



5 September 2011

Company Announcements Office
ASX Limited
Level 8, Exchange Plaza,
2 The Esplanade,
Perth, WA, 6000

Atlas Iron Limited ACN 110 396 168 ASX: AGO (Atlas) – takeover bid for FerrAus Limited ACN 097 422 529 ASX: FRS (FerrAus)

We **enclose** a copy of a bidder's statement containing an offer by Atlas to FerrAus shareholders for all their ordinary shares in FerrAus (**Bidder's Statement**) as required by item 5 of section 633(1) of the *Corporations Act 2001* (Cth).

A copy of the Bidder's Statement has been sent to FerrAus today.

Yours faithfully

Tony Walsh
Company Secretary
Atlas Iron Limited



BIDDER'S STATEMENT

ACCEPT RECOMMENDED OFFER

by

Atlas Iron Limited
ABN 63 110 396 168

to acquire all of your ordinary shares in

FerrAus Limited
ABN 86 097 422 529

for

1 Atlas Share
for every 4 FerrAus Shares

FERRAUS' DIRECTORS
UNANIMOUSLY
RECOMMEND YOU

ACCEPT THE OFFER

IN THE ABSENCE OF A SUPERIOR PROPOSAL

This is an important document and requires your immediate attention. If you are in doubt as to how to deal with this document you should consult your financial, legal or other professional adviser immediately.

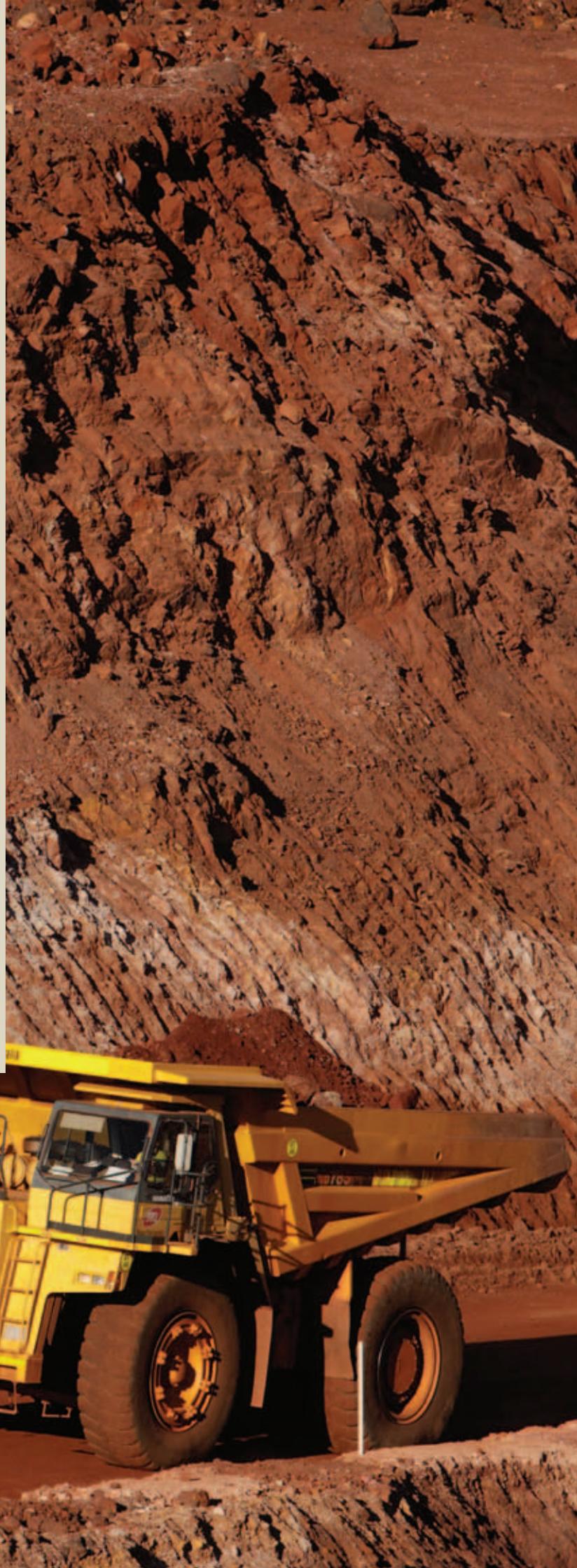


Blake Dawson
Legal Adviser



S A T O R I INVESTMENTS
澳开投资咨询有限公司

China Adviser







Atlas

Takeover Offer Rationale

and Benefits for

FerrAus Shareholders

1. Attractive Premium
2. Unanimous Support from the FerrAus Board for the Offer
3. Atlas has the Capability to Maximise the value of FerrAus' Assets
4. Retained Exposure to FerrAus' Assets
5. Enhanced Market Presence and Liquidity
6. Likelihood of a Rival Offer Being Successful is Low
7. Potential Access to CGT Relief

Important Information

Offer Information Line

For information regarding your FerrAus Shares, the Offer or how to accept the Offer please read this Bidder's Statement. If you still need assistance, please contact the Atlas Offer Information Line between 6.30am and 5.30pm (AWST), Monday to Friday on:

For Australian callers: Toll Free - 1800 810 827
For International callers: +61 2 8280 7122

Key Dates

| | |
|-------------------------------------|---------------------------|
| Announcement of Offer | Monday, 27 June 2011 |
| Bidder's Statement lodged with ASIC | Monday, 5 September 2011 |
| Offer opens the (Offer Date) | Monday, 5 September 2011 |
| Offer closes* | Wednesday, 5 October 2011 |

*This date is indicative only and may be extended or withdrawn as permitted by the Corporations Act.

This Bidder's Statement is dated 5 September 2011.

This Bidder's Statement is given by Atlas Iron Limited ABN 63 110 396 168 to FerrAus Limited ABN 86 097 422 529 under Part 6.5 of the Corporations Act. This Bidder's Statement includes an Offer dated 5 September 2011 to acquire your FerrAus Shares and also sets out certain disclosures required by the Corporations Act.

A copy of this Bidder's Statement was lodged with the Australian Securities and Investments Commission (ASIC) on 5 September 2011. ASIC takes no responsibility for the contents of this Bidder's Statement.

A number of defined terms are used in this Bidder's Statement. Unless a contrary intention appears or the context requires otherwise, these terms are defined in section 11.1 of this Bidder's Statement.

Important considerations

All references to future production and production targets and port access made in relation to Atlas or the Merged Entity in this Bidder's Statement are subject to the completion of all necessary feasibility studies, permitting, construction, financing arrangements, port access, necessary agreements with joint venture parties, execution of infrastructure-related agreements and timely project construction. Where such a reference is made, it should be read subject to this paragraph and in conjunction with section 2.6 of this Bidder's Statement (for further information about the Mineral Resources and Ore Reserves, as well as the Competent Persons Statements).

All references to port access at South West Creek in this Bidder's Statement are subject to completion of the proposed North West Infrastructure (NWI) port facility in Port Hedland (with Atlas' proposed allocation of up to 19.5 Mtpa). Atlas is a foundation participant in the NWI, which was established with other junior iron ore companies to secure access to port infrastructure in the Pilbara region of Western Australia to transport and export iron ore products. The NWI is in the process of completing a definitive feasibility study on developing port and stockpiling facilities at South West Creek located in Port Hedland's inner harbour, with a projected annual throughput capacity of up to 50 Mtpa. The proposed site of the facilities is vested in the Port Hedland Port Authority (PHPA) and the project remains subject to the completion of feasibility studies, financing and execution of all necessary agreements with the PHPA (including a site lease) and with other parties. While Atlas is a 33% shareholder of NWIOA Ops. Pty Ltd ACN 137 476 370, the NWI company which is responsible for managing the proposed NWI port facility, Atlas has contributed 39% of all project related expenses and has up to a 39% interest in berth capacity, which is yet to be finalised.

Investment decisions

This Bidder's Statement does not take into account the investment objectives, financial and tax situation or the particular needs of any person. Before deciding whether or not to accept the Offer you should seek independent financial and taxation advice.

Forward looking statements

This Bidder's Statement contains forward looking statements including statements of current intentions, statements of opinion and predictions as to possible future events.

Forward looking statements are not based on historical facts, but are based on current expectations of future results or events. These forward looking statements are subject to known or unknown risks, uncertainties and assumptions which could cause actual results or events to differ materially from the expectations described in such forward looking statements. Those risks, uncertainties, assumptions and other important factors are not all within the control of Atlas and cannot be predicted by Atlas. While Atlas believes that the expectations reflected in the forward looking statements in this document are reasonably held, no assurance can be given that such expectations will prove to be correct. The risk factors set out in section 7 of this Bidder's Statement, as well as other matters not yet known to Atlas or not currently considered material by Atlas, may cause actual results or events to be materially different from those expressed, implied or projected in any forward looking statements. Any forward looking statement contained in this document is qualified by this cautionary statement.

None of Atlas, its officers, any persons named in this document with their consent or any person involved in the preparation of this document makes any representation, assurance or guarantee as to the accuracy or likelihood of fulfilment of any forward looking statement or any outcomes expressed or implied in any forward looking statements. Any forward looking statement contained in this document is qualified by this cautionary statement.

Subject to any continuing obligations under law or the ASX Listing Rules, Atlas and its officers disclaim any obligation or undertaking to disseminate after the date of this document any updates or revisions to any forward looking statements to reflect any change in expectations in relation to any forward looking statements or any change in events, conditions or circumstances on which such statements are based.

Risks

FerrAus Shareholders who accept the Offer will become shareholders in Atlas. The financial performance and operations of Atlas' businesses, the price of Atlas Shares and the amount and timing of any dividends that Atlas pays will be influenced by a range of factors. Some of these factors can be mitigated by the use of safeguards and appropriate commercial action. However, many of these factors are beyond the control of Atlas and the Atlas Board. Many of these factors also affect the businesses of other companies operating in the same industry.

Please refer to the Summary of Key Risks section on pages 22 and 23 of this Bidder's Statement and detailed risk factor information in section 7 for further information in relation to certain risk factors associated with an investment in Atlas. FerrAus Shareholders should consider carefully these risk factors and the other information contained in this Bidder's Statement, and their personal circumstances. If necessary, FerrAus Shareholders should consult their legal, financial or other professional adviser before deciding whether to accept the Offer.

Offers outside Australia and New Zealand

- (a) Shareholders should note that the consideration under the Offer is Atlas Shares, which are shares in an Australian public company listed on ASX. The Offer is subject to disclosure requirements in Australia which are different from those applicable in other countries. Subject to paragraph (b) below, FerrAus Shareholders whose address in FerrAus' register of members is not in Australia, Hong Kong, New Zealand, Singapore, Cayman Islands or the United Kingdom will not be entitled to receive Atlas Shares on acceptance of the Offer (unless Atlas determines otherwise). Ineligible Foreign Shareholders who accept the Offer will receive a cash amount calculated in accordance with section 10.22 of this Bidder's Statement.

This Bidder's Statement does not constitute an offer to issue or sell, or the soliciting of an offer to buy, any securities referred to in this Bidder's Statement in any jurisdiction in which the issue of such securities would be unlawful. This Bidder's Statement may not be distributed into any country outside Australia, Hong Kong, New Zealand, Singapore, Cayman Islands and the United Kingdom except as Atlas may determine is permissible under applicable law.

The contents of this Bidder's Statement have not been reviewed by any regulatory authority (in Australia or otherwise). You are advised to exercise caution in relation to the Offer. If you are in any doubt about any of the contents of this Bidder's Statement, you should obtain independent professional advice.

- (b) FerrAus Shareholders whose address in FerrAus' register of members is in Hong Kong, Singapore, Cayman Islands or the United Kingdom may be entitled to receive Atlas Shares on acceptance of the Offer if they agree to and, where applicable, satisfy the requirements set out for their relevant jurisdiction in paragraph (c) below.

Nominees holding FerrAus Shares on behalf of persons in Australia, New Zealand, Singapore and the Cayman Islands may forward this Bidder's Statement to beneficial shareholders in those countries but not any other country without the consent of Atlas.

The information in this Bidder's Statement does not constitute a public offer of Atlas Shares, whether by way of sale or subscription, in the People's Republic of China (excluding, for purposes of this paragraph, Hong Kong Special Administrative Region, Macau Special Administrative Region and Taiwan). Atlas Shares may not be offered or sold directly or indirectly in the PRC to legal or natural persons other than directly to "qualified domestic institutional investors".

This Bidder's Statement may not be released or distributed in the United States. This document does not constitute an offer to sell, or a solicitation of an offer to buy, securities in the United States. Any securities described in this document have not been, and will not be, registered under the US Securities Act of 1933 and may not be offered or sold in the United States except in transactions exempt from, or not subject to, registration under the US Securities Act and applicable US state securities laws.

(c) Notice to Foreign Shareholders

Hong Kong

Warning - The contents of this document have not been reviewed by any regulatory authority in Hong Kong. You are advised to exercise caution in relation to the offer. If you are in any doubt about any of the contents of this document, you should obtain independent professional advice.

This document does not constitute a prospectus (as defined in section 2(1) of the Companies Ordinance) or notice, circular, brochure or advertisement offering any securities to the public for subscription or purchase or calculated to invite such offers by the public to subscribe for or purchase any securities, nor is it an advertisement, invitation or document containing an advertisement or invitation falling within the meaning of section 103 of the Securities and Futures Ordinance. Accordingly, unless permitted by the securities laws of Hong Kong, no person may issue or cause to be issued this document in Hong Kong, other than to persons who are "professional investors" as defined in the Securities and Futures Ordinance and any rules made thereunder or in other circumstances which do not result in the document being a "prospectus" as defined in the Companies Ordinance or which do not constitute an offer to the public within the meaning of the Companies Ordinance; and no person may issue or have in its possession for the purposes of issue, this document or any invitation or document relating to the Offer, whether in Hong Kong or elsewhere, which is directed at, or the contents of which are likely to be accessed or read by, the public in Hong Kong (except if permitted to do so under the securities laws of Hong Kong) other than any such invitation or document relating to the Offer that are or are intended to be disposed of only to persons outside Hong Kong or only to "professional investors" as defined in the Securities and Futures Ordinance and any rules made thereunder.

The document is for the exclusive use of FerrAus shareholders in connection with the Offer, and no steps have been taken to register or seek authorisation for the issue of this document in Hong Kong.

This document is confidential to the person to whom it is addressed and must not be distributed, published, reproduced or disclosed (in whole or in part) by FerrAus shareholders to any other person in Hong Kong or use for any purpose in Hong Kong other than in connection with FerrAus shareholders' consideration of the Offer.

Singapore

This document has not been lodged or registered with the Monetary Authority of Singapore (MAS). The MAS assumes no responsibility for the contents of this document. The MAS has not in any way considered the merits of Atlas Shares being offered pursuant to the Offer as described in this document.

This document and any other document or material in connection with the offer or sale, or invitation for subscription or purchase of Atlas Shares may not be circulated or distributed, nor may Atlas Shares be offered or sold, or be made the subject of an invitation for subscription or purchase, whether directly or indirectly, to persons in Singapore except pursuant to and in accordance with the exemption under the Securities and Futures Act, Cap 289 (SFA).

Any offer of Atlas Shares is not made to you with a view to Atlas Shares being subsequently offered for sale to any other party. You are advised to acquaint yourself with the SFA provisions relating to on-sale restrictions in Singapore and comply accordingly.

United Kingdom

Neither the information in this document nor any other document relating to the offer has been delivered for approval to the Financial Services Authority in the United Kingdom and no prospectus (within the meaning of section 85 of the Financial Services and Markets Act 2000, as amended (FSMA)) has been published or is intended to be published in respect of the Atlas Shares. This document is issued on a confidential basis to “qualified investors” (within the meaning of section 86(7) of FSMA) and to fewer than 150 persons (other than “qualified investors” (within the meaning of section 86(7) of FSMA)) in the United Kingdom, and Atlas Shares may not be offered or sold in the United Kingdom by means of this document, any accompanying letter or any other document, except in circumstances which do not require the publication of a prospectus pursuant to section 86(1) FSMA. This document should not be distributed, published or reproduced, in whole or in part, nor may its contents be disclosed by recipients to any other person in the United Kingdom.

Any invitation or inducement to engage in investment activity (within the meaning of section 21 FSMA) received in connection with the issue or sale of Atlas Shares has only been communicated or caused to be communicated and will only be communicated or caused to be communicated in the United Kingdom in circumstances in which section 21(1) FSMA does not apply to the Company.

In the United Kingdom, this document is being distributed only to, and is directed at, persons to whom it may lawfully be made within the circumstances described in Article 62 of the Financial Services and Markets Act 2000 (Financial Promotions) Order 2005 (members of certain bodies corporate), or (ii) to whom it may otherwise be lawfully communicated (together “relevant persons”). The investments to which this document relates are available only to, and any invitation, offer or agreement to purchase will be engaged in only with, relevant persons. Any person who is not a relevant person should not act or rely on this document or any of its contents.

Cayman Islands

No offer or invitation to subscribe for Atlas Shares may be made to the public in the Cayman Islands.

Privacy collection statement

Personal information relating to your shareholding in FerrAus will be obtained by Atlas or its agents from FerrAus in accordance with its rights under the Corporations Act. Atlas will share this information with its related bodies corporate, advisers and agents where necessary for the purposes of the Offer. Atlas, its related bodies corporate, advisers and agents will use this information solely for purposes relating to the Offer. If you would like details of your personal information held by Atlas or its agents please contact the Atlas Offer Information Line, details of which are provided below.

Enquiries

If you have any queries in relation to the Offer or this Bidder’s Statement, please contact [the Atlas Offer Information Line on Toll Free - 1800 810 827 \(within Australia\) or +61 2 8280 7122 \(International\)](#) between 6.30am and 5.30pm (AWST), Monday to Friday.

Further information relating to the Offer can be obtained from Atlas’ website at www.atlasiron.com.au.

Contents

| | |
|---|-----------|
| Managing Director's Letter | 8 |
| Reasons Why You Should Accept Atlas' Offer | 10 |
| Summary Of Key Risks | 21 |
| Key Questions | 24 |
| 1. Summary of The Offer | 30 |
| 2. Information on Atlas | 32 |
| 2.1 Profile of Atlas | 33 |
| 2.2 Shareholder Structure | 33 |
| 2.3 Business Activities and Assets | 34 |
| 2.4 Historical Financial Information of the Atlas Group | 37 |
| 2.5 Board and Senior Management | 41 |
| 2.6 Resources and Reserves | 42 |
| 2.7 Disclosure of interests and benefits | 46 |
| 3. Information About Atlas Securities | 48 |
| 3.1 Atlas issued securities | 49 |
| 3.2 Recent trading of Atlas Shares | 49 |
| 3.3 Rights attaching to Atlas Shares | 49 |
| 3.4 The constitution of Atlas | 49 |
| 3.5 Unlisted Equity Options of Atlas | 54 |
| 4. Information on FerrAus and FerrAus Shares | 55 |
| 4.1 Disclaimer | 56 |
| 4.2 Overview of FerrAus | 56 |
| 4.3 Resources and Reserves | 57 |
| 4.4 FerrAus Reserve Summary Table | 58 |
| 4.5 FerrAus Combined Total Resources | 58 |
| 4.6 FerrAus Competent Person Statements | 58 |
| 4.7 Directors | 59 |
| 4.8 Publicly available information | 59 |
| 4.9 FerrAus Options | 59 |
| 4.10 Effect of the Offer on the FerrAus Options | 60 |
| 4.11 FerrAus Performance Shares | 61 |
| 4.12 Effect of the Offer on FerrAus Performance Shares | 61 |
| 4.13 Capital Structure of FerrAus | 61 |
| 4.14 Atlas relevant interest in FerrAus Shares | 61 |
| 4.15 Atlas' voting power in FerrAus | 61 |
| 4.16 Acquisition by Atlas of FerrAus Shares during previous 4 months | 62 |
| 4.17 Inducing benefits given by Atlas during previous 4 months | 62 |
| 5. Atlas' Intentions | 63 |
| 5.1 Overview | 64 |
| 5.2 Compulsory acquisition | 64 |
| 5.3 Synergies and other cost savings | 64 |
| 5.4 Intentions for FerrAus as a wholly owned subsidiary | 65 |
| 5.5 Intentions for FerrAus upon acquiring more than 50% but less than 90% of FerrAus Shares | 65 |
| 5.6 Intentions for FerrAus upon acquiring less than 50.1% of FerrAus Shares | 66 |
| 5.7 Other intentions | 66 |
| 6. Profile of The Merged Entity | 67 |
| 6.1 Merged Entity Snapshot | 68 |
| 6.2 Rationale for the Offer | 69 |
| 6.3 Pro forma financial information for the Merged Entity | 69 |
| 6.4 Pro forma Combined DSO Resource Summary and Exploration Targets Summary Tables | 70 |
| 6.5 Pro forma Combined DSO Reserve Summary Table | 71 |
| 6.6 Unaudited pro forma balance sheet of the Merged Entity | 71 |
| 6.7 Prospective financial information of the Merged Entity | 72 |

| | | |
|------------|---|------------|
| 7. | Risk Factors | 73 |
| 7.1 | Overview | 74 |
| 7.2 | Risks relating to the Offer and the Merged Entity | 74 |
| 7.3 | General risks | 77 |
| 7.4 | Not exhaustive | 78 |
| 8. | Taxation Considerations | 79 |
| 8.1 | Australian income tax and capital gains tax implications for FerrAus Shareholders | 80 |
| 8.2 | Shareholders who are Australian residents | 80 |
| 8.3 | Shareholders who are not Australian residents | 82 |
| 8.4 | Scrip for scrip rollover relief | 82 |
| 8.5 | Cost base of your Atlas Shares | 83 |
| 8.6 | GST | 83 |
| 8.7 | Stamp Duty | 83 |
| 9. | Other Material Information | 84 |
| 9.1 | Atlas dividend | 85 |
| 9.2 | Summary of the Bid Implementation Agreement | 85 |
| 9.3 | Atlas Subscription and Asset Sale | 87 |
| 9.4 | Due diligence | 87 |
| 9.5 | Date for determining holders of FerrAus Shares | 88 |
| 9.6 | Consents | 88 |
| 9.7 | Atlas is a disclosing entity | 88 |
| 9.8 | ASIC Relief | 89 |
| 9.9 | No other material information | 89 |
| 10. | The Offer Terms | 90 |
| 10.1 | The Offer | 91 |
| 10.2 | Ineligible Foreign Shareholders | 91 |
| 10.3 | Rounding of Atlas Shares | 91 |
| 10.4 | Ranking of Atlas Shares | 91 |
| 10.5 | ASX listing of Atlas Shares | 91 |
| 10.6 | Offer Period | 91 |
| 10.7 | How to accept this Offer | 92 |
| 10.8 | Effect of Acceptance Form | 92 |
| 10.9 | Your agreement | 93 |
| 10.10 | Powers of attorney | 93 |
| 10.11 | Validation of otherwise ineffective acceptances | 9 |
| 10.12 | Conditions to the Offer | 94 |
| 10.13 | Separate Offer Conditions for benefit of Atlas | 97 |
| 10.14 | Nature of Offer Conditions | 97 |
| 10.15 | Offer Conditions apply to multiple events | 97 |
| 10.16 | Notice declaring Offer free of Offer Conditions | 98 |
| 10.17 | Notice of status of Offer Conditions | 98 |
| 10.18 | Contract void if Offer Conditions not fulfilled | 98 |
| 10.19 | Payment of consideration | 98 |
| 10.20 | Return of documents | 99 |
| 10.21 | Rights | 99 |
| 10.22 | Acceptance by Ineligible Foreign Shareholders | 99 |
| 10.23 | Unmarketable parcels of Atlas Shares | 100 |
| 10.24 | Clearances for offshore residents and others | 100 |
| 10.25 | Costs and stamp duty | 100 |
| 10.26 | Offerees | 100 |
| 10.27 | Variation and withdrawal of Offer | 101 |
| 10.28 | Governing law | 101 |
| 11. | Definitions and Interpretation | 102 |
| 11.1 | Definitions | 103 |
| 11.2 | Interpretation | 107 |
| | Schedule 1 Unlisted Equity Options Of Atlas | 109 |
| | Schedule 2 Atlas ASX Announcements Since 30 June 2011 | 111 |

Managing Director's letter



5 September 2011

Dear FerrAus Shareholder

On Monday, 27 June 2011, FerrAus and Atlas announced the friendly off-market takeover of FerrAus by Atlas (**Recommended Takeover or Offer**) which both companies believe presents a compelling opportunity for both FerrAus and Atlas Shareholders.

The Offer is at a Significant Premium

On behalf of the Directors of Atlas, I am pleased to provide you with this Bidder's Statement detailing Atlas' Offer to acquire your FerrAus Shares. Under the Offer you will receive one (1) Atlas Share for every four (4) FerrAus Shares you hold.

Atlas is delighted to provide you with the opportunity to participate in the merger of these two companies by accepting the Offer. The Offer represents a significant premium for your FerrAus Shares of 34% to the closing price of FerrAus Shares on ASX on Friday, 24 June 2011, the last trading day prior to the Announcement Date.

Rationale for the Recommended Takeover

The rationale for the Recommended Takeover is to create wealth for FerrAus and Atlas shareholders through the consolidation of both companies' iron ore assets. By accepting the Offer and becoming an Atlas Shareholder, you will hold shares in a significant Pilbara focused, fast growing iron ore producer, developer and explorer with a strong balance sheet and enhanced opportunities for growth.

Atlas and FerrAus have recently completed the first step of consolidating strategic positions in the South East Pilbara through FerrAus' acquisition of a significant portfolio of South East Pilbara iron ore projects from Atlas. In addition, Atlas has subscribed for approximately \$24.3 million worth of shares in FerrAus, resulting in Atlas having a shareholding of approximately 39% in FerrAus. The first step was approved by FerrAus' Shareholders on Monday, 29 August 2011.

The development and commercialisation of FerrAus' South East Pilbara iron ore Resources is dependent upon FerrAus identifying and delivering a port and rail infrastructure solution and securing the necessary development funding. Atlas is well positioned to advance FerrAus' South East Pilbara iron ore assets and maximise the value of these assets for the benefit of FerrAus and Atlas shareholders.

Atlas' critical mass in the Pilbara, its solid track record and proven experience in developing iron ore projects, combined with its strong production profile, operating cash flows and strong balance sheet will greatly enhance the likelihood of FerrAus' assets being developed.

Your Directors Unanimously Recommend the Offer

FerrAus' Directors unanimously recommend that FerrAus Shareholders accept the Offer, in the absence of a superior offer. In addition, each FerrAus Director has undertaken to accept, or procure the acceptance of, the Offer in respect of all the FerrAus Shares that they hold or in which they otherwise have a relevant interest, representing approximately 6.88% of FerrAus' ordinary shares on issue at the date of this Bidder's Statement.

In addition, major FerrAus Shareholder, China Railway Materials has provided FerrAus with a letter indicating that it intends to accept the Offer, as soon as practicable upon the Offer opening, in the absence of a superior proposal.

If China Railway Materials accepts the Offer in respect of its shareholding and if the FerrAus Directors accept the Offer in respect of all FerrAus Shares that they hold or in which they otherwise have a relevant interest, then Atlas' relevant interest in FerrAus would increase to 52.2% and the Offer would be declared wholly unconditional.

Atlas has a Strong Track Record of Mine Development

Atlas is a listed public company (ASX code: AGO) with a market capitalisation of approximately \$3 billion (as at 24 June 2011, being the last ASX trading day prior to the Announcement Date) and is included in the S&P ASX 100 Index. Atlas currently operates two iron ore projects: the Pardoo Project, 75 kilometres east of Port Hedland and the Wodgina Project, 100 kilometres south of Port Hedland. Atlas is currently exporting DSO from its Pardoo and Wodgina Projects at a combined rate of approximately 6Mtpa.

Atlas is also working towards the development of its Abydos and Mt Webber iron ore projects. Atlas expects to bring these projects into production during 2012, which is expected to grow Atlas' annualised production rate to 12Mtpa during the course of FY2013².

FerrAus Shareholders' Participation in the Atlas Production Growth Profile

By accepting the Offer, through your new holding of Atlas Shares you will have the opportunity to participate in the ongoing benefits of the Merged Entity, which include:

- management with extensive mining and project execution expertise;
- being part of a financially well positioned company currently with approximately \$366 million in cash at 30 June 2011 and no debt, which is generating strong cash flows from production;
- a significant and growing production profile;
- cost effective access to port infrastructure providing a path to market for its products at Utah Point;
- a diversified portfolio of iron ore assets with a large DSO resource inventory of 991Mt grading 56.4% Fe and significant exploration potential³;
- expected to achieve annualised production rate of 12Mtpa during the course of FY2013⁴;
- DSO iron ore production rate targeted at 22Mtpa by the end of 2015⁵, all from North Pilbara assets which are close to Port Hedland;
- an additional DSO iron ore production rate targeted at 20Mtpa by the end of 2016⁶, from FerrAus' South East Pilbara Resources;
- a current or future entitlement of up to 46.5Mtpa in Port Hedland's inner harbour and up to 10Mtpa at the proposed Anketell port; and
- three magnetite projects, the Ridley Magnetite Project with Resources of 2 billion tonnes at 36.5% Fe, the Balla Balla Project with Resources of 456Mt at 45.0% Fe and the Yerecoin magnetite asset with Resources of 187Mt at 30.9% Fe⁷.

Furthermore, FerrAus Shareholders who accept the Offer will benefit from Atlas' position within the S&P ASX 100 Index, providing additional liquidity and broader investor interest.

Accept the Offer

This Offer is currently scheduled to close at 5.00 pm AWST on Wednesday, 5 October 2011, unless extended or withdrawn. I urge you to read the Bidder's Statement and the Target's Statement carefully and accept the Offer. To accept this Offer, please follow the instructions on the enclosed Acceptance Form.

The Board of Atlas believes that the Recommended Takeover presents a compelling opportunity for FerrAus Shareholders to capture a significant premium for their FerrAus Shares, retain exposure to the FerrAus assets and become part of a significant iron ore production company in the Pilbara.

We look forward to welcoming you as a shareholder in Atlas, a rapidly growing, independent iron ore producer.

Yours sincerely,



Mr David Flanagan
Managing Director
Atlas Iron Limited

² Atlas has Proved and Probable Ore Reserves for 6.5 years based on the proposed production rate of 12Mtpa during the course of FY2013 from its North Pilbara DSO projects. The production targets for the Abydos and Mt Webber iron ore projects are also subject to the completion of all necessary feasibility studies, environmental permitting, port access, financing arrangements, execution of infrastructure-related agreements, necessary agreements with joint venture parties and timely project construction.

³ Refer to section 6.4 for a table of combined Mineral Resources. Competent Persons statements for Atlas and FerrAus Mineral Resources are detailed in sections 2.6 and 4.6 respectively.

⁴ Atlas has Proved and Probable Ore Reserves for 6.5 years based on the proposed production rate of 12Mtpa during the course of FY2013 from its North Pilbara DSO projects. The production targets for the Abydos and Mt Webber iron ore projects are also subject to the completion of all necessary feasibility studies, environmental permitting, port access, financing arrangements, execution of infrastructure-related agreements, necessary agreements with joint venture parties and timely project construction.

⁵ Atlas has Proved and Probable Ore Reserves for 3.5 years based on the proposed production rate of 22Mtpa by the end of 2015 from its North Pilbara DSO projects. The production targets for the Abydos, Mt Webber and McPhee Creek iron ore projects are also subject to the completion of all necessary feasibility studies, environmental permitting, port access, financing arrangements, execution of infrastructure-related agreements, necessary agreements with joint venture parties and timely project construction.

