



5th February 2013

RESERVES INCREASE 21% TO 499Mt

Result includes a doubling of reserves at McPhee Creek to 178Mt, further underpinning Atlas' Horizon 2 strategy

HIGHLIGHTS

- **98% increase in McPhee Creek Ore Reserve**
- **25% increase in Abydos Ore Reserve**
- **21% increase in Mt Dove Ore Reserve**

Atlas Iron Limited (ASX Code: AGO) is pleased to announce that its total Pilbara Ore Reserves have increased by 21% to 499Mt, further strengthening the Company's existing operations, near term development projects and its longer-term growth strategy.

The upgraded Reserve estimate, which compares with the previously published figure of 30 June 2012, includes a 21% increase at Mt Dove, where production started recently, and a 25% rise at Abydos, where construction is underway. The increase also includes a 98% jump in Reserves at McPhee Creek. Further Reserve increases at McPhee Creek are a significant result given the key role the project is set to play in Atlas' Horizon 2 growth option.

The Ore Reserve update is inclusive of mining depletion at Pardoo and Wodgina.

Atlas Summary Ore Reserves Table - as at 31 December 2012									
	Reserve Classification	Kt	Fe (%)	SiO ₂ (%)	Al ₂ O ₃ (%)	P (%)	S (%)	LOI (%)	CaFe (%)
Sub Total	Proven	99,000	57.6	5.8	2.2	0.10	0.02	8.6	63.1
	Probable	401,000	55.8	7.0	3.0	0.10	0.02	8.9	61.2
Grand Total	All Reserves	499,000	56.1	6.7	2.9	0.10	0.02	8.9	61.6

Note: See Notes to table in Attachment 1

Atlas Managing Director Ken Brinsden said the substantial Reserve growth, particularly at McPhee Creek, was the result of Atlas continued reinvestment in the Company through the extensive drilling programs, engineering and ongoing feasibility works conducted over the past 18 months.

"Atlas is delivering on its strategy of generating strong production increases today while laying the foundations for substantial growth over the longer term," Mr Brinsden said.

"We shipped at a record annualised rate of 7Mtpa in the December 2012 Quarter and we are on track to hit 10Mtpa by the end of June this year, on the back of the production start-up at Abydos where construction is now well underway. At the same time, we are growing the Ore Reserves to underpin our Horizon 2 growth options" Mr Brinsden added.

Further details to this Reserve upgrade can be found in the attachments following.

For further information please contact

Ken Brinsden, Managing Director
Robert Wilson, Chief Development Officer
Tel (08) 6228 8000
Atlas Iron Limited ABN 63 110 396 168



ATTACHMENT 1

Further detail contributing to the Company's Ore Reserves can be found in the table below:

Atlas Ore Reserves Table - as at 31 December 2012									
Project Area	Reserve Classification	Kt	Fe (%)	SiO ₂ (%)	Al ₂ O ₃ (%)	P (%)	S (%)	LOI (%)	CaFe (%)
Pardoo - DSO	Proven	100	55.0	13.0	1.6	0.07	0.05	3.6	57.1
	Probable	3,000	57.2	7.2	1.9	0.09	0.04	7.9	62.1
Abydos - DSO	Probable	11,600	57.4	6.1	1.8	0.06	0.01	9.5	63.4
Wodgina - DSO	Proven	5,800	57.0	6.8	1.6	0.05	0.10	8.5	62.2
	Probable	9,800	57.6	6.3	1.5	0.08	0.04	8.9	63.2
Mt Webber** - DSO	Proven	29,700	58.2	5.5	1.8	0.09	0.02	8.6	63.6
	Probable	20,100	56.4	7.7	2.2	0.08	0.02	8.5	61.6
Mt Dove - DSO	Proven	700	59.6	5.3	1.4	0.11	0.02	7.6	64.5
	Probable	1,400	56.7	8.3	2.1	0.11	0.03	8.0	61.6
McPhee Creek - DSO	Proven	22,200	58.4	4.7	1.8	0.13	0.01	9.1	64.2
	Probable	78,200	57.8	5.2	1.8	0.16	0.01	9.2	63.7
McPhee Creek - BFO	Proven	8,900	52.3	11.3	2.6	0.13	0.01	9.4	57.7
	Probable	68,700	52.1	11.1	3.5	0.11	0.02	9.4	57.5
Davidson Creek Hub [^] - BFO	Proven	31,000	58.1	5.0	2.8	0.10	0.01	8.2	63.3
	Probable	208,000	55.9	6.3	3.6	0.08	0.01	8.7	61.3
Port (Utah Point)	Proven	186	56.2	8.2	1.4	0.07	0.06	7.6	60.8
Sub Total	Proven	99,000	57.6	5.8	2.2	0.10	0.02	8.6	63.1
	Probable	401,000	55.8	7.0	3.0	0.10	0.02	8.9	61.2
Grand Total		499,000	56.1	6.7	2.9	0.10	0.02	8.9	61.6

Notes:

1. **60% of the Ore Reserves at Mt Webber are subject to Joint Venture interests in the ratio AGO 70% : AJM 30%.
2. [^]Davidson Creek Hub (previously referred to as Jigalong-Ferrus Project) incorporates the Davidson Creek, Mirrin Mirrin and Robertson Range project areas.
3. The Ore Reserves are reported at Cut-Off-Grades ranging from 45 - 56% Fe.
4. The Ore Reserves have been estimated in compliance with the JORC Code.
5. CaFe% is calcined Fe calculated by Atlas using the following formula $(Fe\% / (100 - LOI\%)) * 100$.
6. DSO refers to Direct Shipping Ore.
7. BFO refers to Beneficiation Feed Ore, representing the ore feed for a beneficiation plant to upgrade to final product.

