abydos	Indicated	10,100	57.7	5.6	1.7	0.05	0.01	9.4	63.8
	Inferred	12,000	57.7	7.0	2.2	0.06	0.02	9.6	63.7
Wodgina	Measured	15,140	57.8	5.9	1.5	0.08	0.06	8.7	63.3
	Indicated	10,800	56.0	7.3	2.4	0.07	0.05	9.1	61.6
	Inferred	15,000	54.8	8.2	3.0	0.05	0.07	9.2	60.4
Mt Webber	Indicated	21,900	57.2	6.4	2.1	0.08	0.02	8.9	62.7
	Inferred	20,000	57.0	6.6	2.3	0.10	0.03	8.3	62.3
Mt Dove	Inferred	2,000	58.5	6.1	1.8	0.11	0.03	7.9	63.5
Weld Range	Inferred	5,000	64.1	3.3	2.7	0.05	0.01	1.6	65.1
Western Creek	Inferred	19,000	55.1	6.6	4.1	0.06	0.03	9.3	60.7
Jimblebar Range	Inferred	13,000	57.5	7.0	2.0	0.06	0.04	7.9	62.4
Caramulla South	Inferred	14,000	53.9	8.6	5.4	0.04	0.03	8.1	58.7
Warrawanda	Inferred	21,000	57.1	6.6	2.6	0.07	0.03	8.5	62.4
Total	Measured	17,210	57.7	5.9	1.6	0.09	0.06	8.7	63.2
	Indicated	56,500	56.9	6.9	2.0	0.08	0.03	8.8	62.4
	Inferred	131,000	56.5	7.1	3.0	0.07	0.03	8.4	61.7
Grand Total		204,710	56.7	7.0	2.6	0.07	0.03	8.5	62.0

Table 1: Atlas Iron DSO Resource Estimate as at 30 June 2010.

Note: Pardoo, Wodgina, Mt Webber, Warrawanda resources quoted at >53% cut off grade.

Abydos, Mt Dove, Weld Range, Western Creek, Jimblebar, Caramulla South resources and Connie Deposit quoted at >50% cut off grade.

CaFe% is calcined Fe calculated by Atlas using the formula $(Fe\% / (100 - LOI\%)) * 100$.

Measured, Indicated & Inferred resource tonnages are rounded to the nearest ten thousand, hundred thousand and million tonnes respectively.

Geological Data, Interpretation and Resource Estimation – DSO Projects

The information in this report that relates to mineral resource results on Atlas' DSO Projects is based on information compiled by Mr Tony Cormack who is a member of the Australasian Institute of Mining and Metallurgy. Tony Cormack is a full time employee of Atlas. Tony Cormack has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which he has undertaken to qualify as a Competent Person as defined in the 2004 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves'. Tony Cormack consents to the inclusion in this announcement of the matters based on his information in the form and context in which it appears.