⁶ Subject to the successful completion of the takeover, Atlas has Proved and Probable Ore Reserves for 8 years based on the proposed production rate of 20Mtpa by the end of 2016 from its FerrAus' South East Pilbara DSO projects. The production targets for FerrAus' South East Pilbara DSO projects are also subject to the completion of all necessary feasibility studies, environmental permitting, port access, financing arrangements, execution of infrastructure-related agreements, necessary agreements with joint venture parties and timely project construction.

⁷ Please refer to section 2.6 of the Bidder's Statement for further information about the Mineral Resources and Ore Reserves, together with the Competent Persons Statements.

Reasons Why You Should Accept Atlas' Offer

The Directors of Atlas believe that there are very compelling reasons to accept the Offer. These reasons, which are summarised below, are fully explained in further detail in this section.

1. The Offer represents an attractive premium to the market price for FerrAus Shares prior to the Offer being announced.
2. The Directors of FerrAus recommend that FerrAus Shareholders accept the Offer in the absence of a superior proposal.
3. Atlas has a strong track record of successfully commissioning iron ore mines in the Pilbara and the scale, financial strength and management expertise to pursue the development and commercialisation of FerrAus' iron ore assets.
4. By receiving Atlas Shares, you will continue to share in the benefits associated with the development of FerrAus' assets, as well as gaining exposure to Atlas' iron ore production and large exploration portfolio in the Pilbara region.
5. If you accept the Offer, you will hold highly liquid shares in a company with an enhanced ASX market presence with representation in the S&P/ASX 100 Index.
6. Atlas' 39% interest in FerrAus greatly reduces the likelihood of a rival offer being successful.
7. If you accept the Offer and Atlas acquires at least 80% of the voting shares in FerrAus, you will likely have access to scrip for scrip rollover relief, in which case you will not incur capital gains tax as a result of this transaction.

For further information, please refer to section 8 of this Bidder's Statement.



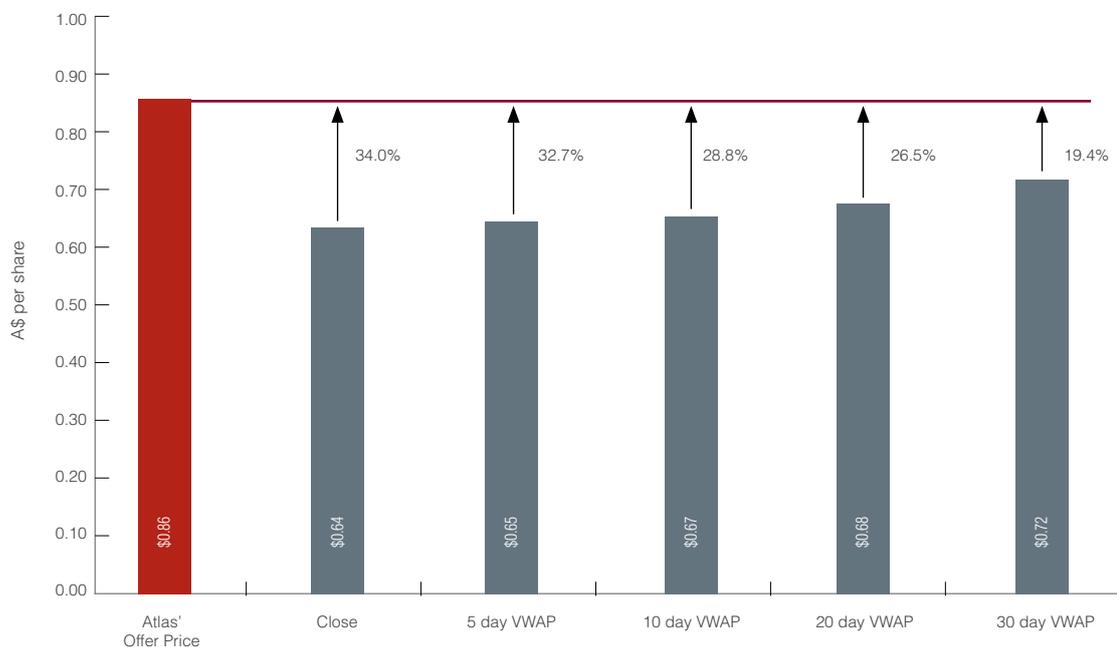
1 – Attractive Premium

The Offer represents a significant premium to the market price for FerrAus Shares prior to the Offer being announced.

Under the Offer you will receive consideration of one Atlas Share for every four FerrAus Shares.

Based on the last traded price of Atlas Shares and FerrAus Shares on the day prior to the announcement of the Offer, the Offer represents a significant premium for your FerrAus Shares of 34%.

The Offer price represents a significant premium above FerrAus' share price prior to the announcement of the Offer, as indicated below:



Note: the volume weighted average price (VWAP) of FerrAus Shares included in the diagram above is calculated over the relevant period ending on and including 24 June 2011 (the last ASX trading date immediately prior to the Announcement Date).

On Thursday, 25 August 2011, Atlas announced its maiden unfranked dividend of \$0.03 per Atlas Share. Atlas Shareholders on the Atlas register at the close of trading on Monday, 26 September 2011 will be entitled to receive this dividend.

You will be entitled to receive the Atlas dividend if, prior to the close of trading on Wednesday, 21 September 2011:

- (a) the Offer has been declared free from all Offer Conditions; and
- (b) you have validly accepted the Offer so that you will receive your Atlas Share consideration prior to the close of trading on Monday, 26 September 2011 in accordance with section 10.19 of this Bidder's Statement.

See section 9.1 for additional details.

2 – Unanimous Support from the FerrAus Board for the Offer

The Directors of FerrAus recommend that FerrAus Shareholders accept the Offer in the absence of a superior proposal.

In the absence of a superior proposal, each FerrAus Director recommends that FerrAus Shareholders accept the Offer.

In addition, each FerrAus Director has undertaken to accept, or procure the acceptance of, the Offer in respect of all the FerrAus Shares that they hold or in which they otherwise have a relevant interest in the absence of a Superior Proposal.

Collectively the FerrAus Directors own or otherwise have a relevant interest in 28,133,230 FerrAus Shares representing 6.88% of FerrAus' ordinary shares on issue at the date of this Bidder's Statement.

In addition, FerrAus announced to ASX on 29 August 2011 that major FerrAus Shareholder, China Railway Materials, has provided FerrAus with a letter indicating that it intends to accept the Offer, as soon as practicable upon the Offer opening, in the absence of a superior proposal.

If China Railway Materials accepts the Offer in respect of its shareholding and if the FerrAus directors accept the Offer in respect of all FerrAus Shares that they hold or in which they otherwise have a relevant interest, then Atlas' relevant interest in FerrAus would increase to 52.2% and the Offer would be declared wholly unconditional.



3 – Atlas has the Capability to Maximise the Value of FerrAus' Assets

Atlas has a strong track record of successfully commissioning iron ore mines in the Pilbara and the scale, financial strength and management expertise to pursue the development and commercialisation of FerrAus' iron ore assets.

Mine Development Expertise

Atlas has progressed two projects from exploration through the feasibility, permitting and financing process into development, production and export.

The management team of Atlas have successfully developed the Pardoo and Wodgina Projects and have a depth of experience in negotiating access arrangements and off-take agreements, project permitting, developing infrastructure solutions and managing mining operations.

Following the successful commissioning of Atlas' second producing project, the Wodgina Project, which progressed from the discovery phase to mining in only 18 months, Atlas is now exporting iron ore at the rate of approximately 6Mtpa through the new Utah Berth in Port Hedland.

The skill and proven experience of Atlas in developing mineral projects will further increase the likelihood of successfully developing FerrAus' iron ore assets.

The combination of Atlas and FerrAus is anticipated to create an entity with significant scale, project diversification and mine life, characterised by the following:

- 991Mt at 56.4% Fe of DSO Resources⁹;
- a significant and growing project pipeline (see Profile of the Merged Entity's Project Pipeline below);
- expected to achieve annualised production rate of 12Mtpa during the course of FY2013¹⁰;
- DSO iron ore production rate targeted at 22Mtpa by the end of 2015¹¹, all from North Pilbara assets which are close to Port Hedland;
- an additional, DSO iron ore production rate targeted at 20Mtpa by the end of 2016¹², from South East Pilbara assets;
- a current or future entitlement of up to 46.5Mtpa in Port Hedland's inner harbour and up to 10Mtpa at the proposed Anketell port;
- exploration targets of 237Mt to 685Mt¹³ at 57% to 61% Fe¹⁴;
- a highly prospective landholding of over 24,000km²; and
- three magnetite projects, the Ridley Magnetite Project with Resources of 2 billion tonnes at 36.5% Fe, the Balla Balla Project with Resources of 456Mt at 45.0% Fe and the Yerecoin magnetite asset with Resources of 187Mt at 30.9% Fe.

⁹ Please refer to section 6.4 of the Bidder's Statement for further information about the Mineral Resources and Ore Reserves, together with the Competent Persons Statements.

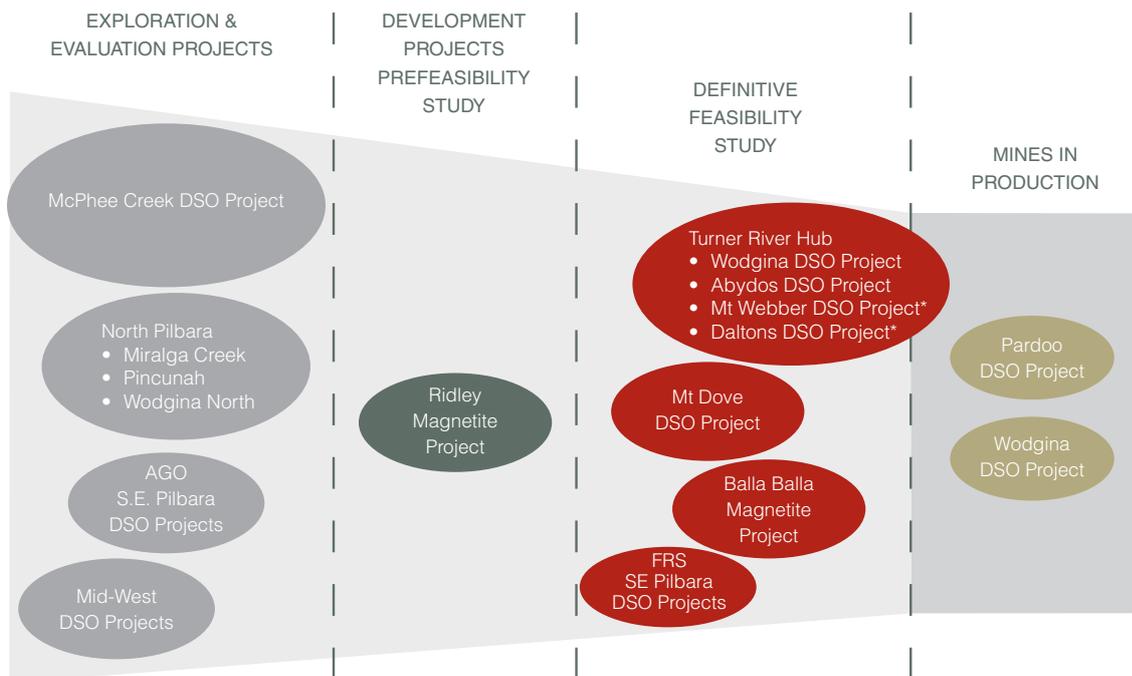
¹⁰ Atlas has Proved and Probable Ore Reserves for 6.5 years based on the proposed production rate of 12Mtpa during the course of FY2013 from its North Pilbara DSO projects. The production targets for the Abydos and Mt Webber are also subject to the completion of all necessary feasibility studies, environmental permitting, port access, financing arrangements, execution of infrastructure-related agreements, necessary agreements with joint venture parties and timely project construction.

¹¹ Atlas has Proved and Probable Ore Reserves for 3.5 years based on the proposed production rate of 22Mtpa by the end of 2015 from its North Pilbara DSO projects. The production targets for the Abydos and Mt Webber and McPhee Creek are also subject to the completion of all necessary feasibility studies, environmental permitting, port access, financing arrangements, execution of infrastructure-related agreements, necessary agreements with joint venture parties and timely project construction.

¹² Subject to the successful completion of the takeover, Atlas has Proved and Probable Ore Reserves for 8 years based on the proposed production rate of 20Mtpa by the end of 2016 from its FerrAus' South East Pilbara DSO projects. The production targets for FerrAus' South East Pilbara DSO projects are also subject to the completion of all necessary feasibility studies, environmental permitting, port access, financing arrangements, execution of infrastructure-related agreements, necessary agreements with joint venture parties and timely project construction.

¹³ The potential quantity and grade of the exploration targets are conceptual in nature as there has been insufficient work completed to define them as a Mineral Resource and it is uncertain if further exploration will result in the determination of a Mineral Resource.

¹⁴ Refer to section 6.4 for a table of combined Mineral Resources. Competent Persons statements for Atlas and FerrAus Mineral Resources are detailed in sections 2.6 and 4.6 respectively.



* - Mt Webber and Daltons are subject to joint venture interests

Profile of the Merged Entity's Project Pipeline

The increased scale of the Merged Entity will provide the opportunity, and greater leverage, to pursue the development of FerrAus' iron ore assets.

Atlas currently has no debt, had a strong cash balance of approximately \$366 million as at 30 June 2011 and is generating significant cash flows from operations. Atlas has the financial capacity and human resources to progress the development of FerrAus' iron ore assets.

Infrastructure Solutions

The development and commercialisation of FerrAus' iron ore assets is dependent upon FerrAus identifying, negotiating and delivering the necessary port and rail infrastructure solutions. FerrAus has been progressing several alternatives in relation to both port and rail, however, to date has not finalised a comprehensive infrastructure solution.

The Atlas management team's demonstrated ability to find infrastructure solutions for iron ore projects in the Pilbara region, having successfully commenced production at two iron ore projects, will greatly assist in developing and implementing an infrastructure solution for FerrAus' iron ore assets.

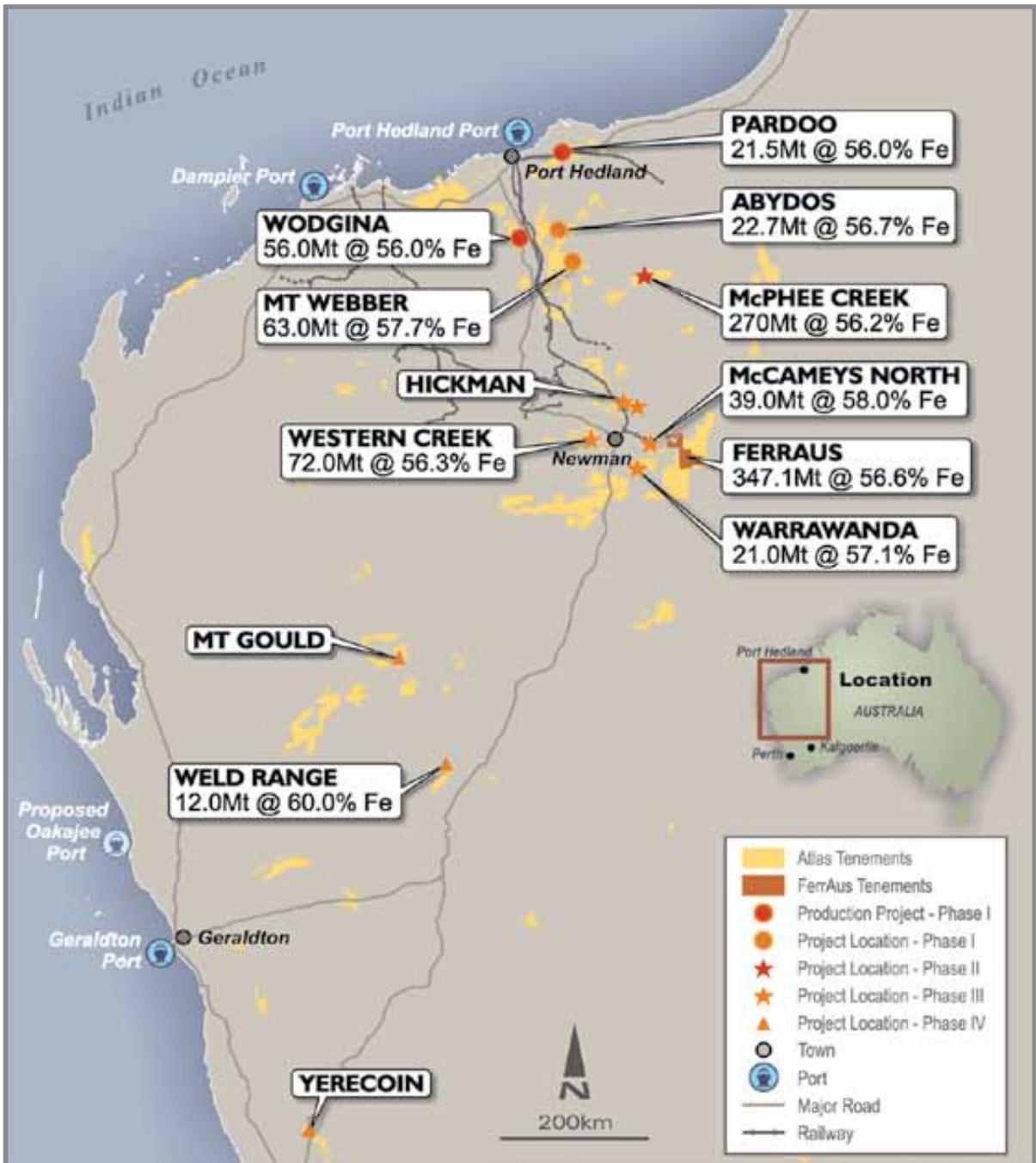
Atlas has an established, cost effective path to market with access to the export market through its current 6Mtpa of allocated port capacity at the Utah Point Port facility, increasing to 9Mtpa in March 2012 and then growing to 15Mtpa by not later than 2015¹⁵. The construction of the proposed South West Creek port facility has the potential to add up to a further 19.5Mtpa of port capacity for Atlas. In addition Atlas has an indicative allocation of up to 10Mtpa at the proposed Anketell port facility.

Without a merger with Atlas, FerrAus will only have an entitlement of up to 12Mtpa of port capacity at the proposed South West Creek facility. The Merged Entity, however, will have a combined current and future allocation of 46.5Mtpa at the port facilities in Port Hedland's inner harbour, and an indicative allocation of up to 10Mtpa at the proposed Anketell Port. This port allocation is of significant strategic importance to maximise value from FerrAus' iron ore assets.

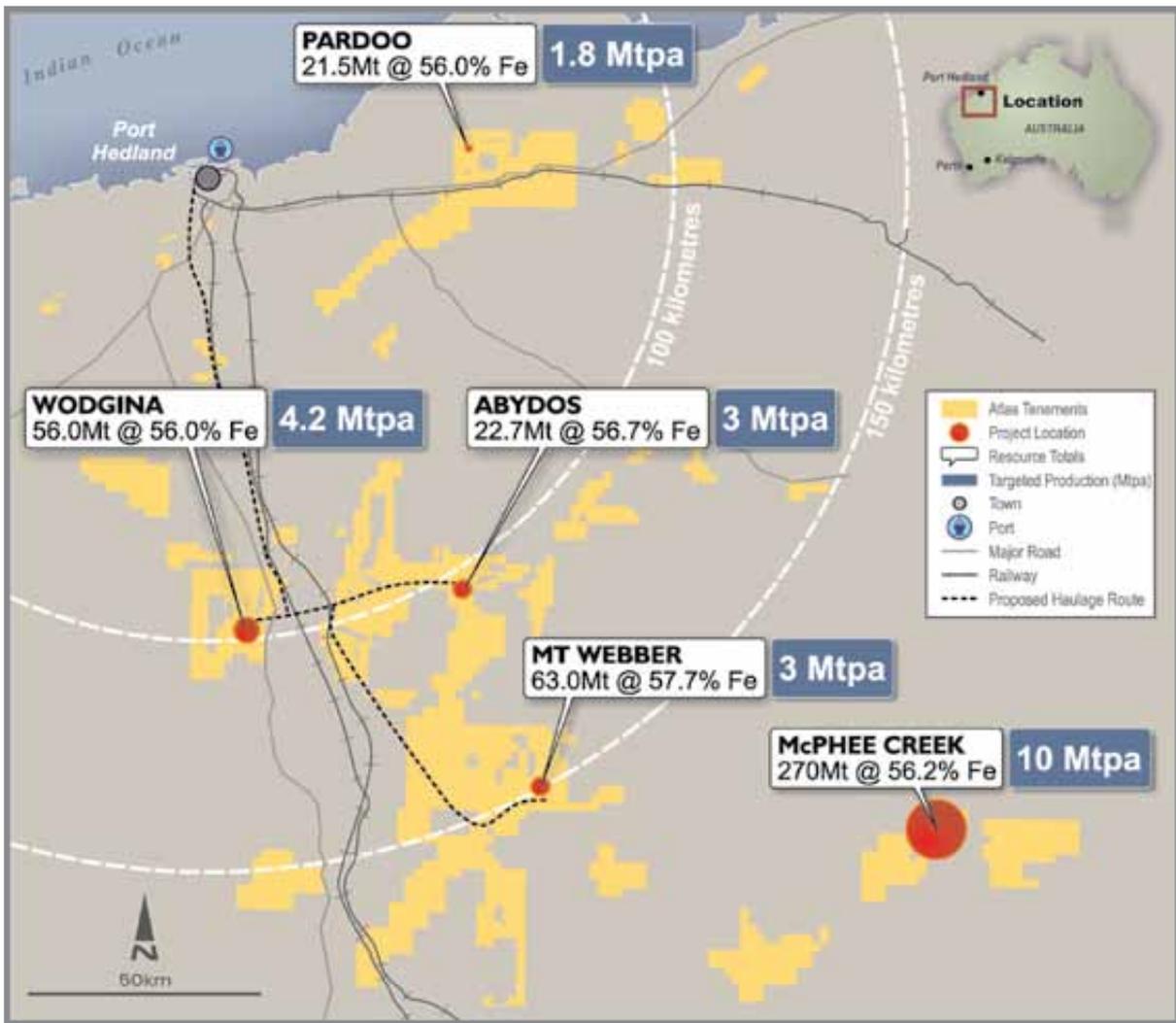
This larger current and future port allocation is likely to facilitate the development of the FerrAus South East Pilbara assets at a greater rate than if they were developed by FerrAus alone. Accelerating the development and commercialisation of FerrAus' assets is likely to considerably improve project economics.

In addition, the combination of Atlas and FerrAus will create a Merged Entity with critical mass in the Pilbara and, with significant cashflows from Atlas' existing operations, the Merged Entity is more likely to be able to secure the funding required to pursue development of a rail infrastructure solution in the South East Pilbara.

¹⁵ Atlas has Proved and Probable Ore Reserves for 6.5 years based on the proposed production rate of 12Mtpa during the course of FY2013 from its North Pilbara DSO projects. The production targets for the Abydos and Mt Webber are also subject to the completion of all necessary feasibility studies, environmental permitting, port access, financing arrangements, execution of infrastructure-related agreements, necessary agreements with joint venture parties and timely project construction.



Combined Projects in Western Australia



4 – Retained Exposure to FerrAus' Assets

By accepting the Offer and receiving Atlas Shares, FerrAus Shareholders will continue to share in the benefits associated with the development of FerrAus' assets, and gain exposure to Atlas, a company which is currently exporting iron ore at an approximate annualised rate of 6Mtpa and generating strong cash flows.

If Atlas successfully acquires 100% of FerrAus, Atlas can deploy its financial capacity, human resources and expertise to progress development and the targeted production rate of 20Mtpa from FerrAus' iron ore assets by 2016¹⁶. Atlas is confident the Merged Entity is better placed to accelerate the development of FerrAus' assets relative to FerrAus pursuing development independently.

Whilst retaining exposure to the current FerrAus assets, those FerrAus Shareholders who accept the Offer, will also gain exposure to Atlas' assets which include 486Mt at 56.3% Fe of DSO Resources¹⁷, a current DSO production rate of 6Mtpa, which is expected to rise to 12Mtpa during the course of FY2013 and 22Mtpa by the end of 2015¹⁸. In addition, FerrAus Shareholders will gain exposure to Atlas' significant cash flows from operations and strong balance sheet with a cash balance of approximately \$366 million and no debt as at 30 June 2011.

The Merged Entity expects to receive the benefit of economies of scale from increased production rates and operations in the North and South East Pilbara. The Merged Entity will be targeting total DSO production rates from the Pilbara of 42Mtpa by 2016¹⁹.

¹⁶ Refer to section 6.4 for a table of combined Mineral Resources. Competent Persons statements for Atlas and FerrAus Mineral Resources are detailed in sections 2.6 and 4.6 respectively.

¹⁷ Please refer to section 2.6 of the Bidder's Statement for further information about the Mineral Resources and Ore Reserves, together with the Competent Person Statements.

¹⁸ Subject to the successful completion of the takeover, Atlas has Proved and Probable Ore Reserves for 8 years based on the proposed production rate of 20Mtpa by the end of 2016 from its FerrAus' South East Pilbara DSO projects. The production targets for FerrAus' South East Pilbara DSO projects are also subject to the completion of all necessary feasibility studies, environmental permitting, port access, financing arrangements, execution of infrastructure-related agreements, necessary agreements with joint venture parties and timely project construction.

¹⁹ Refer to section 6.4 for a table of combined Mineral Resources. Competent Persons statements for Atlas and FerrAus Mineral Resources are detailed in sections 2.6 and 4.6 respectively.



5 – Enhanced Market Presence and Liquidity

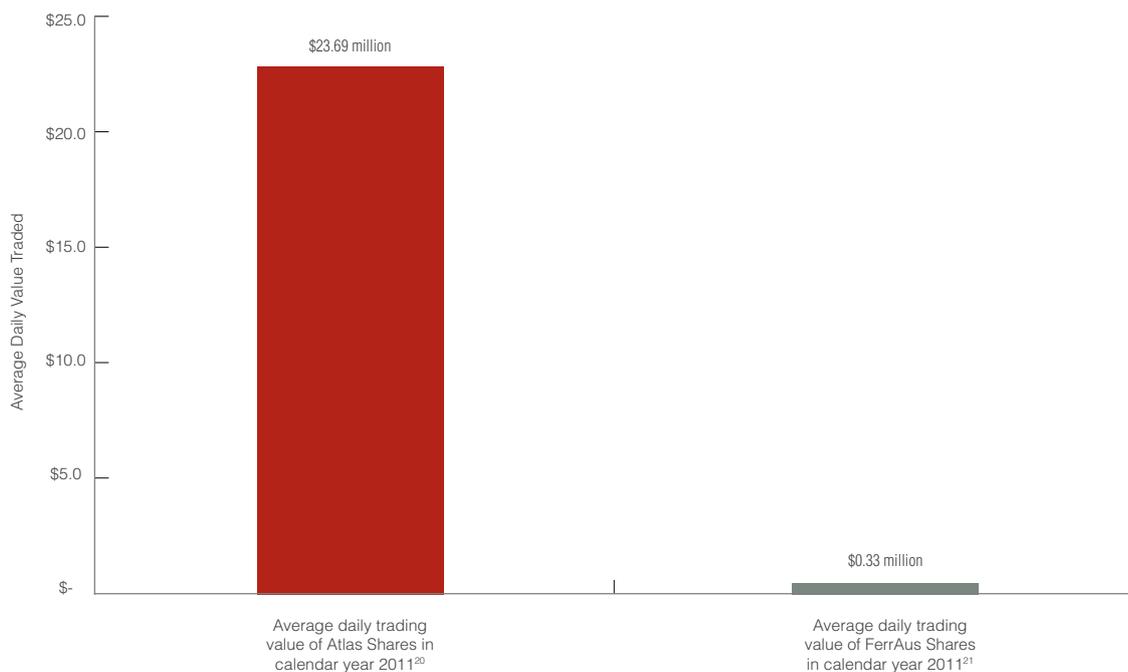
FerrAus Shareholders will hold highly liquid shares in a company with an enhanced ASX market presence with representation in the S&P ASX 100 Index.

Atlas is included in a number of ASX indices published by Standard & Poor's. In particular, Atlas is included in the S&P ASX 100 Index which is a key benchmark index for investors. Atlas also has extensive and regular analyst research coverage.

Atlas Shares are significantly more liquid than FerrAus Shares. The strong liquidity of Atlas Shares on ASX relative to that of FerrAus Shares is demonstrated by the fact that over the period 1 January 2011 to 24 June 2011, being the last ASX trading day prior to the announcement of the Offer, the average value of Atlas Shares traded on a daily basis was \$23.7 million²⁰, as opposed to an average of only \$0.33 million²¹ worth of FerrAus Shares traded on a daily basis over the same period.

As a shareholder of Atlas, should you decide to sell your shareholding, you will likely be able to do so much more rapidly than if you held FerrAus Shares of the same value.

Figure 1: Comparison of Average Daily Trading Values of Atlas and FerrAus



²⁰ Based on daily trading volumes and values of Atlas Shares for the period 1 January 2011 to 24 June 2011

²¹ Based on daily trading volumes and values of FerrAus Shares for the period 1 January 2011 to 24 June 2011

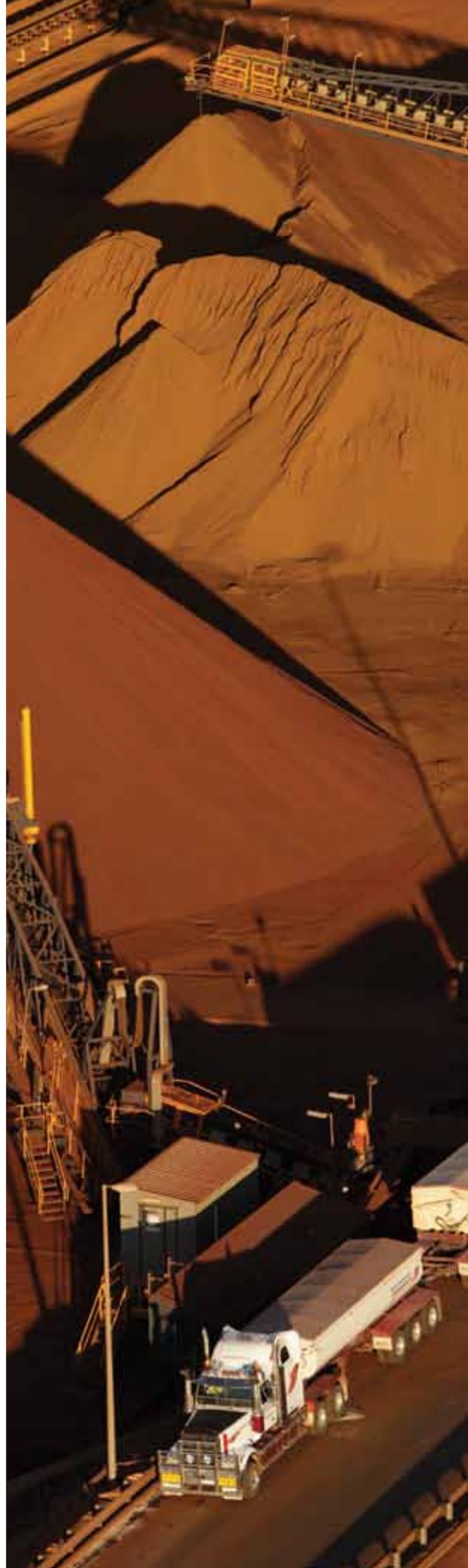
6 – Likelihood of a Rival Offer Being Successful is Low

Atlas' 39% interest in FerrAus greatly reduces the likelihood of a rival offer being successful.

Atlas is FerrAus' largest shareholder with a 39% interest in FerrAus' ordinary shares at the time of issuing this Bidder's Statement.