Background information on this Reserve update

- Reserves are derived from regularised mine planning models and made up of both internal and external dilution.
- A net increase of 88Mt at McPhee Creek resulting from an updated Resource estimate.

Atlas Iron Limited ABN 63 110 396 168



- A net increase of 2.3Mt at Abydos with the addition of ore reserves estimates for Leightons and Scarborough.
- A net increase of 0.3Mt at Mt Dove resulting from an updated resource model.
- Depletions due to mining, design and density adjustments of 3.2Mt and 0.6Mt at Wodgina and Pardoo respectively.
- A net decrease of 1.3Mt at Mt Webber, resulting from adjustments to bulk densities.
- Other Reserves are unchanged from June 2012.
- Beneficiation is considered for Beneficiation Feed Ore (BFO) at McPhee Creek and Davidson Creek Hub with yields of approximately 70% for McPhee Creek BFO (targeting a product specification of 57.5%Fe) and yields above 80% for Davidson Creek Hub ore (targeting a product specification of 58.5%Fe).

Mining Ore Reserve Estimates - Compliance with the JORC code assessment criteria

This mining Ore Reserve statement has been compiled in accordance with the guidelines defined in the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves (The JORC Code -- 2004 Edition).

Ore Reserve Estimation – Pardoo, Wodgina, Mt Dove, Abydos, Mt Webber and McPhee Creek

The information in this report that relates to Ore Reserve estimations for the Pardoo, Wodgina, Mt Dove, Abydos, Mt Webber and McPhee Creek Areas, is based on information compiled under the guidance of and audited by Mr Steve Craig, who is a member of the Australasian Institute of Mining and Metallurgy. Steve Craig is a full time employee and Managing Director of Orelogy Pty Ltd. Steve Craig 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'. Steve Craig consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.

Ore Reserve Estimation – Davidson Creek Hub (formerly Jigalong-Ferrus Project - Davidson Creek, Robertson Range, Mirrin Mirrin)

The information in this report that relates to Ore Reserve estimations for the Davidson Creek Hub (formerly Jigalong-Ferrus) Project Area is based on information compiled by Mr Alan G. Cooper, who is a member of the Australasian Institute of Mining and Metallurgy. Alan Cooper is a full time employee of Snowden Mining Industry Consultants Pty Ltd. Alan Cooper 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'. Alan Cooper consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.

Ore Reserve Estimation – Ore Stocks at Wodgina, Pardoo & Utah Port

The information in this report that relates to Ore Reserve estimations for the Ore stocks at Wodgina & Pardoo project Area and at Utah port is based on information compiled by Mr Jeremy Sinclair, who is a member of the Australasian Institute of Mining and Metallurgy. Jeremy Sinclair is a full time employee of Atlas Iron Ltd. Jeremy Sinclair 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'. Jeremy Sinclair consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.