In addition, the FerrAus Directors own or have relevant interests in 28,133,230 FerrAus Shares representing 6.88% of FerrAus' ordinary shares on issue at the date of this Bidder's Statement. Each FerrAus Director has undertaken that they will accept, or procure the acceptance of, the Atlas Offer in respect of all the FerrAus Shares that they hold or in which they otherwise have a relevant interest in the absence of a superior proposal.

Unless Atlas agrees to sell into a competing bid for FerrAus, its current relevant interest precludes any other bidder from acquiring the 90% minimum ownership level required to proceed to compulsory acquisition under the Corporations Act. Similarly, it impedes any rival bidder from being able to satisfy the 75% threshold for shareholder approval under a scheme of arrangement.





7 – Potential Access to CGT Relief

FerrAus Shareholders may have access to scrip for scrip rollover relief, in which case they will not incur capital gains tax as a result of accepting the Offer.

If, as a result of the Offer, Atlas becomes the holder of 80% or more of the voting shares in FerrAus, FerrAus Shareholders who would otherwise make a capital gain from the disposal of their FerrAus Shares pursuant to the Offer may be able to choose to obtain full scrip for scrip rollover relief.

If scrip for scrip rollover relief is available and is chosen by FerrAus Shareholders who would otherwise have made a capital gain on the disposal of their FerrAus Shares under the Offer, all of the capital gain from the disposal may be disregarded. The capital gains tax provisions would then only apply on a later taxable event (such as disposal) happening to the Atlas Shares received as consideration under the Offer.

Please refer to section 8 of this Bidder's Statement for more information.

Summary of Key Risks



FerrAus Shareholders who accept the Offer will become shareholders in Atlas. The financial performance and operations of Atlas' businesses, the price of Atlas Shares and the amount and timing of any dividends that Atlas pays will be influenced by a range of factors. Some of these factors can be mitigated by the use of safeguards and appropriate commercial action. However, many of these factors are beyond the control of Atlas and the Atlas Board. Many of these factors also affect the businesses of other companies operating in the same industry including FerrAus.

This section provides a summary of the key risks associated with accepting the Offer. Please refer to section 7 for further detailed information in relation to certain risk factors associated with an investment in Atlas. FerrAus Shareholders should consider carefully these risk factors and the other information contained in this Bidder's Statement, and their personal circumstances. If necessary, FerrAus Shareholders should consult their legal, financial or other professional adviser before deciding whether to accept the Offer.

- **Exploration Success.** Some of the Merged Entity's tenements are at various stages of exploration, and potential investors should understand that mineral exploration and development are high-risk undertakings.
- **Operating Risks.** The Merged Entity's operations may be affected by various negative factors including technical issues, mechanical problems and adverse weather conditions such as cyclones which occur in the Pilbara region of Western Australia.
- **Resource and Reserve Estimates.** Resource and Reserve estimates are expressions of judgements based on knowledge, experience and industry practice. Estimates which were valid when originally calculated may alter significantly when new information or techniques become available.
- **Additional Requirements for Capital.** If the Merged Entity is unable to obtain additional financing if and as needed, it may be required to reduce the scope of its operations and scale back its exploration, development and production programs, as the case may be.
- **Reliance on Key Employees.** If the Merged Entity cannot attract and retain suitable human resources, especially at the management and technical level, the Merged Entity's business and future growth may be adversely affected.
- **Infrastructure.** The development and commercialisation of iron ore projects requires access to significant infrastructure, including ore transport and port facilities. There is no guarantee that the Merged Entity will be entitled to access railway, whether by commercial negotiation, third party access or other regulatory outcome. Furthermore there are risks associated with the availability of adequate port facilities.
- **Environmental, Approval and Project Risks.** Iron ore exploration and production can affect the environment and can give rise to substantial costs for environmental risk management, rehabilitation and damage control. The timing and conditions of government approvals are often outside the control of Atlas.
- **Production Targets.** Atlas' production targets are subject to the completion of all necessary feasibility studies, environmental permits, port access, financing arrangements, execution of infrastructure related agreements, necessary agreements with joint venture parties and timely project construction.
- **Iron Ore Demand and Price Movements.** The price the Merged Entity will receive for its DSO is subject to off-take agreements and various published quarterly and monthly price indices. Iron ore demand and prices have varied significantly over recent years and are affected by numerous factors outside of Atlas' control.
- **Native Title and Aboriginal Heritage.** It is possible that, in relation to tenements in which the Merged Entity has an interest or will in the future acquire an interest, there may be areas over which legitimate common law native title rights of Aboriginal Australians exist or heritage sites which may preclude or delay exploration or development activities.
- **Regulatory Risks.** While Atlas' iron ore production assets and general business activities are highly regulated, it is possible that new specific laws will be introduced in Australia or overseas which may have a material adverse effect on the Merged Entity's current and future business.
- **Minerals Resource Rent Tax (MRRT).** Similar to FerrAus' current business, a significant part of the Merged Entity's business will be producing iron ore from various mining projects. On 2 July 2010, the Australian Federal Government proposed to introduce the MRRT on iron ore and coal projects with effect from 1 July 2012. No MRRT legislation has yet been introduced into Parliament on 10 June 2011, the Government released "exposure draft" legislation for comment and the ATO has since released "early guidance" papers. If the MRRT is introduced in accordance with the Australian Federal Government's proposal, it may have an adverse impact on the Merged Entity's profitability, net assets and cash flow.

- **Carbon Tax.** The Australian Federal Government has announced the introduction of new legislation to address global warming and potential climate change. The new legislation, if introduced in accordance with the Australian Federal Government's proposal, may have an adverse impact on the Merged Entity's profitability, net assets and cash flow. The impact could be direct, by way of being subject to the carbon tax, and also indirect, due to the increased cost of supplies that now reflect any carbon tax paid.
- **Disputes and Litigation.** In the course of its operations, the Merged Entity may be involved in disputes and litigation. The extent of such disputes and litigation cannot be ascertained as at the date of this Bidder's Statement, but there is a risk that material or costly disputes or litigation could affect the financial performance of the Merged Entity and the price or value of Atlas Shares.
- **Integration Risks.** The acquisition of FerrAus by Atlas to form the Merged Entity involves the integration of businesses and operations that have previously operated as independent entities. If the integration is not achieved in an orderly fashion and within a reasonable time period, the full benefits, cost savings and other expected synergies may be achieved only in part, or not at all, and this could adversely impact the Merged Entity's financial performance.
- **General Risks.** There are numerous general risk factors outside of Atlas' control which may impact on the Merged Entity's current and future business, including investment risk, pricing pressure, changes in global economic conditions, insurance risks, changes to tax levels and basis, profitability, war and terrorist attacks and foreign currency exchange rate fluctuations.



Key questions



This section answers some key questions that you may have about the Offer and should only be read in conjunction with the entire Bidder's Statement.

1. **What is the Bidder's Statement?**

This Bidder's Statement sets out the terms of Atlas' Offer and information relating to the Offer and the consideration you will receive.

2. **What is the Offer?**

Atlas is offering to buy all of your FerrAus Shares by way of an off-market takeover offer. The Offer consideration is 1 Atlas Share for every 4 of your FerrAus Shares.

3. **What is the value of an Atlas Share?**

The Atlas Share price on the close of business on 24 June 2011, being the last ASX trading day prior to the Announcement Date was \$3.43. Based on this price, the implied value of the Offer is \$0.858 for each of your FerrAus Shares.

The Atlas Share price on the close of business on 2 September 2011, being the last ASX trading day prior to the Offer Date was \$3.81. Based on this price, the implied value of the Offer is \$0.952 for each of your FerrAus Shares.

The implied value of the Offer will change as a consequence of changes in the market price of Atlas Shares.

4. **Do the FerrAus Directors recommend the Offer?**

The FerrAus Directors unanimously recommend that all FerrAus Shareholders accept the Offer in respect of all their FerrAus Shares, in the absence of a superior proposal.

5. **What is Atlas' current shareholding in FerrAus?**

At the time of despatching this Bidder's Statement, Atlas holds approximately 39% of FerrAus' ordinary shares on issue.

6. **What are the tax consequences if I accept the Offer?**

Please consult your financial, tax or other professional adviser on the tax implications of accepting the Offer in light of your own particular circumstances. However, a general summary of the likely Australian tax consequences is set out in section 8.

7. **What choices do I have?**

As a FerrAus Shareholder, you have the following choices:

- accept the Offer for all of your FerrAus Shares;
- sell your FerrAus Shares on ASX (unless you have already accepted the Offer and have not validly withdrawn your acceptance in respect of those FerrAus Shares); or
- do nothing (please see Question 10 for further details).

8. **How do I accept the Offer?**

To accept the Offer you should follow the instructions set out in section 10.7.

9. Can I accept the Offer for part of my holding?

No, you can only accept for all of your holding. Your acceptance will be treated as being for all your FerrAus Shares plus any additional FerrAus Shares registered as held by you at the date your acceptance is processed.

10. What happens if I do not accept the Offer?

Subject to what is stated below, you will remain the holder of your FerrAus Shares if you do not accept the Offer.

If Atlas acquires a relevant interest in at least 90% of the FerrAus Shares (by number) on issue at any time during the Offer Period and the other Offer Conditions are satisfied or waived, Atlas intends to proceed to compulsorily acquire your FerrAus Shares (see section 5.2). Compulsory acquisition will occur on a date after the close of the Offer in accordance with the Corporations Act and you will receive 1 Atlas Share for every 4 FerrAus Shares which are compulsorily acquired. You will receive consideration for your FerrAus Shares sooner if you accept the Offer.

If Atlas obtains a relevant interest in 50.1% of FerrAus Shares (even if that number later becomes less than 50.1% as a result of the issue of further FerrAus Shares), Atlas has agreed to declare as soon as practicable the Offer as being wholly unconditional. See section 5.5 of this Bidder's Statement for details of Atlas' intentions if it obtains a relevant interest in more than 50.1% but less than 90% of FerrAus Shares.

The Offer is subject to a minimum acceptance condition of 50.1%. If during, or at the end of, the Offer Period, Atlas does not acquire a relevant interest in at least 50.1% of the FerrAus Shares, and Atlas does not waive its minimum acceptance condition, then the Offer will lapse and you will keep your FerrAus Shares.

11. Can I elect to receive all or part of my consideration in cash?

No. You will simply receive 1 Atlas Share for every 4 of your FerrAus shares.

For further information on how to accept the Offer, you should follow the instructions set out in section 10.7.

12. Can I withdraw my acceptance?

You have limited rights to withdraw your acceptance of the Offer. You cannot withdraw your acceptance unless a withdrawal right arises under the Corporations Act.

Such a withdrawal right will arise if, after you have accepted the Offer:

- (a) the Offer is still subject to an Offer Condition; and
- (b) Atlas varies the Offer in a way that postpones for more than one month the time when Atlas has to pay you (or meet its obligations) under the Offer (for example if Atlas extends the Offer for more than 1 month while the Offer remains conditional).

13. When does the Offer close?

The Offer is currently scheduled to close at 5.00pm AWST on Wednesday, 5 October 2011, unless extended or withdrawn.

14. If I accept the Offer, when will I receive the consideration?

If you accept this Offer, Atlas will send you the consideration for your FerrAus Shares to which Atlas acquires good title within 3 Business Days after you accept this Offer or, if this Offer is subject to an Offer Condition when accepted, 3 Business Days after the contract resulting from your acceptance becomes unconditional.

15. Will I be entitled to receive the Atlas dividend announced on 25 August 2011?

On Thursday, 25 August 2011, Atlas announced its maiden unfranked dividend of \$0.03 per Atlas Share. Atlas Shareholders on the Atlas register at the close of trading on Monday, 26 September 2011 will be entitled to receive this dividend.

You will be eligible to receive the Atlas Dividend if, prior to the close of trading on Wednesday, 21 September 2011:

- (a) the Offer has been declared free from all Offer Conditions; and
- (b) you have validly accepted the Offer so that you will receive your Atlas Share consideration prior to the close of trading on Monday, 26 September 2011 in accordance with section 10.19 of this Bidder's Statement.

This is because, if you accept this Offer, Atlas will issue you with Atlas Shares (being the consideration for your FerrAus Shares to which Atlas acquires good title) within 3 Business Days after the contract resulting from your acceptance becomes unconditional.

See section 9.1 for additional details.

16. Can Atlas extend the Offer Period?

Yes, the Offer can be extended by Atlas or otherwise in accordance with the Corporations Act. You will receive written notice of any extension, as required by the Corporations Act.

17. Can I sell on the market the shares I receive from accepting the Offer?

Yes. You will be able to sell the Atlas Shares you receive on ASX.

18. What if I am a Foreign Shareholder?

Certain foreign holders of FerrAus Shares will not be entitled to receive Atlas Shares on accepting the Offer. If you are such an Ineligible Foreign Shareholder and accept the Offer, you will receive the net cash sale proceeds of Atlas Shares sold through a nominee which you would otherwise have received (see section 10.22). The FerrAus Shareholders to which this applies are holders of FerrAus Shares:

- (a) whose address as shown in the register of members of FerrAus is in a jurisdiction other than Australia, its external territories or New Zealand; and
- (b) the law of that jurisdiction makes it, in the reasonable opinion of Atlas, unlawful or too onerous for Atlas to make the Offer to that person and to issue them with Atlas Shares.

If you are a FerrAus Shareholder whose address as shown in the register of members of FerrAus is in Hong Kong, Singapore, the Cayman Islands or the United Kingdom, and you are available to participate in the Offer under the laws of those jurisdictions, you will be entitled to receive Atlas Shares on accepting the Offer if you agree to and, where applicable, comply with the requirements set out in the Important Information section of this Bidder's Statement for your relevant jurisdiction.

Please contact the Atlas Offer Information Line on Toll Free - 1800 810 827 (within Australia), or +61 2 8280 7122 (international) between 6.30am and 5.30pm (AWST), Monday to Friday if you are still unsure whether you are entitled to receive Atlas Shares on accepting the Offer.

19. Will I need to pay brokerage or stamp duty if I accept the Offer?

You will not pay any stamp duty on accepting the Offer.

If your FerrAus Shares are registered in an Issuer Sponsored Holding in your name and you deliver them directly to Atlas, you will not incur any brokerage connected with you accepting the Offer.

If your FerrAus Shares are in a CHESS Holding or you hold your FerrAus Shares through a bank, custodian or other nominee, you should ask your Controlling Participant (usually, your Broker or the bank, custodian or other nominee) whether it will charge any transaction fees or service charges connected with you accepting the Offer.

If you are an Ineligible Foreign Holder of FerrAus Shares, the cash proceeds that you will receive (following the sale by Atlas of the Atlas Shares that you would otherwise be entitled to receive under the Offer) will be net of transaction costs.

20. What are the conditions to the Offer?

The Offer Conditions are set out in full in section 10.12. These conditions include:

- (a) that during, or at the end of, the Offer Period, Atlas has a relevant interest in at least 50.1% of all of the FerrAus Shares (even if that number later becomes less than 50.1% as a result of the issue of further FerrAus Shares);
- (b) that no prescribed occurrence for FerrAus occurs during the period from the Announcement Date to the end of the Offer Period;
- (c) a condition relating to decisions, actions and investigations by, and applications to, Public Authorities which may adversely affect the Offer;
- (d) no material acquisitions or disposals by FerrAus;
- (e) no material failings in public filings by FerrAus;
- (f) no break fees or inducement fees paid or agreed to be paid by FerrAus;
- (g) no material third party change of control rights being triggered;
- (h) no change in the capital structure, business, assets, liabilities, financial position, performance, profitability or prospects of FerrAus; and
- (i) that no material adverse change to FerrAus occurs during the period from the Announcement Date to the end of the Offer Period.

In accordance with clause 3.2(b) of the Bid Implementation Agreement, if during, or at the end of, the Offer Period, the Minimum Acceptance Condition is satisfied, Atlas has agreed to declare as soon as practicable the Offer as being wholly unconditional.

21. What happens if the conditions of the Offer are not satisfied or waived?

If the Offer Conditions are not satisfied or waived before the Offer closes, the Offer will lapse. Atlas will make an announcement to ASX if the Offer Conditions are satisfied or waived during the Offer Period.

In accordance with clause 3.2(b) of the Bid Implementation Agreement, if during, or at the end of, the Offer Period, the Minimum Acceptance Condition is satisfied, Atlas has agreed to declare as soon as practicable the Offer as being wholly unconditional.

If the Offer lapses, you will continue to hold your FerrAus Shares and be free to deal with your FerrAus Shares.

22. Are there any risks in accepting the Offer?

If you accept the Offer you will become a shareholder in Atlas. There are risks in holding Atlas Shares and these are set out in section 7. You are already exposed to several of these risks, to varying degrees, as a result of holding FerrAus Shares.

23. What if I require further information?

If you require additional assistance please contact [Atlas Offer Information Line on Toll Free - 1800 810 827 \(within Australia\)](tel:1800810827) or [+61 2 8280 7122 \(International\)](tel:+61282807122) between 6.30am and 5.30pm (AWST), Monday to Friday.

Further information relating to the Offer can be obtained from Atlas' website at www.atlasiron.com.au.

The information in this section is a summary only and is qualified by the detailed information set out elsewhere in this Bidder's Statement. You should read the entire Bidder's Statement and the Target's Statement to be provided by FerrAus before deciding whether to accept the Offer.

What you should do next

Step 1: Carefully read the entire Bidder's Statement and consider the information provided.

Step 2: Read the Target's Statement to be provided by FerrAus.

Step 3: If you need advice, consult your Broker or your legal, financial or other professional adviser.

If you have any queries about this document, the Offer or how to accept the Offer, please contact the Atlas Offer Information Line between 6.30am and 5.30pm (AWST), Monday to Friday:

For Australian callers: Toll Free - 1800 810 827

For international callers: +61 2 8280 7122

Step 4: If you wish to accept the Offer, follow the instructions below.

How to accept the Offer

You should read section 10.7 for full details on how to accept the Offer.

If your FerrAus Shares are in a CHESS Holding, to accept you must either:

- instruct your Controlling Participant to accept the Offer on your behalf; or
- complete, sign and return the enclosed Acceptance Form in accordance with the instructions on it.

If you are a Participant (as defined in the ASX Settlement Operating Rules) (typically, a stockbroker who is a participating organisation of ASX Settlement), the above does not apply. To accept the Offer you must initiate acceptance in accordance with the ASX Settlement Operating Rules.

If your FerrAus Shares are in an Issuer Sponsored Holding or if at the time of your acceptance you are entitled to be (but are not yet) registered as the holder of your FerrAus Shares, to accept you must complete, sign and return the Acceptance Form in accordance with the instructions on it.

If your SRN/HIN begins with an "I", this indicates that your FerrAus Shares are in an Issuer Sponsored Holding.



1. Summary of the Offer



| | |
|----------------------------|---|
| The Bidder | Atlas is the company making the Offer. |
| The Offer | Atlas offers to acquire all of your FerrAus Shares. The Offer also extends to all FerrAus Shares that are issued prior to the end of the Offer Period as a result of the exercise of FerrAus Options. |
| Offer consideration | You are offered 1 Atlas Share for every 4 of your FerrAus Shares. |
| Closing date | Unless withdrawn or extended, the Offer is open until 5.00 pm AWST on Wednesday, 5 October 2011. |
| Payment date | If you accept this Offer, Atlas will provide the consideration for your FerrAus Shares to which Atlas acquires good title within 3 Business Days after you accept this Offer or, if this Offer is subject to an Offer Condition when accepted, 3 Business Days after the contract resulting from your acceptance becomes unconditional. Full details on when you will receive your consideration are set out in section 10.19 of this Bidder's Statement. |
| Conditions | The Offer is subject to the conditions set out in full in section 10.12 of this Bidder's Statement. These conditions include: <ul style="list-style-type: none"> (a) that during, or at the end of, the Offer Period, Atlas has a relevant interest in at least 50.1% of all of the FerrAus Shares (even if that number later becomes less than 50.1% as a result of the issue of further FerrAus Shares); (b) that no prescribed occurrence for FerrAus occurs during the period from the Announcement Date to the end of the Offer Period; (c) a condition relating to decisions, actions and investigations by, and applications to, Public Authorities which may adversely affect the Offer; (d) no material acquisitions or disposals by FerrAus; (e) no material failings in public filings by FerrAus; (f) no break fees or inducement fees paid or agreed to be paid by FerrAus; (g) no material third party change of control rights being triggered; (h) no change in the capital structure, business, assets, liabilities, financial position, performance, profitability or prospects of FerrAus; and (i) that no material adverse change to FerrAus occurs during the period from the Announcement Date to the end of the Offer Period. |
| How to accept | <p>CHESS Holdings</p> <p>You should read section 10.7 for full details on how to accept the Offer.</p> <p>If your FerrAus Shares are in a CHESS Holding, to accept you must either:</p> <ul style="list-style-type: none"> • instruct your Controlling Participant (usually your Broker) to accept the Offer for you; or • complete, sign and return the Acceptance Form. <p>Issuer Sponsored Holdings</p> <p>If your FerrAus Shares are in an Issuer Sponsored Holding or if at the time of your acceptance you are entitled to be (but are not yet) registered as the holder of your FerrAus Shares, to accept you must complete, sign and return the Acceptance Form.</p> <p>Signed Acceptance Forms must be sent to:</p> <p>Computershare Investor Services Pty Limited, GPO Box 52, Melbourne VIC 3001, Australia.</p> <p>A self-addressed envelope is enclosed.</p> |
| No stamp duty | You will not pay any stamp duty on accepting the Offer. |
| Further information | For questions about your FerrAus Shares, the Offer or how to accept the Offer please refer to the remainder of the Bidder's Statement. If you still need assistance, please call the Atlas Offer Information Line between 6.30am and 5.30pm (AWST), Monday to Friday on: For Australian callers: Toll Free - 1800 810 827 For international callers: +61 2 8280 7122 |

2. Information on Atlas

- 2.1 Profile of Atlas
- 2.2 Shareholder Structure
- 2.3 Business Activities and Assets
- 2.4 Historical Financial Information of the Atlas Group
- 2.5 Board and Senior Management
- 2.6 Resources and Reserves
- 2.7 Disclosure of interests and benefits



2.1 Profile of Atlas

Atlas is a rapidly growing, independent iron ore producer, with an extensive portfolio of projects encompassing over 18,000km² in Western Australia, ranging from the established producing Pardoo DSO and Wodgina DSO Projects near Port Hedland, development projects at Abydos and Mt Webber and McPhee Creek, through to the Turner River Hub (TRH) project, the Ridley, Balla Balla, and Yerecoin magnetite projects, to exploration licence applications in the Newman area and mining leases in the Mid-West.

Atlas is currently mining and exporting iron ore from its 100% owned Pardoo and Wodgina DSO Projects, both located in the Pilbara region of Western Australia. Atlas is currently producing DSO exports at an approximate annualised rate of 6Mtpa, which is expected to rise to 12Mtpa during the course of FY2013²². Atlas expects that the Merged Entity will be able to further increase its production to 22Mtpa²³ from the North Pilbara by 2015, with an additional 20Mtpa DSO production targeted from the South East Pilbara assets.

2.2 Shareholder Structure

Based on publicly available information as at Friday, 2 September 2011, Atlas had received notifications from the following shareholders in accordance with section 671B of the Corporations Act:

| Atlas Shareholder Name | Number of Atlas Shares | Percentage ²⁴ Shareholding |
|---|------------------------|---------------------------------------|
| IMC Resource Investments Pte Ltd | 66,749,653 | 8.1% |
| Schroder Investment Management Australia Limited | 50,326,628 | 6.1% |
| Blackrock Investment Management (Australia) Limited | 48,985,998 | 5.9% |

As at 31 August 2011, the top 20 Shareholders held approximately 69.47% of Atlas Shares as indicated in the following table:

| Atlas Shareholder Name | Number of Atlas Shares | Percentage Shareholding |
|--|------------------------|-------------------------|
| National Nominees Ltd | 125,292,644 | 15.15% |
| JP Morgan Nominees Australia Ltd | 112,015,681 | 13.54% |
| HSBC Custody Nominees Australia Ltd | 111,450,923 | 13.47% |
| IMC Resource Investments Pte Ltd | 66,749,653 | 8.07% |
| Citicorp Nominees Pty Ltd | 39,026,535 | 4.72% |
| HSBC Custody Nominees Australia Limited | 18,277,015 | 2.21% |
| Breamlea Pty Ltd | 14,928,855 | 1.80% |
| JP Morgan Nominees Australia Ltd | 14,475,272 | 1.75% |
| RBC Dexia Investor Services Australia Nominees Pty Ltd | 13,686,233 | 1.65% |
| Cogent Nominees Pty Ltd | 11,072,231 | 1.34% |
| Stanley Allan MacDonald | 9,239,280 | 1.12% |
| AMP Life Ltd | 6,769,925 | 0.82% |
| HR Equities Pty Ltd | 6,201,334 | 0.75% |
| HSBC Custody Nominees Australia Limited | 5,660,239 | 0.68% |
| Nada Granich | 4,381,112 | 0.53% |
| Citicorp Nominees Pty Ltd | 3,780,670 | 0.46% |
| Grey Willow Pty Ltd | 3,367,218 | 0.41% |
| Australian Reward Investment Alliance | 3,071,335 | 0.37% |
| Share Direct Nominees Pty Ltd | 2,650,000 | 0.32% |
| Berne No 132 Nominees Pty Ltd | 2,600,000 | 0.31% |
| Total Top 20 | 574,696,155 | 69.47% |

²² Atlas has Proved and Probable Ore Reserves for 6.5 years based on the proposed production rate of 12Mtpa during the course of FY2013 from its North Pilbara DSO projects. The production targets for the Abydos and Mt Webber are also subject to the completion of all necessary feasibility studies, environmental permitting, port access, financing arrangements, execution of infrastructure-related agreements, necessary agreements with joint venture parties and timely project construction.

²³ Subject to the successful completion of the takeover, Atlas has Proved and Probable Ore Reserves for 8 years based on the proposed production rate of 20Mtpa by the end of 2016 from its FerrAus' South East Pilbara DSO projects. The production targets for FerrAus' South East Pilbara DSO projects are also subject to the completion of all necessary feasibility studies, environmental permitting, port access, financing arrangements, execution of infrastructure-related agreements, necessary agreements with joint venture parties and timely project construction. Atlas has Proved and Probable Ore Reserves for 3.5 years based on the proposed production rate of 22Mtpa by the end of 2015 from its North Pilbara DSO projects. The production targets for the Abydos and Mt Webber and McPhee Creek are also subject to the completion of all necessary feasibility studies, environmental permitting, port access, financing arrangements, execution of infrastructure-related agreements, necessary agreements with joint venture parties and timely project construction.

²⁴ The percentage shareholding is calculated using the number of Atlas Shares held by the relevant shareholder as disclosed in the latest substantial holder notice, divided by the number of Atlas Shares on issue as at the date of this Bidder's Statement, being 827,181,142 Atlas Shares.

2.3 Business Activities and Assets

The following is a brief overview of Atlas' assets. Detailed information about Atlas is available from its website, www.atlasiron.com.au, and on ASX's website, www.asx.com.au.

References to targeted production rates in this section 2.3 are subject to the completion of all necessary feasibility studies, environmental permitting, port access, financing arrangements, execution of infrastructure-related agreements, necessary agreements with joint venture parties and timely project construction and, in certain circumstances, port berth construction. Please refer to the Resources and Reserves tables in section 2.6 of this Bidder's Statement for further information.

Pardoo DSO Project

Atlas' Pardoo DSO Project is located 75 kilometres by road from the port of Port Hedland, in the Pilbara region of Western Australia. Atlas commenced production of iron ore from its Pardoo DSO Project in October 2008. Atlas exported 1Mt of DSO iron ore during 2009, and is currently exporting DSO from its Pardoo and Wodgina DSO Projects at a combined rate of approximately 6 Mtpa.

Wodgina DSO Project

The Wodgina DSO Project is located 100 kilometres south of Port Hedland immediately adjacent to the existing Wodgina Tantalum Mine owned by Global Advanced Metals Pty Ltd (formerly Talison Minerals). Mining commenced at Wodgina during June 2010, within 18 months of the Company's first discovery of iron ore at Wodgina.

Atlas commenced production of iron ore from its Wodgina DSO Project in August 2010 with first ore haulage to the port in early September 2010.

With the help of the infrastructure access agreement established with Global Advanced Metals, Atlas is currently exporting DSO from its Pardoo and Wodgina Projects at a combined rate of approximately 6 Mtpa.

Abydos DSO Project

Located 130km south of Port Hedland, Abydos has Resources of 22.7Mt at 56.7% Fe and it holds Reserves of 7.5Mt @ 57.6% Fe, based on an optimised pit design on the Trigg Deposit (see section 2.6).

Abydos will be developed as a satellite mine delivering run-of-mine ore to the Wodgina DSO Project, targeting production at a rate of up to 3Mtpa during the course of FY2013.

Mt Webber Joint Venture

Atlas owns a 70% interest (Altura Mining Ltd – 30%) in the Mt Webber Project, which is located 150 kilometres south-southeast of Port Hedland. Atlas has a DSO Resource estimate of 39.9Mt at 56.8% Fe, and DSO Reserve of 25.2Mt at 57.5% Fe (see section 2.6). Exploration is ongoing over other prospects in the area.

Atlas is in the process of completing a Definitive Feasibility Study (DFS) for a proposed 3Mtpa DSO operation at Mt Webber. As such, Mt Webber is another key component of Atlas' plans to increase DSO production from 6Mtpa to 12Mtpa²⁵ during the course of FY2013.

Run-of-mine ore from the Mt Webber mine will be processed at the Mt Webber Project. Mt Webber is approximately 40 kilometres east of the Fortescue Metals Group's (FMG) railway line and immediately north of the Woodstock Road, which connects Marble Bar to the Great Northern Highway.

Daltons Joint Venture

The Daltons Joint Venture is 75% held by Atlas and 25% held by Haoma Mining NL (Haoma), and covers a group of four tenements located approximately 150km south of Port Hedland. Haoma retains rights to gold/silver and tin/tantalum mineralisation.

The Daltons deposit has DSO Mineral Resources totalling 23Mt at 58.3% Fe, and a DSO Reserve of 22.8Mt at 58.3% Fe. The Daltons deposit is directly adjoining Atlas' Mt Webber DSO Project.

²⁵ Atlas has Proved and Probable Ore Reserves for 6.5 years based on the proposed production rate of 12Mtpa during the course of FY2013 from its North Pilbara DSO projects. The production targets for the Abydos and Mt Webber are also subject to the completion of all necessary feasibility studies, environmental permitting, port access, financing arrangements, execution of infrastructure-related agreements, necessary agreements with joint venture parties and timely project construction.

McPhee Creek Project

The McPhee Creek Project is 100% owned by Atlas and is located approximately 220km south east of Port Hedland. It has total DSO Mineral Resources of 270.3Mt at 56.2% Fe, comprising Indicated Resources of 65.3Mt at 56.3% Fe, and Inferred Resources of 205Mt at 56.2% Fe. This includes the inferred resources at Crescent Moon and McPhee West.

Prior to Atlas acquiring ownership of the project in March 2011 as a result of Atlas' takeover of Giralia Resources N.L., a scoping study had been completed on the McPhee Creek Project. Preliminary results indicate a base case scenario involving a production rate of 2Mtpa involving public road haulage to Port Hedland. A number of scenarios are being investigated by Atlas, including the potential for rail haulage supporting the McPhee Creek Project.

Mt Dove DSO Project

Atlas' Mt Dove DSO Project is located 70 kilometres south of Port Hedland and is adjacent to the Great Northern Highway. Having completed a promising scoping study highlighting the low cost development potential of the Project, Atlas is progressing a DFS and is targeting developing the Mt Dove DSO Project in FY2012 / 2013.

Mt Dove has a DSO Mineral Resource of 2.8Mt at 58.0% Fe and a DSO Reserve of 1.8Mt at 58.0% Fe. The Mt Dove DSO Project is expected to be a stand-alone development that would transport product to the Utah Point Port Facility at Port Hedland by truck via the Great Northern Highway. It is expected that the project will deliver product into Atlas' Pilbara blend by the end of Q4 2012.

Other DSO projects

Anthiby Well is a 100% owned CID deposited located approximately 100 kilometres west of Paraburdoo in the West Pilbara. An initial Inferred Resource of 38Mt at 53.6% Fe was estimated in respect of Anthiby Well in March 2009.

The Beebyn Project is a 100% owned hematite project in the Midwest iron ore province. An Inferred Resource of 7Mt at 57.2% Fe has previously been reported in respect of this project. The project is along strike from Atlas' Weld Range DSO project, which has a DSO Mineral Resource of 5Mt at 64.1% Fe.

Magnetite Projects

Atlas is now focused on attracting a suitable joint venture partners to take its three magnetite projects through to development. Indicative proposals have been received in relation to the Ridley and Yerecoin magnetite projects deposits and these are being worked through in conjunction with the relevant counterparties.

Ridley Magnetite Project at Pardoo

In April 2009, Atlas completed the PFS for its Ridley Magnetite Project. The Ridley Project has a 2 billion tonne magnetite Mineral Resource which includes a 970Mt Ore Reserve (see section 2.6). The PFS has indicated Ridley has the potential to produce 15Mtpa of furnace blast grade magnetite concentrate for over 30 years.

Balla Balla Iron / Vanadium / Titanium Project

The Balla Balla Project was acquired in the merger with Aurox in August 2010. The Balla Balla Project is located only 15 km from the West Australian coast, and 110 km from Port Hedland. Aurox completed a DFS in 2009 and environmental approvals have been received. Atlas is presently reviewing the project and has commenced discussions with potential joint venture partners over the joint development of the project.

The Balla Balla Project has Reserves of 229Mt grading 45% Fe (see section 2.6), and it is envisioned that, if developed, it would have a 20+ year mine life at an eventual production rate of 10Mtpa.

Yerecoin Magnetite Project

Atlas' Yerecoin Magnetite Project is located approximately 150km north-northeast of Perth, and has an Inferred Resource of 186.8Mt at 30.9% Fe. A promising scoping study was completed on the Yerecoin asset by Giralia Resources N.L. in February 2010, which assumed a 2.5Mtpa scenario, including rail haulage to Kwinana.



Utah Point Port Access

Atlas currently has an allocation of 6Mtpa at Utah Point Port, Port Hedland which increases up to 9Mtpa in March 2012 then growing to 15Mtpa by not later than 2015.

Non-Iron Ore Projects

Within Atlas' exploration portfolio it has access to other commodities as a result of its takeover of Giralia Resources N.L. These exploration assets include the Lake Frome uranium joint venture situated around the operating Beverley uranium mine in South Australia and the Snake Well gold project in Western Australia.

Interests in Listed Companies

In addition to its 38.96% interest in FerrAus, Atlas has the following interests in listed companies.

Atlas has a 45.42% interest in Shaw River Manganese Limited (ASX Code: SRR) (**Shaw River**), an ASX listed mineral exploration company. For further details, see Shaw River's website: www.shawriver.com.au and Shaw River's ASX announcements on www.asx.com.au.

On 27 July 2011, Atlas announced that it had entered into a strategic alliance with Centaurus Metals Limited (Centaurus) (ASX: CTM) pursuant to which Atlas would subscribe for 212 million shares in Centaurus at 8.8 cents per share, and be issued with 30 million options in Centaurus with an exercise price of \$0.15 per option and an expiry date of 31 August 2014 (**Centaurus Options**), to acquire a 19.9% interest in Centaurus. Atlas has subscribed for 110 million shares and received 16 million Centaurus Options pursuant to Centaurus' capacity under ASX Listing Rule 7.1. Atlas expects to subscribe for the remaining 102 million shares, and receive a further 14 million Centaurus Options subject to the approval of Centaurus' shareholders at a general meeting to be held on 22 September 2011. For further details, see Centaurus' website www.centaurus.com.au and Centaurus' ASX announcements on www.asx.com.au.

Atlas also holds stakes in several listed companies, which were acquired as a result of Atlas' takeover of Giralia Resources N.L. The interests include:

| Company | Ticker | Atlas' Interest | Commodity |
|-----------------------------|---------|-----------------|-------------------------------|
| U308 Ltd | UTO:ASX | 15.0% | Uranium |
| Zenith Minerals Limited | ZNC:ASX | 10.8% | Zinc, Iron, Manganese |
| Carpentaria Exploration Ltd | CAP:ASX | 8.7% | Base Metals, Iron, Coal, Gold |
| Gascoyne Resources Ltd | GCY:ASX | 3.6% | Gold |
| Hazelwood Resources Ltd | HAZ:ASX | 1.52% | Nickel, Tungsten |
| Peninsula Energy Ltd | PEN:ASX | 0.92% | Uranium |
| Entrée Gold Ltd | ETG:TSX | 1.33% | Copper |
| Red 5 Ltd | RED:ASX | 0.02% | Gold |

Further financial information on Atlas may be found on Atlas' website at www.atlasiron.com.au or on ASX at www.asx.com.au.

2.4 Historical Financial Information of the Atlas Group

The historical financial information below relates to the Atlas Group and does not reflect any impact of the Offer. It is an extract only and the full financial accounts for the Atlas Group for the financial period described below, which includes notes to the accounts, can be found in Atlas' 2010 Annual Report and Atlas' 2011 Audited Financial Accounts (copies of which are available at www.atlasiron.com.au).

Statement of Financial Position

The Statement of Financial Position of the Atlas Group set out below has been extracted from the audited financial statements of the Atlas Group for the financial years ended 30 June 2010 and 30 June 2011, being the last two audited financial statements prior to the date of this Bidder's Statement.

| AT 30 JUNE 2011 | Notes | 2011 \$'000 | 2010 \$'000 |
|--|-------|------------------|----------------|
| CURRENT ASSETS | | | |
| Cash and cash equivalents | 24(b) | 365,599 | 154,933 |
| Trade and other receivables | 12 | 39,890 | 19,563 |
| Prepayments | 7 | 13,828 | 4,860 |
| Financial assets | 14 | 13,425 | - |
| Inventories | 13 | 12,656 | 14,862 |
| TOTAL CURRENT ASSETS | | 445,398 | 194,218 |
| NON-CURRENT ASSETS | | | |
| Other receivables | 12 | 6,420 | 6,119 |
| Prepayments | 7 | 20,455 | 11,964 |
| Investment in equity accounted investees | 15 | 22,001 | 2,312 |
| Property, plant and equipment | 16 | 19,364 | 15,164 |
| Intangibles | 17 | 100,335 | 3,197 |
| Mine development costs | 18 | 157,963 | 64,921 |
| Mining tenements capitalised | 19 | 1,120,020 | 90,746 |
| TOTAL NON-CURRENT ASSETS | | 1,446,558 | 194,423 |
| TOTAL ASSETS | | 1,891,956 | 388,641 |
| CURRENT LIABILITIES | | | |
| Trade and other payables | 20 | 102,657 | 20,862 |
| Employee benefits | 21 | 1,979 | 789 |
| Provisions | 22 | - | 979 |
| TOTAL CURRENT LIABILITIES | | 104,636 | 22,630 |
| NON-CURRENT LIABILITIES | | | |
| Trade and other payables | 20 | 42 | - |
| Employee benefits | 21 | 112 | 57 |
| Provisions | 22 | 19,728 | 6,954 |
| Deferred tax liability | 10 | 34,689 | - |
| TOTAL NON-CURRENT LIABILITIES | | 54,571 | 7,011 |
| TOTAL LIABILITIES | | 159,207 | 29,641 |
| NET ASSETS | | 1,732,749 | 359,000 |
| EQUITY | | | |
| Share capital | 23(a) | 1,703,394 | 508,677 |
| Reserves | 23(f) | 27,451 | 17,036 |
| Accumulated profit/ (loss) | 23(g) | 1,904 | (166,713) |
| TOTAL EQUITY | | 1,732,749 | 359,000 |

The above Statement of Financial Position should be read in conjunction with the notes accompanying Atlas' 2011 Audited Financial Accounts, released to ASX on 25 August 2011.

Statement of Comprehensive Income

| YEAR ENDED 30 JUNE 2011 | Notes | 2011 \$'000 | 2010 \$'000 |
|---|------------|----------------|-----------------|
| Revenue | 2 | 584,908 | 84,769 |
| Cost of goods sold | 3 | (315,223) | (90,584) |
| Gross profit/(loss) | | 269,685 | (5,815) |
| Gain on sale of mining properties | 4 | - | 8,037 |
| Recognised gain on investment transferred from reserves | 23(f),5(c) | - | 10,659 |
| Gain/(loss) on sale of plant, property and equipment | | 23 | (41) |
| Other income | | 1,156 | 90 |
| Depreciation and amortisation expense | | (1,665) | (702) |
| Exploration and evaluation expense | | (35,216) | (20,484) |
| Impairment loss on tenements | 19 | (1,140) | (3,690) |
| Impairment loss on tenements on acquisition | 5(c) | - | (23,396) |
| Share-based payment expense | 6 | (10,415) | (2,436) |
| Share of loss of associate | 15 | (5,166) | (2,241) |
| Share of loss of joint venture | 15 | (350) | (1,703) |
| Business combination expense | 5(a) | (4,922) | - |
| Other expenses from ordinary activities | 8 | (28,040) | (6,084) |
| Gain/(loss) from operating activities | | 183,950 | (47,806) |
| Finance income | 9 | 12,548 | 8,452 |
| Finance expense | 9 | (13,325) | (1,492) |
| Net finance (costs)/ income | | (777) | 6,960 |
| Profit/(loss) before income tax | | 183,173 | (40,846) |
| Income tax expense | 10 | (14,556) | - |
| Profit/(loss) for the year | | 168,617 | (40,846) |
| Other comprehensive income/(loss) | | | |
| Gain on revaluation of financial assets, net of tax | | - | 9,372 |
| Realised gain on investment transferred out of reserves, net of tax | 23(f) | - | (10,659) |
| TOTAL COMPREHENSIVE INCOME/(LOSS) FOR THE YEAR, NET OF TAX | | 168,617 | (42,133) |
| PROFIT/(LOSS) FOR THE YEAR ATTRIBUTABLE TO OWNERS OF THE GROUP | | 168,617 | (40,806) |
| TOTAL COMPREHENSIVE INCOME/(LOSS) FOR THE YEAR ATTRIBUTABLE TO OWNERS OF THE GROUP | | 168,617 | (42,133) |
| Earnings/(loss) per share | | | |
| Basic earnings/(loss) per share (cents per share) | 28 | 26.7 | (9.6) |
| Diluted earnings/(loss) per share (cents per share) | 28 | 26.1 | (9.6) |

The above Statement of Comprehensive Income should be read in conjunction with the notes accompanying Atlas' 2011 Audited Financial Accounts released to ASX on 25 August 2011.

Statement of Cash Flows

The historical cash flow statements of the Atlas Group set out below have been extracted from the audited financial statements of the Atlas Group for the financial years ended 30 June 2010 and 30 June 2011, being the last two audited financial statements prior to the date of this Bidder's Statement.

| YEAR ENDED 30 JUNE 2011 | Notes | 2011 \$'000 | 2010 \$'000 |
|---|-------|-----------------|-----------------|
| CASH FLOWS FROM / (USED IN) OPERATING ACTIVITIES | | | |
| Cash receipts from customers | | 556,963 | 85,496 |
| Payments to suppliers and employees | | (310,352) | (89,018) |
| Interest received | | 9,005 | 5,341 |
| R&D refund received | | 204 | - |
| Income tax refund | | 375 | - |
| Proceeds from settlement of derivatives | | 519 | - |
| Payment for security deposits | | - | (2,009) |
| Payments for expenditure on exploration and evaluation activities | | (34,024) | (24,867) |
| Acquisition transaction costs | | (1,488) | - |
| NET CASH FLOWS FROM / (USED IN) OPERATING ACTIVITIES | 24(a) | 221,202 | (25,057) |
| CASH FLOWS FROM/ USED IN INVESTING ACTIVITIES | | | |
| Proceeds from disposal of mining tenements | | - | 8,500 |
| Payments for property, plant and equipment | | (5,998) | (6,899) |
| Proceeds from disposal of plant and equipment | | 28 | 14 |
| Payments for mine development | | (36,880) | (45,621) |
| Payments for tenements acquired | | - | (113) |
| Payments for interests in equity accounted investees | | (24,956) | (4,413) |
| Purchase of financial assets | | (336) | - |
| Asset acquisition costs | | (4,624) | - |
| Cash paid for acquisition of Giralia | | (4,343) | - |
| Cash taken up on acquisition of Giralia | | 56,262 | - |
| Cash taken up on acquisition of Aurox | | 3,048 | - |
| Interest received from loans to associate | | 270 | - |
| Loan to other entities | | (7,670) | (14,256) |
| NET CASH FLOWS USED IN INVESTING ACTIVITIES | | (25,199) | (62,788) |
| CASH FLOWS FROM FINANCING ACTIVITIES | | | |
| Proceeds from issues of ordinary shares | | 15,568 | 127,895 |
| Net share issue costs paid | | (339) | (9,431) |
| NET CASH FLOWS FROM FINANCING ACTIVITIES | | 15,229 | 118,464 |
| NET INCREASE IN CASH AND CASH EQUIVALENTS | | 211,232 | 30,619 |
| Cash and cash equivalents at 1 July | | 154,933 | 124,350 |
| Effect of exchange rate changes on cash and cash equivalents | | (566) | (36) |
| CLOSING CASH AND CASH EQUIVALENTS | 24(b) | 365,599 | 154,933 |

The above statement of Cash Flows should be read in conjunction with the notes accompanying Atlas' 2011 Audited Financial Accounts released to ASX on 25 August 2011.

2.5 Board and Senior Management

Directors

David Flanagan B.Sc WASM, AICD, MAusIMM, (Managing Director)

Mr Flanagan is the founding Managing Director of the Company. Mr Flanagan is a geologist with extensive experience in mining operations, exploration and project development in Western Australia, Indonesia and West Africa. Graduating in 1993 David joined Coffey (formerly Resource Service Group (RSG)) in 1995 after working at the Fimiston Open Pit Operations.

Whilst with RSG he was seconded to Gencor's Bogosu operation as Chief Exploration Geologist. Whilst at RSG David also worked in an auditing capacity providing independent geological verification for financial institutions. In 1999 David joined Gindalbie Metals Limited, holding the position of Exploration Manager from 2001. At Gindalbie Mr Flanagan managed several scoping and feasibility studies and advanced the understanding of its iron ore potential. Mr Flanagan left Gindalbie in 2004 to list and advance Atlas in the role of Managing Director. During the last 3 years Mr Flanagan was a non-executive director of Shaw River Manganese Limited, resigning on 19 February 2009.

David Hannon B.Ec,F.Fin (Non-Executive Director) – appointed interim Chairman 25 May 2011

Mr Hannon commenced his commercial career as a stockbroker and investment banker in 1985 working with several firms. He later became a joint partner of a private investment bank specialising in venture capital with a focus on the mining sector.

Mr Hannon operates a private investment bank, Chifley Investor Group Pty Limited. Mr Hannon has not held any other directorships in the last 3 years.

Mr Hannon holds a Bachelor of Economics from Macquarie University and is a Fellow with the Financial Services Institute of Australasia.

Mr Hannon is Chairman of the Audit and Risk Committee and Remuneration Committee and a Member of the Nomination Committee.

David Smith PhD.Sc, B.Sc Hons, FAICD, FAIM, FWLG (Non-Executive Director)

Dr Smith was appointed 6 November 2009.

With a career at Rio Tinto spanning 30 years, Dr Smith was, until 2009, President of Rio Tinto Atlantic covering the giant Simandou iron ore development in West Africa. Prior to that role, Dr Smith was Managing Director of Rio Tinto's Pilbara Iron, from 2004 to 2008, responsible for all Rio Tinto's business in the Pilbara. Between 2001 and 2004 he was Managing Director of Hamersley Iron. Dr Smith has served as President of the Chamber of Minerals and Energy of Western Australia (2005 to 2008), a Councillor of the Australia Business Arts Foundation (2003 to 2008), Commissioner of Tourism WA (2004 to 2006), Director of the Australian Institute of Management (2001 to 2007), a founding Director of Leadership WA (2003 to 2006) and as Chairman of the Board of the National Skills Shortages Strategy working Group (2006).

Dr Smith is currently Chairman of Bannerman Resources Limited and a director of Macmahon Holdings Limited.

Dr Smith is a member of the Audit and Risk Committee and Chairman of the Nomination Committee. He was appointed to the Remuneration Committee on 25 August 2010.

Tai Sook Yee CPA (Non-Executive Director)

Ms Tai has over 25 years experience in corporate finance, operations and accounting, and is currently the Head of Chairman's Office and Head of Group Strategies & Investments at the IMC Pan Asia Alliance Group. In this role, she is responsible for the alignment of Group strategies and investments, and oversees the governance, corporate functions and performance of the investment portfolio of the Group. Prior to joining IMC in 2007, Ms Tai was the Country Director for Malaysia of a global leader in heavy building materials supplies. Ms Tai has substantial financial and operational experience in a wide range of industries including property development, construction, building materials supply, maritime, plantations and resources. Ms Tai is a CPA from Malaysia.

Ms Tai is currently a director of LinQ Capital Limited.

Ms Tai was appointed a member of the Audit and Risk Committee on 23 August 2011, Remuneration Committee and Nomination Committee on 24 August 2011.

Company Secretaries

Anthony Walsh BComm, MBA, FCA, FCIS, FFin

Mr Walsh was appointed on 1 July 2006. He has 25 years experience in dealing with listed companies, 14 years with the ASX where he held the role of Assistant Manager and acted as ASX liaison with the JORC committee. Mr Walsh is currently a member of the West Australian State Council of Chartered Secretaries Australia. Prior to his role at ASX he worked with Ernst & Young for 5 years in an audit and compliance capacity.

Mr Walsh is currently Chairman of Shaw River Manganese Limited.

Mark Hancock BBus, CA, FFin

Mr Hancock was appointed Joint Group Secretary on 4 July 2008. He has more than 25 years experience in senior financial roles across a number of leading Australian and international companies including Lend Lease Corporation Ltd, Woodside Petroleum Ltd and Premier Oil plc.

2.6 Resources and Reserves

Atlas DSO Resources

Atlas has reported a total DSO Resource of 486Mt at 56.2% Fe. Details of resources for each project are shown in the table below:

Atlas Iron Limited - DSO Resource Summary May 2011

| Project Area | Resource Classification | Kt | Fe (%) | SiO ₂ (%) | Al ₂ O ₃ (%) | P (%) | S (%) | LOI (%) | CaFe (%) |
|--------------------------|-------------------------|----------------|-------------|----------------------|------------------------------------|-------------|-------------|------------|-------------|
| Pardoo | Measured | 230 | 57.5 | 5.9 | 2.1 | 0.18 | 0.21 | 8.9 | 63.1 |
| | Indicated | 11,300 | 56.4 | 8.2 | 1.9 | 0.10 | 0.03 | 8.0 | 61.3 |
| | Inferred | 10,000 | 55.5 | 8.6 | 2.2 | 0.09 | 0.04 | 8.6 | 60.7 |
| Abydos | Indicated | 9,700 | 57.1 | 7.0 | 1.6 | 0.05 | 0.01 | 9.4 | 63.0 |
| | Inferred | 13,000 | 56.4 | 6.9 | 2.3 | 0.06 | 0.02 | 9.4 | 62.3 |
| Wodgina | Measured | 15,100 | 57.5 | 6.0 | 1.6 | 0.07 | 0.07 | 8.7 | 63.0 |
| | Indicated | 9,900 | 55.9 | 7.8 | 2.2 | 0.07 | 0.06 | 8.8 | 61.3 |
| | Inferred | 31,000 | 55.2 | 7.9 | 2.9 | 0.07 | 0.05 | 9.2 | 60.8 |
| Mt Webber: | Indicated | 27,900 | 57.2 | 6.5 | 2.1 | 0.08 | 0.03 | 8.8 | 62.7 |
| Mt Webber JV | Inferred | 12,000 | 55.8 | 6.7 | 2.6 | 0.10 | 0.02 | 8.4 | 61.0 |
| Mt Webber: Daltons JV | Indicated | 23,100 | 58.3 | 5.9 | 1.6 | 0.09 | 0.02 | 8.2 | 63.5 |
| McPhee Creek | Indicated | 65,300 | 56.3 | 6.2 | 2.6 | 0.11 | | 9.7 | 62.3 |
| | Inferred | 205,000 | 56.1 | 6.9 | 2.3 | 0.13 | | 9.5 | 62.0 |
| Mt Dove | Indicated | 1,800 | 57.9 | 6.8 | 1.8 | 0.11 | 0.03 | 7.9 | 62.9 |
| | Inferred | 1,000 | 58.5 | 6.3 | 1.7 | 0.11 | 0.02 | 7.8 | 63.4 |
| Mid West | Inferred | 12,000 | 60.0 | 6.3 | 2.9 | 0.06 | 0.00 | 3.7 | 62.3 |
| West Pilbara | Inferred | 38,000 | 53.6 | 7.5 | 4.8 | 0.04 | 0.00 | 9.3 | 59.1 |
| Total | Measured | 15,330 | 57.5 | 6.0 | 1.6 | 0.07 | 0.07 | 8.7 | 63.1 |
| | Indicated | 149,000 | 56.8 | 6.5 | 2.2 | 0.10 | 0.01 | 9.1 | 62.5 |
| | Inferred | 322,000 | 55.9 | 7.1 | 2.7 | 0.10 | 0.01 | 9.1 | 61.6 |
| Grand Total | | 486,330 | 56.2 | 6.9 | 2.5 | 0.10 | 0.01 | 9.1 | 61.9 |

Notes:

- (1) Pardoo, Wodgina, Mt Webber JV Resources quoted at >53% Fe cut off grade.
- (2) Daltons JV, Abydos, Mt Dove, MidWest, McPhee Creek, West Pilbara Resources and Connie Deposit quoted at >50% Fe cut off grade.
- (3) Hercules deposit is calculated at >54% Fe cut off grade.
- (4) CaFe% is calcined Fe calculated by Atlas using the formula $(Fe\% / (100 - LOI\%)) * 100$.
- (5) Measured, Indicated & Inferred resource tonnages are rounded to the nearest ten thousand, hundred thousand and million tonnes respectively.
- (6) Resources within the Mt Webber Joint Venture are subject to Joint Venture interests in the ratio AGO 70%: AJM 30%. Resources within the Daltons Joint Venture are subject to Joint Venture interests in the ratio AGO 75%: HAO 25%.

Competent Person Statement

The information in this Bidder's Statement that relates to Mineral Resources on Atlas' DSO Projects 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. Steve Warner 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 Bidder's Statement of the matters based on his information in the form and context in which it appears.

Statement on Exploration Targets

The potential quantity and grade of the exploration targets are conceptual in nature as there has been insufficient work completed to define them as a Mineral Resource and it is uncertain if further exploration will result in the determination of a Mineral Resource.

Atlas DSO Reserves

Atlas has undertaken pit optimisation studies at the various Indicated and/or Measured Resources at its northern Pilbara Projects. The ore reserve estimates determined for the Projects to date are based on the following input data:

- DSO Resources as defined by Atlas;
- Metallurgical test work conducted at SGS Laboratories under the supervision of Atlas;
- Cost data supplied by Atlas;
- Revenue data supplied by Atlas derived from CRU modelling;
- Geotechnical studies conducted by Golder Associates Pty Ltd;
- Pit optimisations conducted by Golder Associates Pty Ltd;
- Ore reserves developed form part of scheduled and costed operating mine plans; and
- Mining Reserve Estimates - Compliance with the JORC code assessment criteria.

This mining 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). The underlying resource classification was completed by Atlas geologists, based principally on data density and geological confidence criteria.

Atlas DSO Reserve Estimate announced on 19 August 2011

Atlas DSO Reserves Table (Proven and Probable) - as at 30 June 2011

| Project Area | Reserve Classification | Kt | Fe (%) | SiO ₂ (%) | Al ₂ O ₃ (%) | P (%) | S (%) | LOI (%) | CaFe (%) |
|--------------------|------------------------|---------------|-------------|----------------------|------------------------------------|-------------|-------------|------------|-------------|
| Pardoo | Proven | 318 | 57.1 | 7.0 | 2.0 | 0.16 | 0.02 | 8.4 | 62.3 |
| | Probable | 4,714 | 57.1 | 7.5 | 1.8 | 0.09 | 0.04 | 7.6 | 61.8 |
| Abydos | Probable | 7,467 | 57.6 | 6.2 | 1.6 | 0.05 | 0.01 | 9.4 | 63.6 |
| Wodgina | Proven | 12,017 | 58.0 | 5.5 | 1.5 | 0.08 | 0.06 | 8.8 | 63.6 |
| | Probable | 4,843 | 57.2 | 6.7 | 1.8 | 0.08 | 0.05 | 8.7 | 62.6 |
| Mt Webber JV* | Probable | 25,233 | 57.5 | 6.3 | 2.0 | 0.08 | 0.03 | 8.8 | 63.0 |
| Daltons JV** | Probable | 22,809 | 58.3 | 5.9 | 1.6 | 0.09 | 0.02 | 8.2 | 63.6 |
| Mt Dove | Probable | 1,766 | 58.0 | 6.8 | 1.8 | 0.11 | 0.03 | 7.9 | 62.9 |
| Port Stocks | Proven | 85 | 57.0 | 6.7 | 2.3 | 0.10 | 0.03 | 8.7 | 62.5 |
| Sub Total | Proven | 12,420 | 58.0 | 5.6 | 1.5 | 0.08 | 0.06 | 8.7 | 63.5 |
| | Probable | 66,831 | 57.7 | 6.3 | 1.8 | 0.08 | 0.02 | 8.5 | 63.1 |
| Grand Total | | 79,251 | 57.8 | 6.2 | 1.7 | 0.08 | 0.03 | 8.6 | 63.2 |

Notes

- (1) Bedded Ore Reserves estimated at cut-off grades in the range of 54-56% Fe.
- (2) *Reserves in the Mt Webber JV are subject to Joint Venture interests in the ratio AGO 70% : AJM 30%.
- (3) **Reserves in the Daltons JV are subject to Joint Venture interests in the ratio AGO 75% : HAO 25%.
- (4) The Reserves have been estimated in compliance with the JORC Code.

Competent Person Statement

The information in this Bidder's Statement 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. 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 this Bidder's Statement of the matters based on his information in the form and context in which it appears.

Atlas Ridley Magnetite Mineral Resource

Atlas Ridley Magnetite Mineral Resource Estimate – November 2008

| Resource Classification | Mt | Fe (%) | SiO ₂ (%) | Al ₂ O ₃ (%) | P (%) | S (%) | LOI (%) | Density (g/cm ³) |
|-------------------------|--------------|-------------|----------------------|------------------------------------|-------------|-------------|------------|------------------------------|
| Indicated | 1,100 | 36.6 | 39.4 | 0.08 | 0.09 | 0.05 | 3.9 | 3.5 |
| Inferred | 910 | 36.4 | 39.1 | 0.08 | 0.09 | 0.05 | 4.4 | 3.5 |
| All Resources | 2,010 | 36.5 | 39.3 | 0.08 | 0.09 | 0.05 | 4.1 | 3.5 |

Atlas Ridley Magnetite Resource, Davis Tube Concentrate Grades – November 2008

| Resource Classification | Mt | Concentrate Mass Recovery (%) | Fe (%) | SiO ₂ (%) | Al ₂ O ₃ (%) | P (%) | S (%) | LOI (%) |
|-------------------------|--------------|-------------------------------|-------------|----------------------|------------------------------------|-------------|-------------|-------------|
| Indicated | 1,100 | 37.0 | 68.9 | 4.1 | 0.03 | 0.01 | 0.01 | -2.7 |
| Inferred | 910 | 37.5 | 68.9 | 4.1 | 0.02 | 0.01 | 0.1 | -2.7 |
| All Resources | 2,010 | 37.2 | 68.9 | 4.1 | 0.03 | 0.01 | 0.01 | -2.7 |

Competent Person Statement

The information in this Bidder's Statement that relates to the Ridley Mineral Resource results is based on information compiled by Mr Malcolm Titley who is a member of the Australasian Institute of Mining and Metallurgy. Malcolm Titley is a full time employee of CSA Global Pty Ltd. Malcolm Titley has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which they have 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'. Malcolm Titley consents to the inclusion in this Bidder's Statement of the matters based on his information in the form and context in which it appears.

Atlas Ridley Magnetite Ore Reserve

Atlas Ridley Magnetite Ore Reserve Estimate – April 2009

| Reserve Classification | Tonnes (Mt) | Fe (%) | Concentrate Product (Mt) | Fe in Concentrate (%) | SiO ₂ in Concentrate (%) |
|------------------------|-------------|-------------|--------------------------|-----------------------|-------------------------------------|
| Probable | 970 | 36.0 | 330 | 68.3 | 3.8 |
| Total Reserve | 970 | 36.0 | 330 | 68.3 | 3.8 |

Competent Person Statement

The sections in this Bidder's Statement that relate to the Ridley Ore Reserves are based on information compiled under the direction of Mr Bruce Gregory. Mr Gregory is a Member of the Australasian Institute of Mining and Metallurgy and is a full time employee of AMC Consultants Pty Ltd. Mr Gregory has sufficient experience relevant to the style of mineralisation and type of deposit under consideration 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'. Mr Gregory consents to the inclusion in this Bidder's Statement of the matters based on his information in the form and context in which it appears.

Atlas Balla Balla Magnetite Mineral Resource

Atlas Balla Balla Magnetite Mineral Resource Estimate – December 2009⁽¹⁾

| Resource Classification | Mt | Fe (%) | V ₂ O ₅ (%) | TiO ₂ (%) |
|-------------------------|--------------|-------------|-----------------------------------|----------------------|
| Measured | 219.0 | 45.1 | 0.64 | 14.0 |
| Indicated | 86.7 | 44.5 | 0.63 | 13.5 |
| Inferred | 150.2 | 44.3 | 0.64 | 13.4 |
| All Resources | 455.9 | 44.7 | 0.64 | 13.7 |

Note:

¹ Resource estimates for the Balla Balla Western, Central/Extension and East Block B deposits are sourced from Golder Associates report reference 087641039 001 L Rev2 dated 5 August 2009 and are contained within Domain 1 (main Fe zone modelled at 35% Fe cut-off) and Domain 7 (modelled at 0.85% V₂O₅ cut-off) combined. Resource estimates for the Balla Balla Far Western Area are sourced from Golder Associates report reference 087641039 007 L Rev1 dated 8 December 2008 and are contained within Domain 1.1 (lower main Fe zone) and Domain 1.2 (upper main Fe zone), both modelled at 35% Fe cut-off. For all deposits, tonnage estimations are reported at a cut-off grade of 0.001% Fe within the modelled domains. The Fe resource includes in-situ Fe-bearing minerals that are not amenable to magnetic recovery. Magnetic recovery factors or assumptions have not been applied to these Mineral Resources.

Competent Person Statement

In August 2009, Aurox reported an increase to Measured, Indicated and Inferred Resources of the Western and Central-East Pit areas of the Balla Balla magnetite deposit. In December 2008, Aurox upgraded the Balla Balla Far West area Resources from 100% Inferred to Measured, Indicated and Inferred Resources. The information in this Bidder's Statement that relates to Exploration and Minerals Resources is based on information compiled by Matt Chinn who is a member of the Australasian Institute of Mining and Metallurgy. Matt Chinn is a consultant of Atlas. Matt Chinn 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.' Matt Chinn consents to the inclusion in this Bidder's Statement of matters based on this information in the form and context in which it appears.