ATTACHMENT 2

Mineral Resource Estimate

Atlas - DSO Mineral Resource Summary - as at 31 December 2012									
	Resource Classification	Kt	Fe (%)	SiO ₂ (%)	Al ₂ O ₃ (%)	P (%)	S (%)	LOI (%)	CaFe (%)
Pardoo	Measured	40	56.8	7.2	2.6	0.18	0.03	8.1	61.8
	Indicated	8,900	56.3	8.2	1.9	0.11	0.03	8.2	61.4
	Inferred	8,000	55.6	7.9	2.4	0.10	0.02	9.1	61.2
Abydos	Indicated	17,900	57.2	6.4	1.8	0.05	0.02	9.5	63.2
	Inferred	5,000	56.8	7.1	1.5	0.06	0.02	9.4	62.7
Wodgina	Measured	7,120	56.7	7.0	1.6	0.04	0.11	8.5	62.0
	Indicated	23,300	56.1	7.9	1.9	0.08	0.05	9.0	61.7
	Inferred	15,000	53.9	8.9	3.5	0.06	0.05	9.5	59.5
Mt Webber	Measured	32,800	58.1	5.5	1.8	0.09	0.02	8.6	63.6
	Indicated	29,900	55.3	8.4	2.6	0.08	0.03	8.7	60.6
	Inferred	1,000	57.2	7.7	1.3	0.07	0.05	7.3	61.7
McPhee Creek	Measured	33,760	57.0	6.1	1.9	0.14	0.01	9.3	62.8
	Indicated	194,000	55.9	7.1	2.4	0.14	0.01	9.3	61.6
	Inferred	19,000	53.5	8.9	3.9	0.06	0.02	10.1	59.5
Mt Dove	Measured	800	59.7	5.0	1.5	0.11	0.02	7.7	64.7
	Indicated	1,500	56.9	8.1	2.1	0.11	0.03	8.0	61.8
	Inferred	200	56.5	8.9	2.0	0.11	0.02	7.8	61.3
Mid West	Inferred	12,000	60.0	6.3	2.9	0.06	0.01	3.7	62.3
Newman	Indicated	41,100	58.1	5.3	4.4	0.17	0.01	6.1	61.9
	Inferred	166,000	56.0	6.9	4.0	0.09	0.02	8.3	61.1
Davidson Creek Hub	Measured	43,200	57.9	5.2	3.0	0.10	0.01	8.2	63.6
	Indicated	339,100	55.9	6.8	3.7	0.09	0.01	8.7	61.7
	Inferred	62,000	55.4	8.1	3.3	0.10	0.01	8.2	59.1
West Pilbara	Inferred	38,000	53.6	7.5	4.8	0.04	0.01	9.3	59.1
Total	Measured	117,720	57.7	5.6	2.3	0.10	0.02	8.6	63.3
	Indicated	655,700	56.0	6.9	3.2	0.10	0.02	8.7	61.7
	Inferred	326,200	55.5	7.4	3.8	0.08	0.02	8.4	60.4
Grand Total		1,099,620	56.1	6.9	3.3	0.10	0.02	8.6	61.5

Notes:

1. Pardoo, Wodgina, McCamey's North and Warrawanda resources quoted at >53% Fe cut-off grade.
2. Mt Webber, Abydos, Mt Dove, Crescent Moon, Main Range West, Newman, Midwest, West Pilbara, Davidson Creek Hub resources quoted at >50% Fe cut-off grade.
3. McPhee Creek Main Range is reported at a >45% Fe cutoff grade. The resource includes 10.5 Mt between 45% to 50% Fe.
4. CaFe% is calcined Fe calculated by Atlas using the following formula $(Fe\% / (100 - LOI\%)) * 100$.
5. Resources within the Mt Webber Altura JV are subject to a 70:30 AGO:AJM joint venture interest for Ibanez, Fender and Gibson resources.
6. Davidson Creek Hub Project was previously referred to as Jigalong Project.
7. Tonnes are rounded according to their JORC category and grades are carried through unaffected by rounding errors.



Background information on resource update

Changes to the Mineral Resource inventory compared to June 2012 are a result of resource development infill drilling at McPhee Creek, Abydos, Mt Webber and Mt Dove projects and depletion by mining at Pardoo and Wodgina:

- Measured and Indicated Resources increased by 72.3 Mt.
- A net increase of 20 Mt at McPhee Creek following infill and extensional drilling on the Main Range deposit. Upgraded Resource classification now includes 33.8 Mt Measured and 194 Mt Indicated material.
- A net increase of 2.4 Mt at Abydos, following infill drilling at Mettams, Mullaloo, Scarborough and Leightons. Upgraded Resource classifications have increased Indicated Resources by 6.4 Mt.
- A net decrease of 1.7 Mt at Mt Webber resulting from a decrease to the bulk density on the Daltons resource. Upgraded Resource classifications at Daltons have converted a further 10.1 Mt of material into Measured classification.
- A net increase of 0.1 Mt at Mt Dove resulting from infill drilling, upgraded Resource classification has added 0.8 Mt of Measured material.
- Depletions due to mining of 0.9 Mt and 5 Mt at Pardoo and Wodgina respectively.
- Other resources are unchanged from 30 June 2012.

A significant portion of the 2012 drilling was designed for resource conversion at McPhee Creek, Abydos and Mt Webber, as a result of which there was less exploration work conducted on greenfields projects. Moving forward the emphasis will revert to a combination of brownfields and greenfields exploration work (primarily focusing on the North Pilbara), with the intention of extending existing deposits, upgrading inferred resources and identifying new DSO discoveries.

Geological Data, Interpretation and Resource Estimation – Other DSO Projects

The information in this report that relates to mineral resource results on Atlas' DSO Projects other than Davidson Creek Hub (previously Jigalong) is based on information compiled by Mr Steve Warner who is a member of the Australasian Institute of Mining and Metallurgy. Steve Warner is a full time employee of Atlas. He 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'. Steve Warner consents to the inclusion in this announcement of the matters based on his information in the form and context in which it appears.

Geological Data, Interpretation and Resource Estimation – Davidson Creek Hub Project (formerly Jigalong Project)

The information in this report that relates to mineral resource results on Atlas' Davidson Creek Hub Project (formerly Jigalong Project) is based on information compiled by Mr John Graindorge who is a Chartered Professional member of the Australasian Institute of Mining and Metallurgy. John Graindorge is a full time employee of Snowden Mining Industry Consultants Pty Ltd. He 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'. John Graindorge consents to the inclusion in this announcement of the matters based on his information in the form and context in which it appears.