Atlas Balla Balla Magnetite Ore Reserve

Atlas Balla Balla Magnetite Ore Reserve Estimate – June 2010

| Reserve Classification | Mt | Fe (%) | V ₂ O ₅ (%) | TiO ₂ (%) |
|------------------------|--------------|-------------|-----------------------------------|----------------------|
| Proved | 185.1 | 45.1 | 0.62 | 13.8 |
| Probable | 43.9 | 44.3 | 0.60 | 13.6 |
| Total Reserve | 229.0 | 45.0 | 0.62 | 13.8 |

Notes:

- (1) Balla Balla Reserves defined at a 35% Fe cut-off grade.
- (2) The figures in this table refer to fresh ore only, no oxide material is included.

Competent Person Statement

The Balla Balla Ore Reserves in this Bidder's Statement were estimated by Mr Steve Craig, a member of the Australian Institute of Mining and Metallurgy and a full-time employee of Orelogy Pty Ltd, who has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which they are undertaking to qualify as a Competent Person as defined in the Australasian Code for the Reporting of Exploration Results, Mineral Resources and Ore Reserves. Mr Steve Craig consents to the inclusion in this Bidder's Statement of the above Resource information in the form and context in which it appears.

Atlas Yerecoin Magnetite Resource

Atlas Yerecoin Magnetite Project Mineral Resource Estimate – October 2010

| Deposit Area | Category | Tonnes (Mt) | Head Fe % | DTR Wt Rec % | Cons Fe % | Cons SiO ₂ % | Cons Al ₂ O ₃ % | Cons P % |
|--------------|----------|-------------|-----------|--------------|-----------|-------------------------|---------------------------------------|----------|
| North | Inferred | 153 | 31.1 | 34.3 | 70.6 | 1.7 | 0.3 | 0.003 |
| South | Inferred | 33 | 29.6 | 26.2 | 68.0 | 3.7 | 0.7 | 0.007 |
| Total | Inferred | 187 | 30.9 | 32.8 | 70.1 | 2.1 | 0.4 | 0.004 |

Notes:

- (1) The Mineral Resource was estimated within constraining wireframe solids based on a nominal lower cut-off grade of 20% Fe head assay.
- (2) The resource is quoted from blocks above the specified cut off of 15 % DTR Weight Recovery.
- (3) DTR grind size approximately 95% passing 75 microns.
- (4) Differences may occur due to rounding.

Competent Person Statement

The information in this Bidder's Statement that relates to Mineral Resources on Atlas' Yerecoin Magnetite Project is based on information compiled by Mr Grant Louw who is a member of the Australasian Institute of Geoscientists. Grant Louw is a full time employee of CSA Global Pty Ltd. Grant Louw 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'. Grant Louw consents to the inclusion in this Bidder's Statement of the matters based on his information in the form and context in which it appears.

2.7 Disclosure of interests and benefits

Director Interests

| Director | Number of Atlas Shares held | Number of Unlisted Equity Options held |
|-------------------|-----------------------------|--|
| Mr David Hannon | 3,054,668 | 1,000,000 |
| Mr David Flanagan | 2,710,000 | 5,000,000 |
| Dr David Smith | - | 1,000,000 |
| Ms Tai Sook Yee | - | 500,000 |

Interested Person

For the purposes of this section 2.7, an Interested Person is:

- (i) a director or proposed director of Atlas;
- (ii) a person named in this Bidder's Statement as performing a function in a professional, advisory or other capacity in connection with preparing or distributing this Bidder's Statement;
- (iii) a promoter of Atlas; or
- (iv) a broker or underwriter to the issue of Atlas Shares.

Interests

Except as disclosed below or elsewhere in this Bidder's Statement no Interested Person holds or held at any time during the 2 years before the date of this Bidder's Statement any interest in:

- (i) forming or promoting Atlas;
- (ii) property acquired or proposed to be acquired by Atlas in connection with:
 - (A) forming or promoting Atlas; or
 - (B) the offer of Atlas Shares; or
- (iii) the offer of Atlas Shares.

Hartleys Limited has acted as financial adviser to Atlas in relation to the Offer and is entitled to receive professional fees for these services.

Blake Dawson has acted as legal adviser to Atlas in connection with the Offer and is entitled to professional fees in accordance with their normal time-based charges.

Satori Investments Greater China Co Limited has acted as strategic adviser in connection with the Offer and is entitled to receive professional fees for these services.

Security Transfer Registrars Pty Limited is Atlas' share registry and has been engaged by Atlas to assist with certain aspects of the Offer. Security Transfer Registrars Pty Limited will be entitled to receive fees for these services as well as fees for its services as Atlas' share registry.

Computershare Investor Services Pty Ltd has been engaged by Atlas to act as the receiving agent of acceptances of the Offer. Computershare Investor Services Pty Ltd will be entitled to receive fees for these services.

Benefits

Except as disclosed in this Bidder's Statement no one has paid or agreed to pay fees or given or agreed to give any benefit to:

- (i) a director or proposed director of Atlas to induce that person to become or qualify as a director of Atlas; or
- (ii) any Interested Person for services provided by that person in connection with:
 - (A) forming or promoting Atlas; or
 - (B) the offer of Atlas Shares under the Offer.



3. Information About Atlas Securities

- 3.1 Atlas issued securities
- 3.2 Recent trading of Atlas Shares
- 3.3 Rights attaching to Atlas Shares
- 3.4 The constitution of Atlas
- 3.5 Unlisted Equity Options of Atlas



3.1 Atlas issued securities

As at the date of this Bidder's Statement Atlas had the following securities on issue:

| Security | Number on Issue |
|---|-----------------|
| Atlas Shares | 827,181,142 |
| Unlisted Equity Options (various types) | 22,350,000 |

3.2 Recent trading of Atlas Shares

Recent trading of Atlas Shares on the ASX in the 12 months prior to the Announcement Date is shown in the graph below:



3.3 Rights attaching to Atlas Shares

The only class of shares in Atlas are the fully paid ordinary shares that are currently listed on the ASX.

The Atlas Shares to be issued under the Offer will be issued fully paid and will rank equally for dividends and other rights with existing Atlas shareholders.

3.4 The constitution of Atlas

Under section 140(1) of the Corporations Act, the constitution of Atlas has effect as a contract between Atlas and each member and between a member of Atlas and each other member. Accordingly, if you accept the Offer you will, as a result, become liable to comply with the constitution of Atlas. However, since the Atlas Shares issued as consideration under the Offer will be issued credited as fully paid, no monetary liability attaches to them.

The constitution of Atlas also sets out the principal rights attaching to Atlas Shares. This section 3.4 provides a summary of these rights and the liabilities attaching to Atlas Shares. It does not purport to be exhaustive or to constitute a definitive statement of the rights and liabilities of shareholders of Atlas. Such rights and liabilities involve complex questions of law arising from the interaction of the constitution and statutory and common law requirements. Shareholders should seek their own advice when trying to establish their rights and liabilities in specific circumstances.

The rights and liabilities attaching to the Atlas Shares are as set out in the constitution of Atlas, and, in certain circumstances, are regulated by the Corporations Act, the ASX Listing Rules and general law. The following is a summary of the principal rights and liabilities of Atlas Shareholders. It is not exhaustive and is qualified by the full terms of the constitution of Atlas.

- (a) General meeting and notice
- (i) Subject to the law and the ASX Listing Rules, each member (whether or not the member is entitled to vote at the meeting) is entitled to receive at least 28 days' written notice of a meeting of members.
 - (ii) If a share is held jointly, Atlas need only give notice of a meeting of members (or of its cancellation or postponement) to the joint holder who is named first in the register of members.
- (b) Voting rights
- Subject to the constitution of Atlas, the Corporations Act, the ASX Listing Rules and the terms on which Atlas Shares are issued, at general meetings of members:
- (i) each member may act and present at a meeting of members in person or by appointment of proxy, attorney or representative.
 - (ii) to decide, for the purposes of a particular meeting, who are members of Atlas and how many shares they hold, Atlas must refer only to the register of members in accordance with the requirement of the Corporations Act and the ASX Settlement Rules.
 - (iii) on a show of hands:
 - (A) if a member has appointed two proxies, neither of those proxies may vote;
 - (B) a member who is present and entitled to vote and is also a proxy, attorney or representative of another member has one vote; and
 - (C) subject to the two paragraphs immediately above, every individual present who is a member, or a proxy, attorney or representative of a member, entitled to vote has one vote.
 - (iv) on a poll, every member entitled to vote who is present in person or by proxy, attorney or representative has one vote for every fully paid share held.
 - (v) in the event of an equal number of votes for and against a resolution at a meeting of shareholders:
 - (A) if the chairman of the meeting is not entitled to vote, the matter is decided in the negative; and
 - (B) otherwise, the chairman has a casting vote whether or not the chairman is a member.
 - (vi) subject to the constitution, if there are joint holders of a share:
 - (A) any one of them may vote at a meeting of members, in person, or by proxy, attorney or representative, as if that holder were the sole owner of the share; and
 - (B) but when more than one joint holder is voting at a meeting of members, only the member who is named first in the register of members can vote.
- (c) Issue of further shares
- (i) The board may, on behalf of Atlas and in accordance with the restrictions imposed by the constitution, the ASX Listing Rules and the Corporations Act, issue, grant options over or otherwise dispose of unissued shares to any person on the terms, with the rights and at the times that the Board decides.
 - (ii) Atlas may issue preference shares (including preference shares that are liable to be redeemed). The rights attached to preference shares must, unless other rights have been approved by special resolution of the Company, be in accordance with the constitution.
 - (iii) The board may accept a surrender of shares:
 - (A) to compromise a question as to whether those shares have been validly issued; or
 - (B) if surrender is otherwise within Atlas' powers.

Atlas may sell or re issue surrendered shares in the same way as forfeited shares.

(d) Variation of rights

If Atlas issues different classes of shares, or divides issued shares into different classes, the rights attached to shares in any class may (subject to sections 246C and 246D of the Corporations Act) be varied or cancelled only:

- (i) with the written consent of the holders of 75% of the issued shares of the affected class; or
- (ii) by special resolution passed at a separate meeting of the holders of the issued shares of the affected class.

Subject to the terms of issue of shares, the rights attached to a class of shares are not treated as varied by the issue of further shares of that class.

(e) Multiple certificates and joint holders

Subject to the Listing Rules and the ASX Settlement Rules, and where there is a current certificate for particular securities:

- (i) if a member requests Atlas to issue several certificates each for a part of the shares registered in the member's name, Atlas must do so. For this purpose, joint holders of shares are a single member; and
- (ii) Atlas may issue only one certificate that relates to each share registered in the names of two or more joint holders and may deliver the certificate to any of those joint holders.

(f) Dividends

Subject to the Corporations Act, the ASX Listing Rules and the terms on which shares are issued:

- (i) before paying any dividend to members, the board may:
 - (A) set aside out of profits or out of Atlas reserves to be applied, in the board's discretion, for any purpose it decides and use any sum so set aside in the business of Atlas or invest it in investments selected by the board and vary and deal with those investments as it decides; or
 - (B) carry forward any amount out of profits which the board decides not to distribute without transferring that amount to a reserve; or
 - (C) do both.
- (ii) No dividend shall be payable except out of profits of Atlas. The decision to pay a dividend may be revoked by the board at any time before the time fixed for payment arrives.
- (iii) The board may resolve to pay any dividend it thinks appropriate and fix the time for payment.
- (iv) Atlas may pay a dividend on one class of shares to the exclusion of another class.
- (v) The board may resolve to pay a dividend (either generally or to specific members) in cash or satisfy it by distribution of specific assets (including shares or securities of any other corporation), the issue of shares or the grant of options. If the board satisfies a dividend by distribution of specific assets, the board may:
 - (A) fix the value of any asset distributed;
 - (B) make cash payments to members on the basis of the value fixed so as to adjust the rights of members between themselves; and
 - (C) vest an asset in trustees.
- (vi) The board may resolve to pay a dividend to some members out of a particular reserve or out of profit derived from a particular source and pay the same dividend to other members entitled to it out of other reserves or profits.
- (vii) No dividend shall carry interest as against Atlas.

(g) Share plans

- (i) Subject to the election of the members, security holders or the person entitled to any dividend or other cash payment, the board may adopt and implement one or more of the following plans on such terms as it thinks appropriate:
 - (A) a re-investment plan under which any dividend or other cash payment in respect of a share or convertible security may be retained by Atlas and applied in payment for fully paid shares issued under the plan;
 - (B) any other plan under which dividends or other cash payments in respect of shares or other securities:
 - (I) be satisfied by the issue of shares or other securities of Atlas or a related body corporate be made in place of dividends or other cash payments; or
 - (II) be paid out of a particular reserve or out of profits derived from a particular source; or
 - (III) be forgone in consideration of another form of distribution from Atlas, another body corporate or a trust; or
 - (C) a plan under which shares or other securities of Atlas or a related body corporate may be issued or otherwise provided for the benefit of employees or directors of Atlas or any of its related bodies corporate.
- (ii) The board has all powers necessary or desirable to implement and carry out a share plan, and may vary the rules governing, or suspend or terminate the operation of such share plan as it thinks appropriate.

(h) Transfer of shares

- (i) Subject to the constitution, the Corporations Act and general law, a member may transfer a share by any means.
- (ii) Except in the case of a transfer under the ASX Settlement Rules, a document of transfer must be:
 - (A) delivered to the registered office of Atlas or the address of the share register last notified to members by Atlas;
 - (B) accompanied by the certificate (if any) for the shares to be transferred or evidence satisfactory to the board of its loss or destruction; and
 - (C) marked with payment of any stamp duty payable.

Property in and title to a document of transfer that is delivered to Atlas (but not the shares to which it relates) passes to Atlas on delivery.
- (iii) By giving the lodging party notice of and reason for refusal, the board:
 - (A) may refuse to register a transfer of shares only if that refusal would not contravene the ASX Listing Rules or the ASX Settlement Rules;
 - (B) without limiting paragraph (A) immediately above, but subject to the Corporations Act, the ASX Listing Rules and the ASX Settlement Rules, may refuse to register a transfer of shares where the registration of the transfer would create a new holding of an Unmarketable Parcel;
 - (C) subject to section 259C of the Corporations Act, must not register a transfer to a subsidiary of Atlas; and
 - (D) must not register a transfer if the Corporations Act, the ASX Listing Rules or the ASX Settlement Rules forbid registration.
- (iv) The transferor of a share remains the holder of it:
 - (A) if the transfer is under the ASX Settlement Rules, until the time those rules specify as the time that the transfer takes effect; and
 - (B) otherwise, until the transfer is registered and the name of the transferee is entered in the share register as the holder of the share.

- (i) Unmarketable parcels
 - (i) Once in any 12 month period, the board can give written notice to the shareholder who holds an Unmarketable Parcel stating the board's intention to sell the Unmarketable Parcel. The shareholder has 6 weeks after the notice is given (or lesser period permitted by the Corporations Act or the ASX Listing Rules) at which time, unless the shareholder notifies Atlas that their shares are not to be sold, Atlas may sell the Unmarketable Parcel.
 - (ii) This power to sell lapses if a takeover is announced after the board gives notice and before the board enters into an agreement to sell the shares.
 - (iii) A sale of Atlas Shares includes all dividends payable and other rights attaching to them. The board may decide on the manner, time and terms of the sale and will pay for all the costs associated with the sale.

- (j) Alteration of share capital
 - (i) Atlas may capitalise profits, reserves or other amounts available for distribution to members.
 - (ii) Subject to the constitution, members are entitled to participate in a capital distribution in the same proportions in which they are entitled to participate in dividends.
 - (iii) The board may settle any difficulty that arises in regard to a capitalisation of profits as it thinks appropriate and necessary to adjust the rights of members among themselves including:
 - (A) fix the value of specific assets;
 - (B) make cash payments to members on the basis of the value fixed for assets or in place of fractional entitlements so as to adjust the rights of members between themselves;
 - (C) disregard fractional entitlements; and
 - (D) vest cash or specific assets in trustees.
 - (iv) Subject to the constitution, the Corporations Act and the ASX Listing Rules, Atlas may convert:
 - (A) an ordinary share into a preference share;
 - (B) a preference share into an ordinary share; or
 - (C) all or any of its shares into a larger or smaller number of shares by ordinary resolution.
 - (v) The board may do anything it thinks appropriate and necessary to give effect to a resolution converting shares.
 - (vi) Subject to the ASX Listing Rules, the Atlas may reduce its share capital:
 - (A) in accordance with the Corporation Act, by reduction of capital or share buyback; or
 - (B) in the ways permitted by sections 258E and 258F of the Corporations Act; or
 - (C) in any other way for the time being permitted by the Corporations Act.

- (k) Rights on winding up
 - (i) Subject to the terms of issue of shares and the winding up rule in the constitution, the surplus assets of Atlas remaining after payment of its debts are divisible among the members in proportion to the number of fully paid shares held by them.
 - (ii) If Atlas is wound up, the liquidator may, with the sanction of a special resolution:
 - (A) divide the assets of Atlas among the members in kind;
 - (B) for that purpose fix the value of assets and decide how the division is to be carried out as between the members and different classes of members; and
 - (C) vest assets of Atlas in trustees on any trusts for the benefit of the members as the liquidator thinks appropriate.

3.5 Unlisted Equity Options of Atlas

Atlas has provided benefits to employees (including directors) and contractors in the form of share-based payment transactions, whereby options to acquire ordinary Atlas Shares are issued as an incentive to improve employee and shareholder goal congruence. The exercise price of the options granted that are currently unexercised range from \$0.60 to \$5.00 per Unlisted Equity Option. The Unlisted Equity Options granted to employees and contractors that are currently unexercised have expiry dates ranging from 28 February 2012 to 31 December 2015.

Unlisted Equity Options granted carry no dividend or voting rights. When exercisable, each option is convertible into one ordinary Atlas Share with full dividend and voting rights.

As at the date of this Bidder's Statement, 22,350,000 Unlisted Equity Options have been granted and remain outstanding. The particulars of the outstanding Unlisted Equity Options granted as at the date of this Bidder's Statement are outlined in Schedule 1.

Further information about the Unlisted Equity Options and Atlas' remuneration policies and plans can be found in the 2010 Annual Report and Atlas' 2011 Audited Financial Accounts (copies of which are available on the Atlas website at www.atlasiron.com.au).



4. Information On FerrAus And FerrAus Shares

- 4.1 Disclaimer
- 4.2 Overview of FerrAus
- 4.3 Resources and Reserves
- 4.4 FerrAus Reserve Summary Table
- 4.5 FerrAus Combined Total Resources
- 4.6 FerrAus Competent Person Statements
- 4.7 Directors
- 4.8 Publicly available information
- 4.9 FerrAus Options
- 4.10 Effect of the Offer on the FerrAus Options
- 4.11 FerrAus Performance Shares
- 4.12 Effect of the Offer on FerrAus Performance Shares
- 4.13 Capital Structure of FerrAus
- 4.14 Atlas relevant interest in FerrAus Shares
- 4.15 Atlas' voting power in FerrAus
- 4.16 Acquisition by Atlas of FerrAus Shares during previous 4 months
- 4.17 Inducing benefits given by Atlas during previous 4 months



4.1 Disclaimer

Unless otherwise provided in this Bidder's Statement, the information in this section concerning FerrAus has been prepared by Atlas using primarily publicly available information and limited due diligence access (see section 9.4 for further details) and has not been independently verified. Accordingly Atlas does not make any representation or warranty, express or implied, as to the accuracy or completeness of this information, other than as required by the Corporations Act.

The information on FerrAus should not be considered comprehensive. Further information relating to FerrAus may be included in FerrAus' target statement which will be sent to you by FerrAus.

4.2 Overview of FerrAus

FerrAus is an ASX-listed iron ore exploration company based in Perth, Western Australia.

FerrAus was incorporated on 6 July 2001 as Metals Quest Australia Limited for the purpose of compiling a portfolio of gold and base metals projects for exploration. On 10 November 2003, the company changed its name to NiQuest Limited. On 12 December 2005, following the acquisition of a number of iron ore projects the company changed its name to FerrAus Limited.

The FerrAus Pilbara Project, located in the South East Pilbara, is the primary focus of the company. In addition, FerrAus recently acquired the McCameys North, Jimblebar Range, Caramulla South, Western Creek, Warrawanda, Giralia Western Creek and Jigalong Projects (together the "South East Pilbara Iron Ore Project") from Atlas.

The FerrAus Pilbara Project area is located 35 kilometres east of BHP Billiton Limited's mining operations and rail infrastructure at Jimblebar, Western Australia.

The FerrAus Pilbara Project includes the Robertson Range Area and the Davidson Creek Area. The JORC Code compliant mineral resource at the FerrAus Pilbara Project totals 347.1 million tonnes with 226.30 million tonnes of higher grade resource and 87.10 million tonnes of medium grade resource (see Resource Table below in section 4.3 below). The ongoing exploration and other related activities are focussed on increasing the size of the resource at the Project.

FerrAus has maintained a systematic and continuous drilling and exploration program, since October 2005. In June 2007, FerrAus installed a permanent, cyclone-rated camp to facilitate ongoing exploration and development drilling. A wide range of other related activities, including environmental and hydrological studies, have been undertaken as the Project moves toward operational status.

The South East Pilbara Iron Ore Project was acquired from Atlas on 29 August 2011 and consists of a number of iron projects in the south east Pilbara, located near Newman. The JORC Code compliant mineral resource at the South East Pilbara Iron Ore Project totals 158.0 million tonnes of JORC inferred resources (see Resource Table below).

FerrAus also owns an exploration project prospective for manganese in Western Australia. The Enacheddong Project is located in the East Pilbara near the operating Woodie Woodie Mine.

The tenement is adjacent to the manganese occurrence at Enacheddong Water Hole, where previous exploration identified an area of outcropping manganese about 300 metres by 100 metres in size.

In addition to its exploration assets, FerrAus also holds a 6.03% stake in ASX-listed Lawson Gold Limited (ASX: LSN). For further details, see Lawson Gold Limited's website: www.lawsongold.com and Lawson Gold Limited's ASX announcements on www.asx.com.au.

4.3 Resources and Reserves

FerrAus Pilbara Project – Iron Ore Resources (August 2011)

| Area | JORC (2004) Resource Category | Tonnes Mt | Fe (%) | SiO ₂ (%) | Al ₂ O ₃ (%) | P (%) | LOI (%) | CaFe (%) |
|---|--|---------------|--------------|-------------------------|---------------------------------------|--------------|-------------|--------------|
| High Grade Resources (+55% Fe) | | | | | | | | |
| Robertson Range | Measured | 23.40 | 58.93 | 4.54 | 2.71 | 0.109 | 7.69 | 63.84 |
| | Indicated | 20.70 | 58.98 | 5.40 | 2.99 | 0.104 | 6.48 | 63.07 |
| | Inferred | 10.60 | 58.11 | 6.56 | 3.37 | 0.097 | 6.15 | 61.93 |
| | Total | 54.60 | 58.79 | 5.26 | 2.94 | 0.105 | 6.93 | 63.18 |
| Davidson Creek | Measured | 9.50 | 58.10 | 4.31 | 2.83 | 0.078 | 9.12 | 63.90 |
| | Indicated | 120.10 | 58.30 | 4.79 | 2.59 | 0.088 | 8.60 | 63.72 |
| | Inferred | 3.40 | 57.40 | 5.09 | 3.13 | 0.092 | 8.92 | 63.00 |
| | Total | 133.00 | 58.20 | 4.77 | 2.62 | 0.087 | 8.65 | 63.70 |
| Mirrin Mirrin | Indicated | 33.90 | 58.94 | 4.16 | 2.26 | 0.101 | 8.75 | 64.59 |
| | Inferred | 4.80 | 56.67 | 6.81 | 3.42 | 0.109 | 8.04 | 61.64 |
| | Total | 38.70 | 58.66 | 4.49 | 2.41 | 0.102 | 8.66 | 64.22 |
| Total (High Grade) | | 226.30 | 58.44 | 4.84 | 2.66 | 0.094 | 8.23 | 63.67 |
| Medium Grade Resources (between 53% Fe and 55% Fe for RR, between 52% Fe and 55% Fe for DC & MM) | | | | | | | | |
| Robertson Range | Indicated | 6.50 | 54.00 | 7.61 | 4.95 | 0.122 | 8.86 | 59.30 |
| | Inferred | 2.30 | 54.10 | 8.96 | 5.20 | 0.096 | 7.57 | 58.50 |
| Davidson Creek | Indicated | 54.80 | 53.60 | 8.10 | 4.88 | 0.075 | 9.17 | 59.10 |
| | Inferred | 3.40 | 53.54 | 8.21 | 4.63 | 0.105 | 9.43 | 59.16 |
| Mirrin Mirrin | Indicated | 12.00 | 53.52 | 8.43 | 4.97 | 0.086 | 9.23 | 58.98 |
| | Inferred | 8.10 | 53.62 | 9.26 | 4.27 | 0.123 | 8.50 | 58.61 |
| Total (Medium Grade) | | 87.10 | 53.63 | 8.24 | 4.84 | 0.086 | 9.06 | 59.03 |
| Low Grade Resources (between 50% Fe and 53% Fe for RR, between 50% Fe and 52% Fe for DC & MM) | | | | | | | | |
| Robertson Range | Inferred | 7.40 | 51.80 | 9.17 | 5.87 | 0.132 | 9.23 | 57.10 |
| Davidson Creek | Inferred | 21.40 | 51.14 | 9.32 | 6.43 | 0.069 | 9.68 | 56.62 |
| Mirrin Mirrin | Inferred | 4.80 | 51.25 | 10.39 | 6.01 | 0.080 | 8.98 | 56.32 |
| Total (Low Grade) | | 33.63 | 51.30 | 9.44 | 6.25 | 0.08 | 9.48 | 56.69 |
| MEASURED RESOURCES (Mt) | | 32.90 | | | | | | |
| INDICATED RESOURCES (Mt) | | 248.00 | | | | | | |
| INFERRED RESOURCES (Mt) | | 66.20 | | | | | | |
| TOTAL (Mt) | | 347.10 | | | | | | |

Small discrepancies may occur in the tabulated resources due to the effects of rounding. Calcined Fe grade calculated as follows: $CaFe = (Fe \times 100) / (100 - LOI)$. High Grade Resources are reported above a 55% Fe cut-off grade, Medium Grade Resources (between 53% Fe and 55% Fe for RR, between 52% Fe and 55% Fe for DC and MM) and Low Grade Resources (between 50% Fe and 53% Fe for RR, between 50% Fe and 52% Fe for DC and MM). The above resources were classified and reported in accordance with the 2004 Australasian Code for Reporting of Exploration Results, Mineral Resources, and Ore reserves (the JORC Code). Snowden Mining Industry Consultants classified the mineral resources listed in the above table.

South East Pilbara Iron Ore Project Mineral Resource Estimate

Southeast Pilbara Iron Ore Project Resource Summary Table

| Project | Resource Classification | Tonnes Mt | Fe (%) | SiO ₂ (%) | Al ₂ O ₃ (%) | P (%) | S (%) | LOI (%) | CaFe (%) |
|-----------------|-------------------------|------------|-------------|----------------------|------------------------------------|-------------|-------------|------------|-------------|
| Western Creek | Inferred | 19 | 55.1 | 6.6 | 4.1 | 0.06 | 0.03 | 9.3 | 60.7 |
| Caramulla South | Inferred | 14 | 53.9 | 8.6 | 5.4 | 0.04 | 0.03 | 8.1 | 58.7 |
| Jimblebar Range | Inferred | 13 | 57.5 | 7.0 | 2.0 | 0.06 | 0.04 | 7.9 | 62.4 |
| McCamey's North | Inferred | 39 | 58.0 | 4.9 | 4.8 | 0.17 | 0.01 | 6.3 | 61.8 |
| Wishbone | Inferred | 21 | 57.1 | 6.6 | 2.6 | 0.07 | 0.03 | 8.5 | 62.4 |
| Western Ridge | Inferred | 52 | 56.7 | 6.2 | 3.6 | 0.06 | 0.00 | 8.9 | 62.2 |
| Total | Inferred | 158 | 56.7 | 6.3 | 3.9 | 0.09 | 0.02 | 8.1 | 61.7 |

Note: Wishbone resource reported at 53% Fe cut-off grade. All other resources quoted at 50% Fe cut-off grade.

Small discrepancies may occur in the tabulated resources due to the effects of rounding. Calcined Fe grade calculated as follows: CaFe = (Fe x 100)/(100 - LOI).

4.4 FerrAus Reserve Summary Table

| Area | JORC (2004) | | | | | | |
|-----------------------|-------------------|------------|-------------|----------------------|------------------------------------|-------------|------------|
| | Resource Category | Tonnes Mt | Fe (%) | SiO ₂ (%) | Al ₂ O ₃ (%) | P (%) | LOI (%) |
| Robertson Range | Probable | 31 | 58.3 | 5.4 | 3.0 | 0.09 | 7.4 |
| Davidson Creek | Probable | 95 | 57 | 5.5 | 3.3 | 0.09 | 8.9 |
| Mirrin Mirrin | Probable | 37 | 57.5 | 4.3 | 2.3 | 0.09 | 8.7 |
| Total Reserves | | 163 | 57.4 | 5.2 | 3.0 | 0.09 | 8.6 |

4.5 FerrAus Combined Total Resources

FerrAus Combined Total Resources (August 2011)

| Resource Classification | Mt | Fe (%) | SiO ₂ (%) | Al ₂ O ₃ (%) | P (%) | LOI (%) | CaFe (%) |
|-------------------------|--------------|-------------|----------------------|------------------------------------|-------------|------------|-------------|
| Measured | 32.90 | 58.7 | 4.5 | 2.7 | 0.10 | 8.1 | 63.9 |
| Indicated | 248.0 | 57.1 | 5.7 | 3.3 | 0.09 | 8.6 | 62.4 |
| Inferred | 224 | 55.8 | 6.9 | 4.2 | 0.09 | 8.3 | 60.8 |
| Total | 504.7 | 56.6 | 6.2 | 3.6 | 0.09 | 8.4 | 61.8 |

Resource tonnages are rounded according to their JORC category. Small discrepancies may occur in the tabulated resources due to the effects of rounding. Calcined Fe grade calculated as follows: CaFe = (Fe x 100)/(100 - LOI).

4.6 FerrAus Competent Person Statements

The following Competent Person Statement has been extracted from FerrAus' announcements dated 12 July 2011 lodged with ASX. Under the terms of ASIC Class Order 01/1543, the parties making those statements are not required to consent to, and have not consented to, those statements being included in this Bidder's Statement. If you would like to receive a copy of the FerrAus' announcements dated 12 July 2011, please contact the Atlas Offer Information Line on 1800 810 827 (within Australia) or +61 8280 7122 (international) between 6.30am and 5.30pm (AWST), Monday to Friday and you will be sent copies free of charge.

Competent Person Statement on Resources

Geological interpretation, exploration results, and mineral resource information contained in this report to which this statement is attached is based on information compiled by Mr Peter Brookes who is a member of the Australian Institute of Geoscientists (AIG) and who is a full time employee of FerrAus Limited. Peter Brookes has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which is being 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".

The following Competent Person Statement has been extracted from FerrAus' announcement dated 29 July 2011 lodged with ASX. Under the terms of ASIC Class Order 01/1543, the parties making those statements are not required to consent to, and have not consented to, those statements being included in this Bidder's Statement. If you would like to receive a copy of the FerrAus' announcement dated 29 July 2011, please contact the Atlas Offer Information Line on 1800 810 827 (within Australia) or +61 8280 7122 (international) between 6.30am and 5.30pm (AWST), Monday to Friday and you will be sent copies free of charge.

Competent Person Statement on Reserves

The Ore Reserve statement in the FerrAus announcement dated 29 July 2011 was prepared by Snowden Mining Industry Consultants ('Snowden') on behalf of FerrAus Ltd. The author of the report, Mr. Alan G Cooper, Principal Mining Consultant for Snowden Mining Industry Consultants, stated in that report on 29 July 2011 that he was a Member of The Australasian Institute of Mining and Metallurgy (The AusIMM) and has more than five years mining experience applicable to the mining of Iron Ore. He consented to the public release of this Ore Reserve estimate, providing it remains in the context presented.

4.7 Directors

As at the date of this Bidder's Statement, the directors of FerrAus are:

- Mr John Nvylyt, Non-Executive Chairman;
- Mr Cliff Lawrenson, Managing Director/CEO;
- Mr Joe Singer, Non-Executive Director;
- Mr Jim Wall, Non-Executive Director;
- Mr Robert Greenslade, Non-Executive Director;
- Mr Guoping Liu, Non-Executive Director;
- Mr James Li, Alternate Director to Mr Guoping Liu; and
- Mr Bryan Oliver, Non-Executive Director.

4.8 Publicly available information

FerrAus is a company listed on ASX and is subject to the periodic and continuous disclosure requirements of the Corporations Act and ASX Listing Rules. For information concerning the financial position and affairs of FerrAus, you should refer to the information that has been disclosed by FerrAus in accordance with these obligations.

FerrAus has made the following recent public announcements and media releases which Atlas considers may be material to the financial position of FerrAus:

- 12 July 2011: Increased to Indicated Mineral Resource of 16.1Mt announced for the FerrAus Pilbara Project.
- 29 July: Quarterly Activities Report.
- 29 July: Quarterly Cashflow Report.
- 29 August 2011: Completion of Atlas Subscription for \$24.3 million in FerrAus Share and Iron Ore Assets Acquisition with Atlas.

A copy of each of these announcements can be obtained from ASX. In addition copies of announcements made by FerrAus can be obtained from FerrAus' website www.ferraus.com.au.

4.9 FerrAus Options

According to documents provided by FerrAus to ASX, options over unissued shares have been issued by FerrAus to employees and directors of FerrAus and its subsidiaries as approved by the FerrAus board.

Each FerrAus Option entitles the holder to one ordinary FerrAus Share upon FerrAus receiving a properly executed notice of exercise and application monies. FerrAus will apply for official quotation of all shares issued and allotted pursuant to the exercise of the FerrAus Options. FerrAus Shares issued on exercise of FerrAus Options will rank equally in all respects with other ordinary shares of FerrAus.

A FerrAus Option may only be exercised after it has vested and any other conditions imposed by the FerrAus board on exercise have been satisfied.

Different FerrAus Options have been granted on different terms and conditions, however, based on information provided by FerrAus to Atlas, the FerrAus Options will lapse upon the first to occur of:

- (a) the Expiry Date specified in the FerrAus Option;
- (b) the FerrAus Board determining that the holder has acted fraudulently, dishonestly or in breach of its obligations to FerrAus or an associated body corporate; and
- (c) in certain circumstances upon the holder ceasing to be employed by FerrAus or an associated body corporate.

The information relating to the termination rights of the FerrAus Options contained in this Bidder's Statement is based on materials provided by FerrAus to Atlas and has not been independently verified. Accordingly Atlas does not make any representation or warranty, express or implied, as to the accuracy or completeness of this information.

So far as is known to Atlas, the exercise prices and expiry dates for the FerrAus Options on issue as at the date of this Bidder's Statement are as follows:

| Number | Exercise Price | Expiry Date |
|-----------|----------------|-------------|
| 1,200,000 | \$1.15 | 31/12/2011 |
| 200,000 | \$1.00 | 27/04/2012 |
| 400,000 | \$1.35 | 8/11/2012 |
| 500,000 | \$1.00 | 6/09/2013 |
| 50,000 | \$0.75 | 13/10/2013 |
| 50,000 | \$1.00 | 2/11/2013 |
| 75,000 | \$1.25 | 2/11/2013 |
| 1,000,000 | \$1.00 | 1/04/2014 |
| 310,000 | \$1.00 | 27/05/2014 |
| 350,000 | \$1.00 | 14/09/2014 |
| 1,000,000 | \$1.00 | 17/04/2016 |
| 1,000,000 | \$1.40 | 17/04/2016 |
| 1,000,000 | \$1.80 | 17/04/2016 |
| 1,000,000 | \$2.20 | 17/04/2016 |
| 1,000,000 | \$2.40 | 17/04/2016 |

FerrAus has also agreed to issue 845,000 FerrAus Options at a strike price of \$1.40 under its employee option plan following completion of its definitive feasibility study.

4.10 Effect of the Offer on the FerrAus Options

The Offer extends to FerrAus Shares that are issued as a result of the exercise of FerrAus Options prior to the end of the Offer Period.

Under the terms of the Bid Implementation Agreement, Atlas is required to make an offer to the holders of FerrAus Options to acquire or seek such holder's consent for the cancellation of its FerrAus Options, subject to the Offer becoming or being declared unconditional.

If Atlas and its Associates have relevant interests in at least 90% of the FerrAus Shares at the end of the Offer Period, Atlas will give a notice of compulsory acquisition to holders of all outstanding FerrAus Options in accordance with requirements under section 663A of the Corporations Act.

4.11 FerrAus Performance Shares

According to documents provided by FerrAus to ASX, FerrAus has 7,500,000 FerrAus Performance Shares on issue.

Each FerrAus Performance Share will convert into one FerrAus Share on the last of the following dates:

- (a) the date of grant of a mining lease in respect of the FerrAus Performance Share Tenement Area;
- (b) the date of completion of a bankable feasibility study in respect of the FerrAus Performance Share Tenement Area;
- (c) the date of release to ASX of a resource estimate in respect of the FerrAus Performance Share Tenement Area; and
- (d) the Business Day following the expiry of 12 months from the completion date (completion occurred on or about 5 December 2005).

If the above conditions relating to conversion of FerrAus Performance Shares are not satisfied prior to 7 years from the completion date (ie on or about 5 December 2012), but are achieved at some later date, then FerrAus must seek FerrAus Shareholder approval at that time to the conversion of each FerrAus Performance Share. If FerrAus Shareholder approval is not obtained, all FerrAus Performance Shares held by each holder of FerrAus Performance Shares will automatically convert into only 1 FerrAus Share per holder.

4.12 Effect of the Offer on FerrAus Performance Shares

The Offer extends to FerrAus Shares that are issued as a result of the conversion of FerrAus Performance Shares prior to the end of the Offer Period.

4.13 Capital Structure of FerrAus

According to documents lodged by FerrAus with ASX as at the date of this Bidder's Statement, the total number of securities in FerrAus is as follows:

- (a) 408,884,504 FerrAus Shares;
- (b) 9,135,000 FerrAus Options; and
- (c) 7,500,000 FerrAus Performance Shares.

4.14 Atlas relevant interest in FerrAus Shares

The number of securities of each class that Atlas had a relevant interest in (as at the dates specified) is shown below:

| | At date of this Bidder's Statement | At date first Offer is sent |
|----------------|------------------------------------|-----------------------------|
| FerrAus Shares | 159,285,939 | 159,285,939 |

4.15 Atlas' voting power in FerrAus

Atlas' voting power in FerrAus (as at the dates specified) is shown below:

| | At date of this Bidder's Statement | At date first Offer is sent |
|-------------------------|------------------------------------|-----------------------------|
| Voting Power in FerrAus | 38.96% | 38.96% |

4.16 Acquisition by Atlas of FerrAus Shares during previous 4 months

Except as referred to below, during the period beginning 4 months before the date on which this Bidder's Statement is lodged with ASIC and ending the day before Monday, 5 September 2011, neither Atlas nor any Associate of Atlas has provided, or agreed to provide, consideration for a FerrAus Share.

- (a) On 29 August 2011, pursuant to a Subscription Agreement entered into on 26 June 2011, Atlas was issued 37,439,785 FerrAus Shares for an agreed purchase price of \$0.65 per FerrAus Share.
- (b) On 29 August 2011, pursuant to an Asset Sale Agreement entered into on 26 June 2011, Atlas was issued 121,846,154 FerrAus Shares, at a deemed issue price of \$0.65 per FerrAus Share, as consideration for the sale of the Atlas South-East Pilbara Assets to FerrAus.

4.17 Inducing benefits given by Atlas during previous 4 months

Except as set out in this Bidder's Statement, during the period beginning 4 months before the date of this Bidder's Statement and ending the day before Monday, 5 September 2011, neither Atlas nor any Associate of Atlas, gave, or offered to give or agreed to give a benefit to another person that is not available under the Offer and was likely to induce the other person, or an Associate of the other person, to:

- (a) accept an Offer; or
- (b) dispose of FerrAus Shares.



5. Atlas' Intentions

- 5.1 Overview
- 5.2 Compulsory acquisition
- 5.3 Synergies and other cost savings
- 5.4 Intentions for FerrAus as a wholly owned subsidiary
- 5.5 Intentions for FerrAus upon acquiring more than 50% but less than 90% of FerrAus Shares
- 5.6 Intentions for FerrAus upon acquiring less than 50.1% of FerrAus Shares
- 5.7 Other intentions



5.1 Overview

In formulating the Offer, Atlas has considered and evaluated FerrAus' assets, based on the information which was in the public domain and available to it, documents which were provided to Atlas by FerrAus pursuant to a due diligence request and the general business environment.

Set out in this section 5 are Atlas' intentions for FerrAus. These intentions are based on the information concerning FerrAus which is known to Atlas and the existing circumstances affecting the business of FerrAus, at the date of this Bidder's Statement. The statements set out in this section 5 are statements of current intention only and may vary as new information becomes available or circumstances change.

5.2 Compulsory acquisition

(a) Compulsory Acquisition of FerrAus Shares

If, as a result of the Offer, Atlas becomes entitled to compulsorily acquire outstanding FerrAus Shares under Part 6A.1 of the Corporations Act, Atlas presently intends to proceed with compulsory acquisition of those FerrAus Shares and any fully paid ordinary shares in FerrAus which come into existence within the period of 6 weeks after Atlas gives the compulsory acquisition notice (referred to in section 661B(1) of the Corporations Act) due to the conversion of, or exercise of, convertible securities. Atlas then intends to procure that FerrAus is removed from the official list of ASX.

If, as a result of the Offer, Atlas becomes entitled to compulsorily acquire any fully paid ordinary shares in FerrAus which come into existence after the period of 6 weeks after Atlas gives the compulsory acquisition notice due to the conversion of, or exercise of, FerrAus Options under Part 6A.2 of the Corporations Act, Atlas presently intends to proceed with the compulsory acquisition of those shares.

(b) Compulsory Acquisition of convertible securities

If, as a result of the Offer, Atlas becomes entitled to compulsorily acquire outstanding FerrAus Options under Part 6A.2 of the Corporations Act, Atlas presently intends to proceed with the compulsory acquisition of those convertible securities.

5.3 Synergies and other cost savings

The Merged Entity is expected to realise significant value through the realisation of synergies arising from the location of Atlas' and FerrAus' assets in the Pilbara and the increased scale and operational diversification of the Merged Entity.

The combination of Atlas' and FerrAus' assets in the Pilbara will create a Merged Entity with significant scale and a number of iron ore projects across the Pilbara region. The significant scale of the Merged Entity is likely to increase the potential options and availability of port and rail infrastructure solutions, particularly in relation to the South East Pilbara Projects, and potentially decrease the associated funding costs associated with these solutions.

Atlas expects that the future development of FerrAus assets will provide Atlas with increased economies of scale in the Pilbara, which is anticipated to improve operating costs. Atlas' operating costs have recently benefited from the economies of scale driven by increased production, as Atlas' production has grown from an export rate of 1Mtpa to approximately 6Mtpa. Cost savings may also be made in port, and in shipping.

With mines and projects throughout the Pilbara region, it is possible considerable operational synergies may be achieved in relation to equipment and plant sharing and personnel deployment. Additionally, procurement of mine and plant consumables will likely provide cost benefits to the Merged Entity through reduced prices accompanying larger orders. Cost reductions may also occur as a result of the possible removal of a corporate management level from the Merged Entity.

Until Atlas conducts a more detailed study of the Merged Entity's operations and assets, it is not possible for Atlas to attribute a value to the potential cost savings that may be made (as any value attributed at this stage would be speculative and potentially misleading for FerrAus shareholders). The realisation of cost savings due to potential synergies is also subject to a number of risks, including as set out in section 7 of this Bidder's Statement.

5.4 Intentions for FerrAus as a wholly owned subsidiary

The intentions of Atlas if FerrAus becomes a wholly owned subsidiary of Atlas are set out in this section 5.4.

In the event that Atlas is successful in attaining a level of acceptance equal to or greater than 90%, then Atlas will invoke its Compulsory Acquisition rights and acquire 100% of FerrAus and proceed to delist FerrAus from the ASX.

The FerrAus business will be integrated with that of Atlas and will no longer exist in its own right. This will be the catalyst for a review of the relative prospectivity of assets within the expanded asset portfolio of Atlas; the intent of which will be to determine the ideal development timeline.

This may incorporate a rationalisation of non-core assets, re-prioritising the development of certain assets and redeployment of the fixed assets of FerrAus.

Atlas intends to retain and redeploy as many non-director employees of FerrAus as possible to support the expanded Atlas team. It is considered that the skill sets of the existing FerrAus employees and that of the present Atlas employees are complementary in many respects and that therefore, Atlas anticipates having no difficulties integrating the two work forces. However, there may be a number of employees whose positions become redundant as a result of the structural change, and in those cases employees will be paid their full legal entitlements.

Atlas does not currently intend to invite any members of the FerrAus Board to be appointed as a director of the Merged Entity.

5.5 Intentions for FerrAus upon acquiring more than 50% but less than 90% of FerrAus Shares

If following the close of the Offer:

- (a) Atlas has reached 50.1% and declared the Offer unconditional;
- (b) Atlas has not reached 90% and become entitled to compulsorily acquire the remaining FerrAus Shares; and
- (c) FerrAus becomes a controlled entity, but not a wholly owned subsidiary of Atlas,

Atlas presently intends to apply its management experience in accelerating the development of FerrAus' iron ore assets and pursue infrastructure development in the South East Pilbara to maximise the value of these assets and Atlas' existing asset portfolio.

Atlas will seek, subject to the Corporations Act and the constitution of FerrAus, to cause the FerrAus Board to consist of a majority of directors nominated by Atlas. Through the FerrAus Board, Atlas intends to, to the extent possible, implement the intentions detailed in section 5.4 where they are consistent with FerrAus being a controlled entity of (but not wholly owned by) Atlas and are considered to be in the best interests of FerrAus Shareholders as a whole, including the rights of minority shareholders.

If Atlas obtains effective control of FerrAus and there is a limited spread or volume of FerrAus Shareholders remaining at the end of the Offer Period, Atlas may seek to procure the removal of FerrAus from the official list of ASX.

It is possible that, even if Atlas is not entitled to proceed to compulsory acquisition of minority holdings after the end of the Offer Period under Part 6A.1 of the Corporations Act, it may subsequently become entitled to exercise rights of general compulsory acquisition under Part 6D.2 of the Corporations Act (for example, as a result of acquisitions of FerrAus Shares in reliance on the '3% creep' exception in item 9 of Section 611 of the Corporations Act). If so, it intends to exercise those rights.

The extent to which Atlas will be able to implement these intentions will be subject to:

- (a) the Corporations Act and the ASX Listing Rules, in particular in relation to related party transactions and conflicts of interests;
- (b) the legal obligation of the directors of FerrAus to act for proper purposes and in the best interests of FerrAus Shareholders as a whole; and
- (c) the level of control that Atlas will eventually be able to exert over the operations and strategy of FerrAus.

5.6 Intentions for FerrAus upon acquiring less than 50.1% of FerrAus Shares

Atlas reserves its right to declare the Offer free from the 50.1% minimum acceptance condition (and any other conditions) but has no current intention of doing so. If Atlas does waive this condition and acquires less than 50.1% of the FerrAus Shares, Atlas intends to seek the appointment of a number of its representatives to the FerrAus board (and to requisition a meeting of FerrAus for that purpose if necessary) and will endeavour to implement its intentions outlined in section 5.5 of this Bidder's Statement to the extent it is able to do so.

5.7 Other intentions

Subject to the above, it is the present intention of Atlas, on the basis of the information concerning FerrAus which is known to it and the existing circumstances affecting the business of FerrAus as at the date of this Bidder's Statement, that:

- (a) the business of FerrAus will otherwise be continued in substantially the same manner as it is presently being conducted;
- (b) no other major changes will be made to the business of FerrAus;
- (c) there will not be any other redeployment of the fixed assets of FerrAus; and
- (d) the present non-director employees of FerrAus will, where possible, continue to be employed by FerrAus in accordance with their current terms.



6. Profile of the Merged Entity

- 6.1 Merged Entity Snapshot
- 6.2 Rationale for the Offer
- 6.3 Pro forma financial information for the Merged Entity
- 6.4 Pro forma Combined DSO Resource Summary and Exploration Targets Summary Tables
- 6.5 Pro forma Combined DSO Reserve Summary Table
- 6.6 Unaudited pro forma balance sheet of the Merged Entity
- 6.7 Prospective financial information of the Merged Entity



6.1 Merged Entity Snapshot

Following completion of the Offer, the Merged Entity will have the following key features:

| Company | FerrAus | Atlas | Merged Entity |
|---|---------|---------|---------------|
| Ticker | FRS | AGO | AGO |
| Shares on Issue (million) ²⁶ | 408.9 | 827.1 | 890.2 |
| Share price (A\$) ²⁷ | 0.64 | 3.43 | 3.43 |
| Options on Issue (million) ²⁸ | 9.1 | 22.4 | 22.4 |
| FerrAus Performance Shares on Issue (million) ²⁹ | 7.5 | - | - |
| Market Capitalisation (A\$m) ³⁰ | 261.7 | 2,837 | 3,053.4 |
| Cash (A\$m) ³¹ | 29.3 | 365.6 | 394.9 |
| Debt (A\$m) | - | - | - |
| Enterprise Value (A\$m) | 232.4 | 2471.4 | 2,703.8 |
| Current Annualised Export Rate (Mtpa) | - | 6.0 | 6.0 |
| Estimated Annualised Production Rate during the course of FY2013 (Mtpa) ³² | - | 12.0 | 12.0 |
| Landholding (km ²) | 6,755 | 18,056 | 24,811 |
| DSO Reserves (Mt) ³³ | 163.0 | 79.3 | 242.3 |
| DSO Resources (Mt) | 505 | 486 | 991 |
| Magnetite Reserves (Mt) | - | 1,199.0 | 1,199.0 |
| Magnetite Resources (Mt) | - | 2,652.8 | 2,652.8 |
| Port Access (Mtpa) ³⁴ | 12.0 | 44.5 | 56.5 |

²⁶ Calculated as at 2 September 2011 (the Business Day prior to the date of this Bidder's Statement).

²⁷ Calculated as at 24 June 2011 (the Business Day prior to the Announcement Date).

²⁸ Assumes that all FerrAus options on issue as at 24 June 2011 (9.135m) are cancelled by agreement with the FerrAus option holders for issue of Atlas Shares in accordance with the Bid Implementation Agreement. FerrAus has also agreed to issue 845,000 FerrAus options with a strike price of \$1.40 to employees on the achievement of certain milestones.

²⁹ Assuming the FerrAus Performance Shares are not acquired and do not convert during the Offer Period.

³⁰ Based upon the pro forma number of shares on issue multiplied by the price of Atlas or FerrAus Shares (as applicable) as at 24 June 2011 (the Business Day prior to the Announcement Date).

³¹ FerrAus cash balance last reported as at 30 June 2011, Atlas' estimated cash balance at the date of this Bidder's Statement.

³² Atlas has Proved and Probable Ore Reserves for 6.5 years based on the proposed production rate of 12Mtpa during the course of FY2013 from its North Pilbara DSO projects. The production targets for the Abydos and Mt Webber are also subject to the completion of all necessary feasibility studies, environmental permitting, port access, financing arrangements, execution of infrastructure-related agreements, necessary agreements with joint venture parties and timely project construction.

³³ See Resource and Reserve tables in section 2.6 and 4.3 for a breakdown of this aggregate figure.

³⁴ Estimated capacity by 2015, combining up to 15Mtpa through Utah Point and up to 31Mtpa through the proposed South West Creek and an indicative allocation of up to 10Mtpa at the proposed Anketell Port.

6.2 Rationale for the Offer

The merger of Atlas and FerrAus is a logical fit between two companies with highly complementary assets. Atlas believes that the proposed acquisition of FerrAus will deliver strategic and financial advantages to shareholders of both companies. These advantages include:

- (a) Premium – The Offer provides FerrAus shareholders with a strong premium to the trading value of FerrAus Shares prior to the Announcement Date based on Atlas' current trading value, which is supported by its attractive asset base and trading liquidity.
- (b) Immediate Cash Flow – The Offer will provide FerrAus shareholders with exposure to Atlas' strong cashflow from its existing iron ore production and rapidly growing production profile from a number of development projects.
- (c) Financial Capacity – Atlas' robust balance sheet and strong cashflows from operations provides financial capacity to pursue the development of FerrAus' Pilbara Iron Ore Project and South East Pilbara Iron Ore Assets.
- (d) Improved Access to Infrastructure – Atlas and FerrAus will have a combined current and future allocation of 46.5Mtpa at the port facilities (constructed or planned to be constructed) in Port Hedland's inner harbour, and indicative allocation of up to 10Mtpa at the proposed Anketell Port. The port allocation is of significant strategic importance to maximise value from FerrAus' DSO Resources.
- (e) Increased Market Presence – The combination of the two asset portfolios provides the capacity to substantially reduce overall capital and operating costs and the potential for additional production growth makes Atlas an attractive counterparty for offtakers. In addition, the Merged Entity would have increased access to funds, enabling it to more readily fund the business in a cost effective manner.
- (f) Proven Management Expertise – Atlas' management team have a demonstrated track record of successfully and cost effectively developing and operating iron ore assets in the Pilbara. Utilising this expertise, it may be possible to fast-track the development of assets within the FerrAus asset portfolio.

6.3 Pro forma financial information for the Merged Entity

It is not possible to predict the exact level of acceptance of the Offer by FerrAus Shareholders.

The unaudited pro forma consolidated financial information provided in this section 6 has been prepared in accordance with recognition and measurement requirements of Australian Accounting Standards, and indicates the financial impact on Atlas of Atlas acquiring all of the FerrAus Shares under the proposed consideration structure. The financial information is provided for illustrative purposes only. In considering the information FerrAus Shareholders must take into account the following matters:

- The Carrying value of the FerrAus assets is not subject to impairment losses;
- The Offer price is as stated under the terms of this Offer; and
- It is assumed 100% ownership of FerrAus is achieved under this Offer and hence the accounts of both companies may be fully consolidated on a line-by-line basis.

6.4 Pro forma Combined DSO Resource Summary and Exploration Targets Summary Tables

The pro forma combined DSO Resource and Exploration target tables for the Merged Entity compiled based on the latest announcements made to the ASX by Atlas and FerrAus are set out below for illustrative purposes as a guide to assist FerrAus Shareholders in considering the effect of completion of the Offer on Atlas.

Merged Entity DSO Resource

| Region | Resource Classification | Mt | Fe (%) | SiO ₂ (%) | Al ₂ O ₃ (%) | P (%) | LOI (%) | CaFe (%) |
|--------------------|-------------------------|------------|-------------|----------------------|------------------------------------|------------|------------|-------------|
| North Pilbara | Measured | 15.33 | 57.5 | 6.0 | 1.6 | 0.07 | 8.7 | 63.0 |
| | Indicated | 149.0 | 56.8 | 6.5 | 2.2 | 0.10 | 9.1 | 62.5 |
| | Inferred | 272 | 56.0 | 7.1 | 2.4 | 0.11 | 9.4 | 61.9 |
| Southeast Pilbara | Measured | 32.90 | 58.7 | 4.5 | 2.7 | 0.10 | 8.1 | 63.9 |
| | Indicated | 248.0 | 57.1 | 5.7 | 3.3 | 0.09 | 8.6 | 62.4 |
| | Inferred | 224 | 55.8 | 6.9 | 4.2 | 0.09 | 8.3 | 60.8 |
| West Pilbara | Inferred | 38 | 53.6 | 7.5 | 4.8 | 0.04 | 9.3 | 59.1 |
| Midwest | Inferred | 12 | 60.0 | 6.3 | 2.9 | 0.06 | 3.7 | 62.3 |
| Total | Measured | 48.23 | 58.3 | 5.0 | 2.4 | 0.09 | 8.3 | 63.6 |
| | Indicated | 397.0 | 57.0 | 6.0 | 2.9 | 0.09 | 8.8 | 62.4 |
| | Inferred | 546 | 55.8 | 7.0 | 3.3 | 0.10 | 8.8 | 61.2 |
| Grand Total | | 991 | 56.4 | 6.5 | 3.1 | 0.1 | 8.8 | 61.8 |

Notes:

- (1) Tonnes are rounded according to their JORC category.
- (2) Rounding errors may occur.
- (3) See Resources tables in sections 2.6 and 4.3 for additional detail.

Merged Entity DSO Exploration Targets

Atlas Exploration Target Table - January 2011

| Project Area | Tonnes: Max/Min | | Grade: Max/Min | |
|-------------------|-----------------|------------|----------------|-----------|
| | Mt | Mt | Fe % | Fe % |
| North Pilbara | 53 | 216 | 57 | 60 |
| Southeast Pilbara | 126 | 371 | 57 | 59 |
| Mid-West WA | 58 | 98 | 56 | 66 |
| Total | 237 | 685 | 57 | 61 |

Notes:

- (1) The exploration target tonnages quoted above are additional to current published resources.
- (2) The potential quantity and grade of the exploration targets are conceptual in nature as there has been insufficient work completed to define them as a Mineral Resource and it is uncertain if further exploration will result in the determination of a Mineral Resource.

6.5 Pro forma Combined DSO Reserve Summary Table

This pro forma combined DSO Reserve table for the Merged Group compiled based on the latest announcements made to the ASX by Atlas and FerrAus are set out below for illustrative purposes as a guide to assist FerrAus Shareholders in considering the effect of completion of the Offer on Atlas.

| | Reserve Classification | Mt | Fe (%) | SiO ₂ (%) | Al ₂ O ₃ (%) | P (%) | LOI (%) | CaFe (%) |
|--------------------|------------------------|--------------|-------------|----------------------|------------------------------------|-------------|------------|-------------|
| North Pilbara | Proven | 12.4 | 58 | 5.6 | 1.5 | 0.08 | 8.7 | 63.5 |
| | Probable | 66.8 | 57.7 | 6.3 | 1.8 | 0.08 | 8.5 | 63.1 |
| Southeast Pilbara | Probable | 163.0 | 57.4 | 5.2 | 3.0 | 0.09 | 8.6 | 62.8 |
| Sub Total | Proven | 12.4 | 58.0 | 5.6 | 1.5 | 0.08 | 8.7 | 63.5 |
| Sub Total | Probable | 229.8 | 57.5 | 5.5 | 2.7 | 0.09 | 8.5 | 62.8 |
| Grand Total | All Reserves | 242.3 | 57.5 | 5.5 | 2.6 | 0.09 | 8.6 | 62.9 |

Note: Refer to individual reserve tables in sections 2.6, 4.3 and 4.6 for details of Atlas and FerrAus DSO ore reserves and competent person statements.

6.6 Unaudited pro forma balance sheet of the Merged Entity

The unaudited pro forma balance sheet for the Merged Entity for the year ended 30 June 2011 is set out in the table below for illustrative purposes as a guide to assist FerrAus Shareholders in considering the effect of completion of the Offer on Atlas. By its nature, pro forma financial information is only illustrative of the types of impacts which a particular set of assumed transactions can have on underlying financial information.

The unaudited pro forma balance sheet has been prepared to give effect to the pro forma adjustments resulting from the transaction as if the transaction had occurred on 30 June 2011.

Pro forma Balance Sheet - 100% Share Consideration

| | Atlas Iron Group | FerrAus Group | Adjustments | Merged Group |
|--|----------------------------------|------------------------------------|---------------------|---------------------------------|
| 30 June 2011 | Audited 30 Jun 2011 \$'000 | Unaudited 30 Jun 2011 \$'000 | Unaudited \$'000 | Unaudited Proforma \$'000 |
| CURRENT ASSETS | | | | |
| Cash and cash equivalents | 365,599 | 29,358 | - | 394,957 |
| Trade and other receivables | 53,718 | 1,231 | - | 54,949 |
| Financial assets | 13,425 | - | - | 13,425 |
| Inventories | 12,656 | - | - | 12,656 |
| TOTAL CURRENT ASSETS | 445,398 | 30,589 | - | 475,987 |
| NON CURRENT ASSETS | | | | |
| Other receivables and prepayments | 26,875 | - | - | 26,875 |
| Investment in equity accounted investees | 22,001 | - | - | 22,001 |
| Property, plant and equipment | 19,364 | 1,956 | - | 21,320 |
| Intangibles | 100,335 | - | - | 100,335 |
| Mine development costs | 157,963 | - | - | 157,963 |
| Mining tenements capitalised | 1,120,020 | 85,005 | 178,858 | 1,383,883 |
| Financial assets | - | 1,321 | - | 1,321 |
| TOTAL NON CURRENT ASSETS | 1,446,558 | 88,282 | 178,858 | 1,713,698 |
| TOTAL ASSETS | 1,891,956 | 118,871 | 178,858 | 2,189,685 |
| CURRENT LIABILITIES | | | | |
| Trade and other payables | 104,636 | 5,655 | - | 110,291 |
| Provisions | - | 255 | 23,963 | 24,218 |
| TOTAL CURRENT LIABILITIES | 104,636 | 5,910 | 23,963 | 134,509 |
| NON-CURRENT LIABILITIES | | | | |
| Trade and other payables | 42 | - | - | 42 |
| Provisions | 19,840 | 9 | - | 19,849 |
| Deferred Tax Liabilities | 34,689 | - | - | 34,689 |
| TOTAL NON-CURRENT LIABILITIES | 54,571 | 9 | - | 54,580 |
| TOTAL LIABILITIES | 159,207 | 5,919 | 23,963 | 189,089 |
| NET ASSETS | 1,732,749 | 112,952 | 154,895 | 2,000,596 |
| EQUITY | | | | |
| Issued capital | 1,703,394 | 136,074 | 111,706 | 1,951,174 |
| Reserves | 27,451 | 4,372 | (4,372) | 27,451 |
| Accumulated gain (loss) | 1,904 | (27,494) | 47,561 | 21,971 |
| TOTAL EQUITY | 1,732,749 | 112,952 | 154,895 | 2,000,596 |

Notes to the pro forma financial statements

The pro forma balance sheet was prepared based on the audited results of Atlas Iron Limited and unaudited results of FerrAus Ltd at 30 June 2011 to provide a consolidated result. The above pro forma balance sheet should be read in conjunction with the notes accompanying Atlas' 2011 Audited Financial Accounts, released to ASX on 25 August 2011.

Material consolidation adjustments to the merged group are listed below:

- (a) Increase in Mining Tenements Capitalised
Mining Tenements Capitalised increased by \$179 million being the excess of the purchase consideration of FerrAus's assets and liabilities as noted in the assumptions to follow.
- (b) Increase in Provisions
Provisions increased by \$24 million and entirely relates to transaction costs on the merger and purchase of mining tenements such as stamp duty and professional fees.
- (c) Increase Equity
Equity increased by \$155 million as a result of the new issue of shares by Atlas Iron offset by the adjusted loss arising from transaction costs expensed.

The tax effect of the acquisition has not been estimated.

Assumptions:

Atlas acquires 100% of the FerrAus Shares and FerrAus is consolidated in accordance with the Australian equivalent of International Financial Reporting Standards:

| Purchase consideration consists of: | \$'000 |
|---|---------|
| Initial share placement (1) | 34,685 |
| Sale of tenements (1) | 112,881 |
| 1 new Atlas Share issued in exchange for 4 FerrAus shares (2) | 238,304 |
| Option conversion (2) (3) | 2,317 |
| Performance shares (4) | 7,161 |
| | <hr/> |
| | 395,348 |

(1) Based on the weighted average price of FerrAus Shares between 27 June 2011 and 26 August 2011 of \$0.93 per FerrAus Share.

(2) Based on the weighted average price of Atlas Shares between 27 June 2011 and 26 August 2011 of \$3.82 per Atlas Share.

(3) Conversion based on Black-Scholes valuation.

(4) Assumes 100% conversion upon satisfactory completion of outstanding performance conditions.

The excess of the purchase consideration of FerrAus' assets and liabilities has been allocated to the book value mining tenements capitalised as an approximation of fair value at acquisition.

Stamp duty and other transaction costs in relation to the Offer have been estimated at \$22 million and have been expensed in accordance with Australian Accounting Standard AASB 3 Business Combinations.

At 30 June 2011 Atlas has Australian tax losses of \$77 million not recognised on balance sheet and FerrAus has approximately \$106 million. The availability of these losses is subject to the company continuing to meet the legislative requirements for the utilisation of the losses.

The tax effect of the acquisition has not been estimated.

6.7 Prospective financial information of the Merged Entity

Atlas has given careful consideration as to whether a reasonable basis exists to produce reliable and meaningful forecast financial information in relation to the Merged Entity. The Atlas Board has concluded that forecast financial information would be misleading to provide, as a reasonable basis does not exist for producing forecasts that would be sufficiently meaningful and reliable, particularly considering the large effect that variations in key variable inputs most of which are outside the control of Atlas may have on the future financial position of the Merged Entity. Key variable inputs include prevailing foreign exchange rates, the timing and level of exploration, production and costs related to development and operating activities.



7. Risk Factors

- 7.1 Overview
- 7.2 Risks relating to the Offer and the Merged Entity
- 7.3 General risks
- 7.4 Not exhaustive



7.1 Overview

FerrAus Shareholders who accept the Offer will become shareholders in Atlas. The financial performance and operations of Atlas' businesses, the price of Atlas Shares and the amount and timing of any dividends that Atlas pays will be influenced by a range of factors. Some of these factors can be mitigated by the use of safeguards and appropriate commercial action. However, many of these factors are beyond the control of Atlas and the Atlas Board. Many of these factors also affect the businesses of other companies operating in the same industry including FerrAus.

This section 7 describes certain risk factors associated with an investment in Atlas. FerrAus Shareholders should consider carefully these risk factors and the other information contained in this Bidder's Statement and their personal circumstances. If necessary, FerrAus Shareholders should consult their legal, financial or other professional advisor before deciding whether to accept the Offer.

7.2 Risks relating to the Offer and the Merged Entity

Exploration success

Some of the Merged Entity's tenements are at various stages of exploration, and potential investors should understand that mineral exploration and development are high-risk undertakings.

There can be no assurance that exploration of the Merged Entity's tenements, or any other tenements that may be acquired in the future, will result in the discovery of an economic ore deposit. Even if an apparently viable deposit is identified, there is no guarantee that it can be economically exploited.

The future exploration activities of the Merged Entity may be affected by a range of factors, including geological conditions, limitations on activities due to seasonal weather patterns, unanticipated operational and technical difficulties, industrial and environmental accidents, native title process, changing government regulations, and many other factors beyond the control of the Merged Entity.

The success of the Merged Entity will also depend upon it having access to sufficient development capital, being able to maintain title to its tenements and obtaining all required approvals for its activities. Interests in tenements in Australia are governed by the respective State legislation and are evidenced by the granting of licences or leases. Each licence or lease is for a specific term and carries with it annual expenditure and reporting commitments, as well as other conditions requiring compliance. Consequently, the Merged Entity could lose title to, or its interest in, tenements if licence conditions are not met or if insufficient funds are available to meet expenditure commitments. If the exploration programs prove to be unsuccessful, this could lead to a diminution in the value of the Merged Entity's tenements.

In order to further enhance Atlas' production profile over time, Atlas continues to pursue strategic, complementary and value-adding acquisitions, predominantly in the Pilbara region of Western Australia. However, there are always risks that the benefits, synergies or efficiencies expected from such investments or growth may take longer than expected to be achieved or may not be achieved at all. Any investments pursued could have a material adverse effect on the Merged Entity.

Operating risks

The Merged Entity's operations may be affected by various factors, including failure to locate or identify mineral deposits, failure to achieve predicted grades in exploration and mining, operational and technical difficulties encountered in mining, difficulties in commissioning and operating plant and equipment, mechanical failure or plant breakdown, unanticipated metallurgical problems which may affect extraction costs, adverse weather conditions, industrial and environmental accidents, industrial disputes, and unexpected shortages or increases in the costs of consumables, spare parts, plant and equipment.

Resource and Reserve estimates

Resource and Reserve estimates are expressions of judgements based on knowledge, experience and industry practice. Estimates which were valid when originally calculated may alter significantly when new information or techniques become available. In addition, by their very nature, resource estimates are imprecise and depend to some extent on interpretations, which may lead to some variations. As further information becomes available through additional fieldwork and analysis, the estimates are likely to change. This may result in alterations to development and mining plans which may, in turn, adversely affect the Merged Entity's operations. Further, unforeseen economic, financial, technical, geological and geographical difficulties may be encountered when mining the Resources and Reserves. This could cause a loss of revenue due to lower production than expected, higher operation and maintenance costs, and on-going unplanned capital expenditure in order to meet iron ore production targets.

Additional requirements for capital

The Merged Entity's capital requirements depend on numerous factors. Depending on its ability to generate income from its operations, the Merged Entity may require further financing in the form of debt or equity. Any additional equity financing will dilute shareholdings, and debt financing, if available, may involve restrictions on financing and operating activities. If the Merged Entity is unable to obtain additional financing as needed, it may be required to reduce the scope of its operations and scale back its exploration, development and production programs, as the case may be.

Reliance on key employees

The Merged Entity will rely on a number of key employees. The Merged Entity will have in place employment contracts with key employees and will have the objective of providing attractive employment conditions in general to assist in retaining key employees. However, there can be no guarantee that the Merged Entity can retain its key employees. If the Merged Entity cannot attract and retain suitable human resources, especially at the management and technical level, the Merged Entity's business and future growth may be adversely affected.

The success of the Merged Entity also depends, in part, on its ability to identify, attract, motivate and retain additional suitably qualified management and sales personnel. Competition for qualified staff is strong. The inability to access and retain the services of a sufficient number of qualified staff could be disruptive to the Merged Entity's development efforts or business development and could materially adversely affect its operating results.

Infrastructure

The development of iron ore projects requires access to significant infrastructure, including ore transport and port facilities. The development of some of these projects will require an infrastructure solution that allows third party rail access to transport iron ore to port for the export market. While the Merged Entity's projects are located near existing railway infrastructure, there is no guarantee that the Merged Entity will be entitled to access the railway, whether by commercial negotiation, third party access or other regulatory outcome.

Furthermore, there are risks associated with the availability of adequate port facilities. As set out in the Important Information section of this document, all references to port access at South West Creek in this Bidder's Statement are subject to completion of the proposed North West Infrastructure (NWI) port facility in Port Hedland (with Atlas allocation of up to 19.5 Mtpa and FerrAus' allocation of up to 12Mtpa). Atlas and FerrAus are both foundation participants in the NWI, which was established with other junior iron ore companies to secure access to port infrastructure in the Pilbara region of Western Australia to transport and export iron ore products. The NWI is in the process of completing a definitive feasibility study on developing port and stockpiling facilities at South West Creek located in Port Hedland's inner harbour, with a projected annual throughput capacity of up to 50 Mtpa. The proposed site of the facilities is vested in the Port Hedland Port Authority (PHPA) and the project remains subject to the completion of feasibility studies, financing and execution of all necessary agreements with the PHPA (including a site lease) and with other parties.

Environmental, approval and project risks

Iron ore exploration and production can affect the environment and can give rise to substantial costs for environmental risk management, rehabilitation and damage control. Further, environmental conditions can be attached to mining tenements, and a failure to comply with these conditions could lead to forfeiture of tenements.

Before commencing mining and production, each of the Merged Entity's projects need environmental and project approval from the Western Australian government. The timing of environmental and ministerial approvals can adversely affect development of the Merged Entity's projects. Environmental and project approval conditions and timing of these approvals can adversely impact on the Merged Entity's revenues and profits. The timing and conditions of government approvals are often outside the control of Atlas.

Production Targets

Atlas' production targets are subject to the completion of all necessary feasibility studies, environmental permitting, port access, financing arrangements, execution of infrastructure-related agreements and timely project construction.

Iron ore demand and price movements

The price the Merged Entity will receive for its DSO is subject to off-take agreements and various published quarterly and monthly price indices. Iron ore demand and prices have varied significantly over recent years and are affected by numerous factors outside of Atlas' control. While a large portion of iron ore pricing is settled at the prices referred to in quarterly and monthly price indices, there remains significant trading on spot markets. Competitor behaviour or the behaviour of new entrants may also influence iron ore demand and price negotiation outcomes. Accordingly, it is difficult to predict accurately the future demand and price movements and such movements may adversely impact on the Merged Entity's profit margins, future development and planned future production, which may in turn adversely impact the price of its shares.

Native title and Aboriginal heritage

It is possible that, in relation to tenements in which the Merged Entity has an interest or will in the future acquire such an interest, there may be areas over which legitimate common law native title rights of Aboriginal Australians exist. If native title rights do exist, the ability of the Merged Entity to gain access to tenements (through obtaining consent of any relevant landowner), or to progress from the exploration phase to the development and mining phases of operations may be affected.

The effect of the present laws in respect of native title that apply in Australia is that mining tenement applications and existing tenements may be affected by native title claims or procedures. This may preclude or delay granting of exploration and mining tenements and considerable expenses may be incurred negotiating and resolving issues.

If any known (or currently unknown but later discovered) Aboriginal heritage sites cannot be avoided on tenements held by the Merged Entity, the consent of the responsible Minister would need to be obtained under section 18 of the Aboriginal Heritage Act 1972 (WA) before any exploration or mining activity could lawfully proceed. The Minister has discretion whether to grant that consent and may do so on certain conditions. There is a risk that the presence of these Aboriginal heritage sites may limit or preclude exploration or mining activity within the sphere of influence of those sites and delays and expenses may be experienced in obtaining clearances.

Regulatory risks

While Atlas' iron ore production assets and general business activities are highly regulated, it is possible that new specific laws will be introduced in Australia or overseas which may have a material adverse effect on the Merged Entity's current and future business. For example, laws may be established to address concerns relating to the use, mining and transport of iron ore or the remediation of mines, or tax laws or environmental conservation laws may change.

Insurance risks

Although insurance is maintained for the construction and operation of Atlas' projects within ranges of coverage consistent with industry practice, no assurance can be given that such insurance will be available in the future on commercially reasonable terms or that any cover will be adequate and available to cover any or all claims. If the Merged Entity incurs uninsured losses or liabilities, its assets, profits and prospects may be adversely affected.

Tax

Changes to income tax (including capital gains tax), GST, duty or other revenue legislation, case law, rulings or determinations issued by the Commissioner of Taxation or other practices of tax authorities following the date of this Bidder's Statement may change or adversely affect the Merged Entity's profitability, net assets and cash flow.

In particular, we note that the National Tax Forum, to be held in October 2011, will discuss a number of reforms to the Australian tax system. This includes changes to both the level and basis of taxation, as well as introducing new forms of taxes.

In addition, an investment in Atlas Shares involves tax considerations which may differ for each FerrAus Shareholder. Each FerrAus Shareholder is encouraged to seek professional tax advice in connection with any investment in Atlas Shares.

Minerals Resource Rent Tax (MRRT)

Similar to FerrAus' current business, a significant part of the Merged Entity's business will be producing iron ore from various mining projects. On 2 July 2010, the Australian Federal Government proposed to introduce the MRRT on iron ore and coal projects.

The MRRT exposure draft legislation was released on 10 June 2011. Based on the draft legislation, the new MRRT is scheduled to commence operation from 1 July 2012, with a period of consultations to work out the details of the new regime. Since the release of the exposure draft legislation the ATO has released early guidance papers.

Broadly, the proposed MRRT is a new form of tax that is imposed alongside other Federal and State taxes. The proposed MRRT will levy 30% tax on the value of the commodity produced, determined at its first saleable form, less all costs to that point. The projects will be entitled to a 25% extraction allowance, which brings the effective rate of MRRT to 22.5%.

If the MRRT is introduced in accordance with the Australian Federal Government's proposal, it may have an adverse impact on the Merged Entity's profitability, net assets and cash flow.

Carbon Tax

The Australian Federal Government has announced the introduction of new regulations to address global warming and potential climate change.

Broadly, the proposed measures will apply as a fixed tax from 1 July 2012 to 30 June 2015. The carbon price will start at \$23 per tonne and rise by 2.5 per cent a year in real terms. From 1 July 2015 onwards, the system is scheduled to switch to an emission trading scheme where the price of carbon pollution will be set by the market and the number of permits issued by the Government each year will be capped.

The new regulation, if introduced in accordance with the Australian Federal Government's proposal, may have an adverse impact on the Merged Entity's profitability, net assets and cash flow. The impact could be direct, by way of being subject to the carbon tax, and also indirect, due to the increased cost of supplies that now reflect any carbon tax paid. The effect of the proposed regulation on the Merged Entity's business cannot be stated with meaningful precision at this point due to the preliminary nature of the available information.

Disputes and litigation risks

In the course of its operations, the Merged Entity may be involved in disputes and litigation. The extent of such disputes and litigation cannot be ascertained as at the date of this Bidder's Statement, but there is a risk that material or costly disputes or litigation could affect the financial performance of the Merged Entity and the price or value of Atlas Shares.

Integration risks

There are integration risks associated with the transaction.

The acquisition of FerrAus by Atlas to form the Merged Entity involves the integration of businesses and operations that have previously operated as independent entities. While Atlas expects that value can be added through the transaction, there is a risk that implementation of the transaction may involve:

- (a) unexpected delays, liabilities and costs in relation, but not limited, to integrating operating and management systems;
- (b) the loss of key employees or suppliers of FerrAus; and
- (c) the termination of contractual arrangements as a result of the change in control of FerrAus.

If the integration is not achieved in an orderly fashion and within a reasonable time period, the full benefits, cost savings and other expected synergies may be achieved only in part, or not at all, and this could adversely impact the Merged Entity's financial performance.

7.3 General risks

There are also a number of general risks, including general business risks not specific to the Offer, that may affect the performance of Atlas and the price and value of Atlas Shares, regardless of Atlas' actual operating performance. The factors raised below are not an exhaustive list, and there may be other matters which cannot now be foreseen that may, in the future, affect the performance of Atlas and the price and value of Atlas Shares.

The Merged Entity's operating and financial performance, and the market price of Atlas Shares, may be determined by a range of factors, including:

- (a) changes to domestic and international stock markets;
- (b) inflation;
- (c) changes in interest rates;
- (d) changes in exchange rates;
- (e) general economic conditions;
- (f) ability to access funding;
- (g) global geo-political events and hostilities;
- (h) investor perceptions;
- (i) changes in governmental, fiscal, monetary and regulatory policies; and
- (j) employment levels.

One or more of these factors may cause Atlas Shares to trade below current prices and may adversely affect the operating and financial performance of the Merged Entity. In addition, changes in the price or value of Atlas Shares may be unrelated or disproportionate to the actual operating performance of the Merged Entity.

Investment risk

FerrAus Shareholders should be aware that there are risks associated with investment in financial products quoted on a stock exchange. Share price movements could affect the value of consideration paid under the Offer and the value of any investment in Atlas. The value of Atlas Shares can be expected to fluctuate depending on various factors including general worldwide economic conditions, changes in government policies, investor perceptions, movements in interest rates and stock markets, prices of Atlas' products, variations in the operating costs and costs of capital replacement which Atlas may in the future require.

Pricing pressure

Atlas may not be able to compete successfully against current or future competitors where aggressive pricing policies are employed to capture market share. That competition could result in price reductions, reduced gross margins and loss of market share, any of which could materially adversely affect Atlas' operating results.

Profitability

Future operating results depend to a large extent on management's ability to manage expansion and growth successfully. This necessarily requires rapid expansion of all aspects of the business operations, such as revenue forecasting, addressing new markets, controlling expenses, implementing infrastructure and systems and managing assets. Inability to control the costs and organisational impacts of business growth or an unpredicted decline in the growth rate of revenues without a corresponding and timely reduction in expense growth could materially adversely affect Atlas' operating results.

War and terrorist attacks

War or terrorist attacks anywhere in the world could result in a decline in economic conditions worldwide or in a particular region. There could also be a resultant material adverse effect on the business, financial condition and financial performance of Atlas.

Foreign currency exchange rate fluctuations

Atlas derives its sales revenue in US dollars. As such, Atlas is exposed to foreign exchange rate risk, which could impact Atlas' financial condition and is outside the control of Atlas. The Australian dollar earnings generated by Atlas would be adversely impacted by a strengthening of the Australian dollar relative to the US dollar.

7.4 Not exhaustive

The risks set out in this section 7 are not exhaustive of all the risks faced or that may be faced by FerrAus Shareholders. Accordingly, no assurances or guarantees of future performance or profitability are given by Atlas, its subsidiaries or any of their respective officers and employees.

8. Taxation Considerations

- 8.1 Australian income tax and capital gains tax implications for FerrAus Shareholders
- 8.2 Shareholders who are Australian residents
- 8.3 Shareholders who are not Australian residents
- 8.4 Scrip for scrip rollover relief
- 8.5 Cost base of your Atlas Shares
- 8.6 GST
- 8.7 Stamp Duty



The following is a general description of the Australian income tax, capital gains tax, GST and stamp duty consequences for FerrAus Shareholders on disposing of their FerrAus Shares in return for Atlas Shares.

This information is based upon taxation law and practice in effect at the date of this Bidder's Statement. It is not intended to be an authoritative or comprehensive analysis of the taxation laws of Australia. The summary does not consider any specific facts or circumstances that may apply to particular shareholders. Further, it does not deal with the taxation consequences of disposing of shares issued under an employee share scheme, which may be subject to specific tax provisions.

This information does not cover holders of FerrAus Options who have their FerrAus Options cancelled and receive Atlas Shares as consideration (refer to section 4.9 of this Bidder's Statement).

In general, if Atlas becomes the holder of 80% or more of the voting shares in FerrAus as a result of the Offer, FerrAus Shareholders who would otherwise make a capital gain from the disposal of their FerrAus Shares pursuant to the Offer may be able to choose to obtain full or partial scrip for scrip rollover relief.

You are advised to seek independent professional advice regarding the Australian tax consequences of disposing of your FerrAus Shares according to your own particular circumstances.

8.1 Australian income tax and capital gains tax implications for FerrAus Shareholders

The Australian income tax and capital gains tax consequences of disposing of your FerrAus Shares will depend on a number of factors including:

- (a) whether you are an Australian resident or non-resident for tax purposes;
- (b) whether you hold your FerrAus Shares on capital or revenue account or as trading stock;
- (c) when you acquired your FerrAus Shares for tax purposes;
- (d) whether you are an individual, a company or a trustee of a complying superannuation entity; and
- (e) whether scrip for scrip roll-over relief is available – see section 8.4.

8.2 Shareholders who are Australian residents

(a) Disposal of shares held as trading stock

If you hold your FerrAus Shares as trading stock (e.g. as a share trader) you will be required to include the money value of the consideration from the disposal of your FerrAus Shares (i.e. the market value of the Atlas Shares received) in your assessable income.

(b) Disposal of shares held on revenue account

If you acquired your FerrAus Shares with the main purpose of reselling them at a profit (e.g. this may include banks and insurance companies) you may be considered to hold your FerrAus Shares on revenue account for tax purposes. You will then be required to treat any gain or loss arising on the disposal of your FerrAus Shares as either assessable income or an allowable deduction.

The gain or loss will be broadly calculated as the difference between:

- (i) the value of the consideration (the market value of the Atlas Shares received); and
- (ii) the cost of acquiring your FerrAus Shares.

(c) Disposal of shares held on capital account

If you hold your FerrAus Shares as a passive investment with a view to generating dividend income and long term capital growth, you may be considered to hold your FerrAus Shares on capital account for tax purposes.

The disposal of FerrAus Shares which were acquired or deemed to have been acquired on or after 20 September 1985 and which are held on capital account, will generally have Australian capital gains tax (CGT) implications. The disposal of such FerrAus Shares pursuant to acceptance of the Offer will constitute a CGT event for CGT purposes.

The CGT implications of a disposal of your FerrAus Shares will depend upon a number of factors, including:

- the date your FerrAus Shares were acquired;
- your taxpayer status;
- the length of time you have held your FerrAus Shares; and
- whether or not you are entitled to scrip for scrip rollover relief – see section 8.4.

If Atlas acquires a relevant interest in at least 90% of the FerrAus Shares (by number) on issue at any time during the Offer Period and the other conditions are satisfied or waived, Atlas will have the right to give notice of its intention to compulsorily acquire outstanding FerrAus Shares. The capital gains tax consequences of compulsory acquisition of the outstanding FerrAus Shares may differ from the consequences of accepting Atlas Shares as consideration under the Offer. You should consult your own tax advisor about the tax consequences of compulsory acquisition of your FerrAus Shares.

(i) Shares acquired on or before 11.45 am on 21 September 1999

If your FerrAus Shares were acquired on or after 20 September 1985, and if scrip for scrip rollover relief is not available (see section 8.4 of this Bidder's Statement), a capital gain or loss from accepting the Offer will arise depending on the difference between:

- (A) the value of the capital proceeds (the value of the Atlas Shares received); and
- (B) the cost base or the reduced cost base of the FerrAus Shares disposed of (which would generally include the amount paid to acquire the shares plus any incidental costs of acquisition, e.g. brokerage fees and stamp duty).

You will make a capital gain if the capital proceeds from the disposal of your FerrAus Shares exceed the cost base of your FerrAus Shares, or a capital loss if the capital proceeds is less than the reduced cost base of your FerrAus Shares.

The value of the Atlas Shares received for the disposal of your FerrAus Shares will be the market value of the Atlas Shares on the date when the contract for the disposal of your FerrAus Shares is entered into (which is the date your acceptance of the Offer is processed by Atlas).

If your FerrAus Shares were acquired on or before 11.45 am by legal time in the Australian Capital Territory (ACT time) on 21 September 1999, for the purpose of calculating a capital gain (but not a capital loss), you may choose that the cost base of those shares be indexed for inflation to 30 September 1999 (which would only be of any practical effect if the shares were acquired prior to 1 July 1999).

Alternatively, provided you have held your FerrAus Shares for at least one year, and do not choose to apply indexation, the discount capital gain provisions may apply. Under the discount capital gain provisions:

- (A) if you are an individual or trust, only one-half of the capital gain (without any allowance for indexation for inflation in the cost base of the shares) will be taxable;
- (B) if you are a complying superannuation fund, only two-thirds of the capital gain (without any allowance for indexation for inflation in the cost base of the shares) will be taxable; or
- (C) if you are the trustee of a trust, the discount capital gains provisions may also apply to a distribution of the capital gain to beneficiaries in the trust (other than beneficiaries that are companies).

The discount capital gain provisions do not apply to shareholders and trust beneficiaries that are companies.

The "choice" to apply indexation rather than the discount capital gain provisions must be made by you on or before the day you lodge your income tax return for the income year in which the disposal occurs.

A capital loss may be used to offset capital gains derived in the same or subsequent years of income (subject to satisfying certain conditions) but cannot be offset against ordinary income, nor carried back to offset net capital gains arising in earlier income years.

If you choose to use the discount capital gain method, any available capital loss will be applied to reduce the realised nominal capital gain before discounting the resulting net amount by either one-half or one-third (as applicable) to calculate the discounted capital gain that is assessable. Alternatively, if you choose the indexation option, capital losses are applied after calculating the capital gain using the indexed cost base.

(ii) Shares acquired after 11.45 am on 21 September 1999

If you acquired your FerrAus Shares after 11.45 am (ACT time) on 21 September 1999 you will not be entitled to choose indexation of the cost base when calculating any capital gain on disposal.

If you are an individual, trust or complying superannuation fund that has held your FerrAus Shares for 12 months or longer at the time your acceptance of the Offer is processed, the discount capital gain provisions described above will automatically apply in calculating any capital gain on disposal of your FerrAus Shares under the Offer.

As explained above, any available capital loss will be applied to reduce the realised nominal capital gain before discounting the resulting net amount by one-half or one-third (as applicable) to calculate the discounted capital gain that is assessable.

If your FerrAus Shares have been held for less than 12 months or you are another category of shareholder that cannot apply the discount capital gain provisions (for example, a company), the discount capital gain method is not available. A capital gain on the shares, being any excess of the value of the capital proceeds over the unindexed cost base of the shares, will be assessable in full.

8.3 Shareholders who are not Australian residents

(a) Disposal of shares held as trading stock or on revenue account

If you are a non-resident of Australia for tax purposes and your FerrAus Shares were acquired as trading stock or otherwise on revenue account you should seek your own professional advice as to the tax consequence of accepting the Offer. The Australian tax treatment of accepting the Offer will depend on the source of any gain and whether a double tax agreement exists between your country of residence and Australia.

(b) Disposal of shares held on capital account

If you are a non-resident of Australia for tax purposes and hold your FerrAus Shares on capital account you will generally not be subject to CGT on the disposal of your FerrAus Shares unless:

- (i) you (along, or together with your Associates) owned at least 10% of FerrAus either at the time you sold your FerrAus Shares or for at least 12 months during the 24 months before you sold your FerrAus Shares; and
- (ii) more than 50% of the value of FerrAus is directly or indirectly represented by real property in Australia.

Any capital gain on the disposal of your FerrAus Shares may also be taxable if you used your FerrAus Shares in carrying on a business through a permanent establishment in Australia.

8.4 Scrip for scrip rollover relief

Scrip for scrip rollover relief enables a shareholder to elect to disregard the capital gain they would have made from exchanging shares in one company for shares in another company (e.g. as part of a corporate takeover or merger), but only to the extent that the shareholder receives replacement shares (and not to the extent that they receive cash for the disposal of shares).

You may be entitled to scrip for scrip rollover relief if:

- (a) your FerrAus Shares were acquired after 19 September 1985 for tax purposes;
- (b) you accept the Offer and receive Atlas Shares as consideration;
- (c) you would otherwise make a capital gain; and
- (d) Atlas obtains a holding of at least 80% of the voting shares in FerrAus.

To the extent that you choose to claim rollover relief, all of the capital gain that would otherwise arise from the disposal of your FerrAus Shares on which you have claimed the rollover relief should be disregarded. The CGT provisions should apply on the happening of a later CGT event in relation to your Atlas Shares (such as disposal of those shares in the future).

The Offer is subject to a condition that at the end of the Offer Period Atlas has a relevant interest in more than 50.1% of the FerrAus Shares on issue. However Atlas may not acquire 80% or more of the voting shares in FerrAus. In the event that Atlas does not acquire at least 80% of the voting shares in FerrAus as a result of the Offer, scrip for scrip rollover relief will not be available to you.

The availability of rollover relief will also depend on your individual circumstances (for example, it is not available if your FerrAus Shares are trading stock). You should consult your own tax adviser to clarify whether or not the relief will be available to you.

8.5 Cost base of your Atlas Shares

- (a) Scrip for scrip rollover relief is available and you have elected to claim the rollover relief

If the rollover relief is available and you choose to claim the rollover relief, the cost base of your Atlas Shares will retain the cost base of your FerrAus shares that you exchanged. That is, you will need to reasonably attribute to your new Atlas Shares the cost base of your FerrAus Shares that you exchanged plus any incidental costs of acquiring the new Atlas Shares (eg broker fees).

- (b) Scrip for scrip rollover relief is unavailable or you have elected not to claim the rollover relief

If the rollover relief is unavailable or you choose not to claim the rollover relief, the cost base of your Atlas Shares will be the market value of your FerrAus Shares at the time you acquire the Atlas Shares, plus any incidental costs of acquiring the Atlas Shares (eg broker fees). The time of acquisition will be the date on which the contract for the disposal of your FerrAus Shares is entered into (which is the date your acceptance of the Offer is processed by Atlas).

8.6 GST

No GST should be payable on the transfer of your FerrAus Shares or on the issue of Atlas Shares to you. However, GST may be payable on any brokerage charged by your Controlling Participant for carrying out your instructions, or in respect of other costs which you may incur in connection with acceptance of the Offer.

Depending on your circumstances no, or only reduced, input tax credits may be available for GST which you incur on acquisitions to the extent to which they relate to the transfer of your FerrAus Shares or on the issue of Atlas Shares to you.

8.7 Stamp Duty

On the basis that FerrAus is a listed company registered in Western Australia, it is not expected that you will have any liability to duty on the transfer of your FerrAus Shares. As a term of the Offer, Atlas has agreed to pay any stamp duty payable on the transfer of your FerrAus Shares.

If, by accepting the Offer, you are issued Atlas Shares, no stamp duty will apply to the issue on the basis that Atlas is a listed company registered in Western Australia and no former FerrAus shareholder, individually or as a group, will commence to hold an interest of 90% or more in Atlas (on an associate inclusive basis).

9. Other Material Information

- 9.1 Atlas dividend
- 9.2 Summary of the Bid Implementation Agreement
- 9.3 Atlas Subscription and Asset Sale
- 9.4 Due diligence
- 9.5 Date for determining holders of FerrAus Shares
- 9.6 Consents
- 9.7 Atlas is a disclosing entity
- 9.8 ASIC Relief
- 9.9 No other material information



9.1 Atlas dividend

On Thursday, 25 August 2011, Atlas reported a maiden annual profit after income tax of \$169 million (and an unfranked dividend of \$0.03 per Atlas Share) for the year ended June 2011. Atlas Shareholders who are on the Atlas register at the close of trading on Monday, 26 September 2011 will be entitled to receive this dividend.

You will be eligible to receive the Atlas Dividend if, prior to the close of trading on Wednesday, 21 September 2011:

- (a) the Offer has been declared free from all Offer Conditions; and
- (b) you have validly accepted the Offer so that you will receive your Atlas Share consideration prior to the close of trading on Monday, 26 September 2011, in accordance with section 10.19 of this Bidder's Statement.

In accordance with clause 3.2(b) of the Bid Implementation Agreement, if during, or at the end of, the Offer Period, the Minimum Acceptance Condition is satisfied, Atlas has agreed to declare as soon as practicable the Offer as being wholly unconditional.

This means that if the Minimum Acceptance Condition is satisfied prior to Wednesday, 21 September 2011, the Offer will be declared wholly unconditional and you will be entitled to the Atlas Dividend if you have validly accepted the Offer in sufficient time to receive your Atlas Shares as consideration (see section 10.7 and 10.19 of this Bidder's Statement).

9.2 Summary of the Bid Implementation Agreement

Atlas and FerrAus entered into a Bid Implementation Agreement on 26 June 2011 whereby Atlas and FerrAus have agreed to co-operate with each other in relation to the Bid. A summary of certain key terms of the Bid Implementation Agreement is set out below. This summary does not purport to be exhaustive or constitute a definitive statement of the rights and liabilities of each of Atlas and FerrAus under the Bid Implementation Agreement. The full terms of the Bid Implementation Agreement can be viewed in the announcement made by Atlas and FerrAus in connection with the Bid on the Announcement Date.

(a) The Bid and recommendation

Under the Bid Implementation Agreement:

- (i) Atlas has agreed to make the Offer to all FerrAus Shareholders in respect of all of their FerrAus Shares; and
- (ii) FerrAus represented and warranted to Atlas that:
 - (A) the FerrAus Board will unanimously recommend that, in the absence of a Superior Proposal, FerrAus Shareholders accept the Offer, unless the Independent Expert opines that the Offer is not fair and is not reasonable; and
 - (B) in the absence of a Superior Proposal, each member of the FerrAus Board will accept, or procure the acceptance of, each Offer in respect of all the FerrAus Shares that they hold or in which they otherwise have a Relevant Interest.

FerrAus also consents to Atlas despatching the Bidder's Statement and accompanying documents to FerrAus Shareholders earlier than the date for despatch under item 6 of section 633(1) of the Corporations Act.

(b) Offer Conditions

The Bid Implementation Agreement set out the conditions to the Offer as at the date of the Bid Implementation Agreement. On 25 July 2011, Atlas and FerrAus announced to ASX that the Bid would not be the subject of conditions relating to the approval by FerrAus Shareholders and completion of the Asset Sale and Atlas Subscription. The current Offer Conditions are set out in section 10.12 of this Bidder's Statement.

(c) Exclusivity

- (i) During the Exclusivity Period, FerrAus has agreed not to solicit, invite, facilitate, encourage or initiate any enquiries, negotiations or discussions with a view to obtaining any expression of interest, offer or proposal from any other person in relation to a Competing Proposal.
- (ii) Subject to the legal or fiduciary duties of the FerrAus Directors, during the Exclusivity Period, FerrAus must ensure that it does not negotiate or enter into discussions, or continuing or participating in discussions, with any person regarding a Competing Proposal, even if the Competing Proposal was not directly or indirectly solicited, initiated or encouraged by FerrAus or the other person has publicly announced its Competing Proposal.
- (iii) During the Exclusivity Period, FerrAus must promptly notify Atlas in writing of any approach, inquiry or proposal made to, and any attempt to initiate negotiations or discussions with FerrAus with respect to any bona fide Competing Proposal (whether unsolicited or otherwise) or any request for information relating to FerrAus, which FerrAus has reasonable grounds to suspect may relate to a current or future Competing Proposal.
- (iv) If, during the Exclusivity Period, FerrAus receives a proposal in relation to a bona fide Superior Proposal, FerrAus must notify Atlas with details of the proposal and agrees that it will not, until the end of the third Business Day following receipt of such notice by Atlas, enter into any legally binding agreement with respect to the Superior Proposal, subject to any fiduciary or statutory duties of the FerrAus directors. Atlas will have the right to offer to amend the terms of the Bid or propose any other transaction, which the FerrAus must review in good faith, subject to its fiduciary duties.

(d) Compensating amount

- (i) FerrAus has agreed to pay Atlas a compensating amount of \$2,200,000 (plus the amount of any GST payable) if:
 - (A) FerrAus accepts or enters into or offers to accept or enter into, any agreement, arrangement or understanding regarding a Competing Proposal;
 - (B) any FerrAus Director does not recommend the Bid or withdraws or adversely modifies an earlier recommendation (unless the Independent Expert opines at any time that the Offer is other than fair and reasonable) or approves or recommends or makes an announcement in support of a Competing Proposal or announces an intention to do any of these acts;
 - (C) FerrAus or any of its directors does (or omits to do) anything which results in any of the Offer Conditions being breached and Atlas does not declare the Offer free of the breached condition (which Atlas is under no obligation to do); or
 - (D) FerrAus breaches certain provisions of the Bid Implementation Agreement.
- (ii) Atlas has agreed to pay FerrAus a compensating amount of \$2,200,000 (plus the amount of any GST payable) if it fails to proceed with the Bid, except as a result of:
 - (A) the occurrence of an event or circumstance which would entitle Atlas to the payment of the compensating amount (plus the amount of any GST payable) by FerrAus under the terms of the Bid Implementation Agreement; or
 - (B) the termination of the Bid Implementation Agreement by Atlas in accordance with clause 11 of the Bid Implementation Agreement (as described in paragraph (f) below).
- (iii) The undertaking to pay a compensating amount by either FerrAus or Atlas described in this sub-paragraph does not apply where FerrAus or Atlas is required to do or refrain from doing anything where doing or refraining from doing that thing would or is reasonably likely to, in the reasonable opinion of the FerrAus or Atlas Board (as applicable), involve a breach of their directors duties.

(e) Board appointments

Conditional upon Atlas declaring the Bid to be free from all Offer Conditions and Atlas having a Relevant Interest in at least 50.1% of the issued share capital of FerrAus, Atlas will have the right to nominate any person or persons to be appointed as a director of the FerrAus Board.

- (f) Termination
- (i) Either party to the Bid Implementation Agreement may terminate that agreement:
 - (A) if the other party is in material breach of this document and that breach is not remedied by that other party within 10 Business Days;
 - (B) if a court or other Public Authority issues a final and non-appealable order or ruling or takes an action which permanently restrains or prohibits the Offer; or
 - (C) if Atlas withdraws the Bid for any reason including a non-satisfaction of an Offer Condition.
 - (ii) Atlas may terminate the Bid Implementation Agreement if a Superior Proposal is made or publicly announced for FerrAus by a third party or any member of the FerrAus Board does not recommend the Bid be accepted by FerrAus Shareholders or having recommended the Bid changes his recommendation in relation to the Bid.
 - (iii) FerrAus may terminate the Bid Implementation Agreement if, subject to certain consultation obligations, the Independent Expert at any time opines other than that the Offer is fair and reasonable or an Atlas Prescribed Occurrence occurs.
- (g) Representations and warranties
- Each of Atlas and FerrAus gives warranties to the other, including as to their legal capacity and certain due diligence information provided by each party to the other.

9.3 Atlas Subscription and Asset Sale

On 27 June 2011, Atlas and FerrAus announced that they had entered into the following agreements:

- (a) a subscription agreement pursuant to which Atlas has agreed to subscribe for 37,439,785 FerrAus Shares at an issue price of \$0.65 per FerrAus Share (**Subscription Agreement**);
- (b) an asset sale agreement pursuant to which the Company has agreed to buy the Tenements from Warwick Resources Pty Ltd (Warwick) 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 (**Asset Sale Agreement**); and
- (c) the Bid Implementation Agreement described in section 9.1 of this Bidder's Statement.

Both the Subscription Agreement and Asset Sale Agreement were conditional upon the FerrAus Shareholders approving the issue to Atlas of:

- (a) 37,439,785 FerrAus Shares at an issue price of \$0.65 per FerrAus Share under the Subscription Agreement; and
- (b) 121,846,154 FerrAus Shares with a deemed issue price of \$0.65 per FerrAus Share under the Asset Sale Agreement.

On Monday, 29 August 2011, pursuant to a notice of meeting dated 25 July 2011, FerrAus Shareholders' passed ordinary resolutions to approve the issue of the FerrAus shares in accordance with the Subscription Agreement and Asset Sale Agreement to Atlas (approximately 39% of FerrAus Shares). Those FerrAus shares were issued to Atlas on Monday, 29 August 2011.

9.4 Due diligence

For the purpose of confirming its assessment whether or not to make an offer to acquire all of the FerrAus Shares, Atlas was given access by FerrAus to certain information concerning FerrAus which has not been disclosed generally to FerrAus Shareholders. None of the information to which Atlas was given access is, in the opinion of Atlas, of such a nature and quality which, if the information were generally available, a reasonable person would expect to have a material effect on the price or value of FerrAus Shares or, in the opinion of Atlas and except as disclosed in this Bidder's Statement, would otherwise be material to a decision by a FerrAus Shareholder whether or not to accept an Offer. However, the fact that Atlas' decision to make the Offer was confirmed by its review of the information to which it had access may itself be regarded as information material to the decision of an FerrAus Shareholder whether or not to accept an Offer.

9.5 Date for determining holders of FerrAus Shares

For the purposes of section 633 of the Corporations Act, the date for determining the people to whom information is to be sent under items 6 and 12 of section 633(1) of the Corporations Act is the Register Date.

9.6 Consents

This Bidder's Statement contains statements made by, or statements said to be based on statements made by:

- (a) Hartleys Limited as financial adviser to Atlas;
- (b) Blake Dawson as legal adviser to Atlas;
- (c) Satori Investments Greater China Company Co Limited as strategic adviser;
- (d) Security Transfers Registrar Pty Limited as Atlas Share Registry; and
- (e) Computershare Investor Services Pty Ltd as receiving agent;
- (f) Messrs Steve Warner, Ken Brinsden, Malcolm Titley, Bruce Gregory, Matt Chinn, Steve Craig and Grant Louw as the Competent Persons referred to in section 2.5 of this Bidder's Statement,

(the **Consenting Parties**).

Each of the Consenting Parties has consented to the inclusion of their name, or each statement it has made in the form and context in which that statement appears, and has not withdrawn that consent as at the date of this Bidder's Statement. To the maximum extent permitted by law, each Consenting Party expressly disclaims and takes no responsibility for any part of this Bidder's Statement nor its issue, other than any statement or information which has been included in this Bidder's Statement with the consent of that party.

This Bidder's Statement also includes or is accompanied by statements which are made in or based on statements made in documents lodged with ASIC or on the company announcement platform of ASX. Under the terms of ASIC Class Order 01/1543, the parties making those statements are not required to consent to, and have not consented to, those statements being included in this Bidder's Statement. If you would like to receive a copy of any of these documents please contact Atlas Offer Information Line on 1800 810 827 (within Australia) or +61 2 8280 7122 (international) between 6.30am and 5.30pm (AWST), Monday to Friday and you will be sent copies free of charge.

As permitted by ASIC Class Order 03/635, this Bidder's Statement may include or be accompanied by certain statements:

- (a) fairly representing a statement by an official person; or
- (b) from a public official document or a published book, journal or comparable publication.

In addition, as permitted by ASIC Class Order 07/429, this Bidder's Statement contains share price trading data sourced from IRESS without its consent.

9.7 Atlas is a disclosing entity

Due to the fact that Atlas is offering Atlas Shares as consideration for the acquisition of FerrAus Shares, the Corporations Act requires that this Bidder's Statement must include all information that would be required for a prospectus for an offer of Atlas Securities under sections 710 to 713 of the Corporations Act. Atlas does not need to issue a prospectus for the Offer of the Atlas Shares as the Offer is occurring under a takeover bid.

Atlas is a disclosing entity (as defined in section 111AC of the Corporations Act) for the purposes of section 713 of the Corporations Act and, as such, is subject to regular reporting and disclosure obligations. Specifically, like all listed companies, Atlas is required to continuously disclose to the market any information it has which a reasonable person would expect to have a material effect on the price or the value of Atlas Shares.

Atlas was admitted to the ASX Official List on 14 December 2004 and its shares started trading on 17 December 2004. As Atlas Shares have been quoted on the ASX in the three months prior to the date of this Bidder's Statement, Atlas is only required to disclose information that would usually be required where its shares have been continuously quoted securities.

In general terms, where Atlas Shares are continuously quoted securities, the Bidder's Statement is only required to contain information in relation to the effect of the Offer on Atlas and the rights and liabilities attaching to the Atlas Shares. It is not necessary to include general information in relation to all of the assets and liabilities, financial position and performance, profits and losses or prospects of Atlas unless such information has been excluded from a continuous disclosure notice in accordance with the ASX Listing Rules and it is information:

- (a) that investors and their professional advisers would reasonably require for the purposes of making an informed assessment of Atlas' assets and liabilities, financial position, performance, profits and losses or prospects; and
- (b) the information relates to the rights and liabilities attaching to the Atlas Shares.

Information that is already in the public domain has not been reported in this Bidder's Statement other than that information which is considered necessary to make this Bidder's Statement complete.

Atlas, as a disclosing entity under the Corporations Act, states that:

- (a) it is subject to regular reporting and disclosure obligations;
- (b) copies of documents lodged with ASIC in relation to Atlas (not being documents referred to in section 1274(2)(a) of the Corporations Act) may be obtained from, or inspected at, an ASIC office; and
- (c) it will provide a copy of each of the following documents, free of charge, to any person on request during the Offer Period:
 - (i) the most recent annual financial statement lodged by Atlas to ASIC for the year ending 30 June 2011;
 - (ii) any half-year financial report lodged with ASIC; and
 - (iii) all continuous disclosure notices given by Atlas after the lodgement of the most recent annual financial report with ASIC and before the lodgement of this Bidder's Statement with ASIC.

Requests for free copies of these documents may be made by contacting Atlas Offer Information Line on 1800 810 827 (within Australia) or +61 2 8280 7122 (outside Australia and New Zealand) between 6.30am and 5.30pm (AWST), Monday to Friday.

Copies of all documents lodged with ASIC in relation to Atlas can be inspected at the registered office of Atlas during normal office hours. Atlas also has a website, www.atlasiron.com.au which includes a wide range of information on Atlas. A list of announcements made by Atlas since 30 June 2011 and the date of this Bidder's Statement appears in Schedule 2.

9.8 ASIC Relief

On 8 August 2011, ASIC granted Atlas a modification to vary the application of the Corporations Act by extending the period within which Atlas was required to make the Offer by 3 weeks. This modification was necessary to allow Atlas sufficient time to include the financial information for Atlas up to 30 June 2011 and to allow the FerrAus Shareholders to consider and approve the Atlas Subscription and Asset Sale prior to dispatch of this Bidder's Statement.

9.9 No other material information

Except as set out in this Bidder's Statement, there is no information material to the making of a decision by an offeree whether or not to accept the Offer, being information that is known to Atlas and has not previously been disclosed to FerrAus Shareholders.

10. The Offer Terms

| | | | |
|-------|---|-------|---|
| 10.1 | The Offer | 10.16 | Notice declaring Offer free of Offer Conditions |
| 10.2 | Ineligible Foreign Shareholders | 10.17 | Notice of status of Offer Conditions |
| 10.3 | Rounding of Atlas Shares | 10.18 | Contract void if Offer Conditions not fulfilled |
| 10.4 | Ranking of Atlas Shares | 10.19 | Payment of consideration |
| 10.5 | ASX listing of Atlas Shares | 10.20 | Return of documents |
| 10.6 | Offer Period | 10.21 | Rights |
| 10.7 | How to accept this Offer | 10.22 | Acceptance by Ineligible Foreign Shareholders |
| 10.8 | Effect of Acceptance Form | 10.23 | Unmarketable parcels of Atlas Shares |
| 10.9 | Your agreement | 10.24 | Clearances for offshore residents and others |
| 10.10 | Powers of attorney | 10.25 | Costs and stamp duty |
| 10.11 | Validation of otherwise ineffective acceptances | 10.26 | Offerees |
| 10.12 | Conditions to the Offer | 10.27 | Variation and withdrawal of Offer |
| 10.13 | Separate Offer Conditions for benefit of Atlas | 10.28 | Governing law |
| 10.14 | Nature of Offer Conditions | | |
| 10.15 | Offer Conditions apply to multiple events | | |



10.1 The Offer

(a) Offer for your FerrAus Shares

Atlas offers to acquire all of your FerrAus Shares subject to the terms and conditions set out in this section 10 of this Bidder's Statement.

This Offer extends to all FerrAus Shares that are issued during the period from the Register Date to the end of the Offer Period due to the exercise of FerrAus Options.

(b) Offer includes Rights

If Atlas acquires your FerrAus Shares under this Offer, Atlas is also entitled to any Rights attached to those FerrAus Shares.

(c) Consideration

Atlas offers you 1 Atlas Share for every 4 of your FerrAus Shares.

10.2 Ineligible Foreign Shareholders

If you are an Ineligible Foreign Shareholder, you will not receive any Atlas Shares. Instead, you will receive in respect of any FerrAus Shares a cash amount calculated under section 10.22.

This Offer is not registered in any jurisdiction outside Australia and New Zealand.

If you are a FerrAus Shareholder whose address as shown in the register of members of FerrAus is in the Hong Kong, Singapore, Cayman Islands or the United Kingdom and you are available to participate in the Offer under the laws of those jurisdictions, you will be entitled to receive Atlas Shares on accepting the Offer if you agree to and, where applicable, comply with the requirements set out in the Important Information section of this Bidder's Statement for your relevant jurisdiction.

Please contact the Atlas Offer Information Line on 1800 810 827 (within Australia) or +61 2 8280 7122 (international) between 6.30am and 5.30pm (AWST), Monday to Friday if you are still unsure whether you are entitled to receive Atlas Shares on accepting the Offer.

10.3 Rounding of Atlas Shares

If the aggregate consideration payable to you would include a fraction of an Atlas Share under this Offer, the number of Atlas Shares you are entitled to will be rounded down to the nearest whole number.

10.4 Ranking of Atlas Shares

The Atlas Shares issued under the Offer will be issued fully paid and will rank equally for dividends and other rights with existing Atlas Shares.

10.5 ASX listing of Atlas Shares

Atlas will apply for the official quotation on ASX of the Atlas Shares issued to FerrAus Shareholders who accept this Offer. Quotation will not be automatic but will depend on ASX exercising its discretion. Atlas has already been admitted to the official list of ASX and shares in Atlas of the same class as those to be issued under this Offer are already quoted. However, Atlas cannot guarantee, and does not represent or imply, that those Atlas Shares issued to FerrAus Shareholders who accept this Offer will be listed.

10.6 Offer Period

Unless withdrawn, this Offer is open during the period that begins on the date of this Offer Date and ends at 5:00 pm AWST on the later of:

- (a) Wednesday, 5 October 2011; or
- (b) any date to which the period of this Offer is extended under this section 10 or as required by the Corporations Act.

10.7 How to accept this Offer

(a) Accept for all your FerrAus Shares

You can only accept this Offer during the Offer Period for all your FerrAus Shares. You will be taken to have accepted the Offer for all your FerrAus Shares plus any additional FerrAus Shares registered as held by you at the date your acceptance is processed (despite any difference between that number and the number of FerrAus Shares specified when you accept this Offer).

(b) CHESS Holdings

If your FerrAus Shares are in a CHESS Holding, you must comply with the ASX Settlement Operating Rules. To accept this Offer in accordance with those rules, you must:

- (i) instruct your Controlling Participant to initiate acceptance of this Offer under rule 14.14 of the ASX Settlement Operating Rules; or
- (ii) if you are a Broker, yourself initiate acceptance under that rule; or
- (iii) if you are not a Broker:
 - (A) complete and sign the Acceptance Form in accordance with the instructions on it; and
 - (B) return the Acceptance Form together with all other documents required by the instructions on it to the address specified on the form. This will authorise Atlas to instruct your Controlling Participant to initiate acceptance of this Offer on your behalf. For return of the Acceptance Form to be an effective acceptance of the Offer, you must ensure it is received by Atlas in time for Atlas to give instructions to your Controlling Participant, and your Controlling Participant to carry out those instructions, before the end of the Offer Period.

If you wish to be the holder of an Unmarketable Parcel of Atlas Shares you must sign and return the Acceptance Form and as indicated state this fact clearly on it. See section 10.23 below.

(c) Issuer Sponsored Holdings and other holdings

If your FerrAus Shares are held on FerrAus' issuer sponsored subregister, or if at the time of your acceptance you are entitled to be (but are not yet) registered as the holder of, or are otherwise able to give good title to, your FerrAus Shares, to accept this Offer you must:

- (i) complete and sign the Acceptance Form in accordance with the instructions on it; and
- (ii) return the Acceptance Form together with all other documents required by the instructions on it to the address specified on the form in the addressed envelope provided so that they are received before the end of the Offer Period.

If you wish to be the holder of an Unmarketable Parcel of Atlas Shares you must sign and return the Acceptance Form and state this fact clearly on it. See section 10.23 below.

10.8 Effect of Acceptance Form

By completing, signing and returning the Acceptance Form in accordance with section 10.7(b) or section 10.7(c) as applicable, you:

- (a) authorise Atlas and each of its officers and agents to correct any errors in, or omissions from, the Acceptance Form necessary to:
 - (i) make it an effective acceptance of this Offer for your FerrAus Shares which are not in a CHESS Holding; and
 - (ii) enable the transfer of your FerrAus Shares to Atlas; and
- (b) if any of your FerrAus Shares are in a CHESS Holding, authorise Atlas and each of its officers and agents to:
 - (i) instruct your Controlling Participant to effect your acceptance of this Offer for those FerrAus Shares under rule 14.14 of the ASX Settlement Operating Rules; and
 - (ii) give to your Controlling Participant on your behalf any other instructions in relation to those FerrAus Shares which are contemplated by the sponsorship agreement between you and your Controlling Participant and are necessary or appropriate to facilitate your acceptance of this Offer.

10.9 Your agreement

By carrying out the instructions in section 10.7 on how to accept this Offer:

- (a) you accept this Offer;
- (b) you represent and warrant to Atlas that all your FerrAus Shares will at the time of your acceptance of this Offer and of transfer to Atlas be fully paid up and that Atlas will acquire good title to and beneficial ownership of them free from Encumbrances;
- (c) you represent and warrant that you are not an Ineligible Foreign Shareholder, unless otherwise indicated on the Acceptance Form, and acknowledge and agree that if you are an Ineligible Foreign Shareholder, or Atlas believes you are an Ineligible Foreign Shareholder, section 10.22 applies to you;
- (d) you transfer, or consent to the transfer in accordance with the ASX Settlement Rules of, your FerrAus Shares to Atlas subject to the conditions of the constitution of FerrAus on which they were held immediately before your acceptance of this Offer (and Atlas agrees to take those FerrAus Shares subject to those conditions);
- (e) if and when the contract resulting from your acceptance of this Offer becomes unconditional (even though Atlas has not yet paid or provided the consideration due to you), you irrevocably appoint Atlas and each director of, and any nominee of, Atlas as your attorney to:
 - (i) attend and vote in respect of your FerrAus Shares at all general meetings of FerrAus; and
 - (ii) execute all forms, notices, documents (including a document appointing a director of Atlas as a proxy for any of your FerrAus Shares) and resolutions relating to your FerrAus Shares and generally to exercise all powers and rights which you have as the registered holder of your FerrAus Shares;
- (f) you agree that in exercising the powers conferred by the power of attorney in section 10.9(e), Atlas and each of its directors and its nominee is entitled to act in the interest of Atlas;
- (g) if and when the contract resulting from your acceptance of this Offer becomes unconditional (even though Atlas has not yet paid or provided the consideration due to you), you agree not to attend or vote in person at any general meeting of FerrAus or to exercise, or to purport to exercise, (in person, by proxy or otherwise) any of the powers conferred on the directors of Atlas by section 10.9(e);
- (h) if and when the contract resulting from your acceptance of this Offer becomes unconditional (even though Atlas has not yet paid or provided the consideration due to you), you authorise Atlas to transmit a message to ASX Settlement in accordance with rule 14.17.1 of the ASX Settlement Rules so as to enter those of your FerrAus Shares which are in a CHES Holding into Atlas' Takeover Transferee Holding; and
- (i) unless section 10.22 or section 10.23 applies to you, you:
 - (i) agree to accept the Atlas Shares to which you become entitled by accepting this Offer subject to the constitution of Atlas and authorise Atlas to place your name on its share register for those Atlas Shares; and
 - (ii) instruct Atlas to issue the Atlas Shares to which you become entitled by accepting this Offer, if your FerrAus Shares are in a CHES Holding, with the same holder identification number as affects your FerrAus Shares; and if your FerrAus Shares are held on FerrAus' issuer sponsored sub-register, on Atlas' issuer sponsored sub-register.

10.10 Powers of attorney

If the Acceptance Form is signed under power of attorney, the attorney declares that the attorney has no notice of revocation of the power and is empowered to delegate powers under the power of attorney under section 10.8 and paragraphs (e) and (h) of section 10.9.

10.11 Validation of otherwise ineffective acceptances

Except for FerrAus Shares in a CHES Holding, Atlas may treat the receipt by it of a signed Acceptance Form as a valid acceptance of this Offer even though it does not receive the other documents required by the instructions on the Acceptance Form or there is not compliance with any one or more of the other requirements for acceptance. If Atlas does treat such an Acceptance Form as valid, subject to section 10.19, Atlas will not be obliged to give the consideration to you until Atlas receives all those documents and all of the requirements for acceptance referred to in section 10.7 and in the Acceptance Form have been met.

10.12 Conditions to the Offer

This Offer and the contract resulting from acceptance of this Offer are subject to the fulfilment of the following Offer Conditions:

(a) Minimum acceptance condition

During, or at the end of, the Offer Period the number of FerrAus Shares in which Atlas and its Associates together have Relevant Interests (disregarding any Relevant Interest that Atlas has merely because of the operation of section 608(3) of the Corporations Act) is at least 50.1% of all the FerrAus Shares.

(b) No prescribed occurrences

None of the following events happens during the period beginning on the date the bidder's statement is given to FerrAus and ending at the end of the Offer Period:

- (i) FerrAus converts all or any of its shares into a larger or smaller number of shares;
- (ii) FerrAus or a subsidiary of FerrAus resolves to reduce its share capital in any way;
- (iii) FerrAus or a subsidiary of FerrAus:
 - (A) enters into a buy-back agreement; or
 - (B) resolves to approve the terms of a buy-back agreement under section 257C(1) or 257D(1) of the Corporations Act;
- (iv) FerrAus or a subsidiary of FerrAus issues shares (other than FerrAus Shares upon the exercise of FerrAus Options or conversion of FerrAus Performance Shares) or grants an option over its shares, or agrees to make such an issue or grant such an option;
- (v) FerrAus or a subsidiary of FerrAus issues, or agrees to issue, convertible notes;
- (vi) FerrAus or a subsidiary of FerrAus disposes, or agrees to dispose, of the whole, or a substantial part, of its business or property;
- (vii) other than in connection with respect to debt funding arranged in accordance with condition 10.12(i)(v), FerrAus or a subsidiary of FerrAus charges, or agrees to charge, the whole, or a substantial part, of its business or property;
- (viii) FerrAus or a subsidiary of FerrAus resolves to be wound up;
- (ix) the appointment of a liquidator or provisional liquidator of FerrAus or of a subsidiary of FerrAus;
- (x) a court makes an order for the winding up of FerrAus or of a subsidiary of FerrAus;
- (xi) an administrator of FerrAus, or of a subsidiary of FerrAus, is appointed under section 436A, 436B or 436C of the Corporations Act;
- (xii) FerrAus or a subsidiary of FerrAus executes a deed of company arrangement; or
- (xiii) a receiver, or a receiver and manager, is appointed in relation to the whole, or a substantial part, of the property of FerrAus or of a subsidiary of FerrAus,

provided that it will not include any occurrence:

- (xiv) fairly disclosed to Atlas on or before the date of the Bid Implementation Agreement (including as a result of disclosures made to ASX);
- (xv) occurring as a result of any matter, event or circumstance required by this document, the Bid or the transactions contemplated by them; or
- (xvi) approved in writing by Atlas.

(c) No prescribed occurrences between Announcement Date and service

None of the events listed in sub-sections (i) to (xiv) of section 10.12(b) happens during the period beginning on the Announcement Date and ending at the end of the day before the Bidder's Statement is given to FerrAus.

(d) No action by Public Authority adversely affecting the Bid

During the Condition Period:

- (i) there is not in effect any preliminary or final decision, order or decree issued by a Public Authority;
- (ii) no action or investigation is instituted, or threatened by any Public Authority with respect to FerrAus or any subsidiary of FerrAus; or
- (iii) no application is made to any Public Authority (other than an application by Atlas or any company within the Atlas Group, an application under section 657G of the Corporations Act, or an application commenced by a person specified in section 659B(1) of the Corporations Act in relation to the Bid),

in consequence of, or in connection with, the Bid, which restrains or prohibits or threatens to restrain or prohibit, or may otherwise materially adversely impact upon, the making of the Bid or the completion of any transaction contemplated by the bidder's statement or seeks to require the divestiture by Atlas of any FerrAus Shares, or the divestiture of any assets by FerrAus or by any subsidiary of FerrAus or by any company within the Atlas Group.

(e) No material acquisitions, disposals, etc.

Except for any proposed transaction publicly announced by FerrAus before the Announcement Date, none of the following events occur during the period from that date to the end of the Offer Period without the written consent of Atlas (not to be unreasonably withheld or delayed), provided that such consent shall not be required for any event specified in the Budget:

- (i) FerrAus, or any subsidiary of FerrAus, acquires, offers to acquire or agrees to acquire one or more companies or assets (or an interest in one or more companies or assets) for an amount in aggregate greater than \$1,000,000 or makes an announcement about such an acquisition;
- (ii) FerrAus, or any subsidiary of FerrAus, disposes, offers to dispose or agrees to dispose of, or creates, or offers to create an equity interest in one or more companies or assets (or an interest in one or more companies or assets) for an amount in aggregate greater than \$1,000,000 or makes an announcement about such a disposal;
- (iii) FerrAus, or any subsidiary of FerrAus, enters into, offers to enter into or announces that it proposes to enter into any joint venture or partnership or dual listed company structure, or makes an announcement about such a commitment;
- (iv) FerrAus, or any subsidiary of FerrAus, incurs or commits to, or grants to another person a right the exercise of which would involve FerrAus or any subsidiary of FerrAus incurring or committing to any capital expenditure or liability for one or more related items of greater than \$1,000,000 or makes an announcement about such a commitment.

provided that in the case of conditions (e)(i), (ii) and (iv) from the expiry of the 6 month period commencing on the Announcement Date to the end of the Offer Period, the aggregate amount of each threshold will increase to \$3,000,000.

(f) No material failings in filings

Atlas does not become aware, during the Condition Period, that any document filed by or on behalf of FerrAus with ASX or ASIC contains a statement which is incorrect or misleading in any material particular or from which there is a material omission (in such circumstance, materiality being determined by reference to the business and assets of FerrAus taken as a whole).

(g) No break fees

- (i) Subject to section (g)(ii), during the Condition Period none of FerrAus, and any body corporate which is or becomes a subsidiary of FerrAus, pays or provides or agrees (whether conditionally or contingently) to pay or provide any benefit to any person, or foregoes or otherwise reduces any payment or benefit or agrees to forgo or reduce any payment or benefit to which it would otherwise be entitled, in connection with any person making or agreeing to participate in, or enter into negotiations concerning:
 - (A) a takeover offer for FerrAus or any body corporate which is or becomes a subsidiary of FerrAus; or
 - (B) any other proposal to acquire any interest (whether equitable, legal, beneficial or economic) in shares in, or assets of, FerrAus or any body corporate which is or becomes a subsidiary of FerrAus, or to operate FerrAus as a single economic entity with another body corporate.

- (ii) Section (g)(i) does not apply to a payment, benefit or agreement:
 - (A) for providing professional advisory services to FerrAus;
 - (B) which is approved in writing by Atlas;
 - (C) which is approved by a resolution passed at a general meeting of FerrAus; or
 - (D) which is made to, provided to, owed by or made with Atlas.

- (h) Non-existence of certain rights

No person has any right (whether subject to conditions or not) as a result of Atlas acquiring FerrAus Shares to:

 - (i) acquire, or require FerrAus or a subsidiary of FerrAus to dispose of, or offer to dispose of, any material asset of FerrAus or a subsidiary of FerrAus;
 - (ii) terminate or vary any material agreement with FerrAus or a subsidiary of FerrAus; or
 - (iii) accelerate or adversely modify the performance of any obligations of FerrAus or any of its subsidiaries in a material respect under any material agreements, contracts or other legal arrangements.

- (i) Conduct of FerrAus' business

During the Condition Period, none of FerrAus, or any body corporate which is or becomes a subsidiary of FerrAus, without the written consent of Atlas:

 - (i) declares, or distributes any dividend, bonus or other share of its profits or assets;
 - (ii) issues or grants options over, or agrees to issue or grant options over, or otherwise makes any commitments regarding any shares or other securities, or alters its capital structure or the rights attached to any of its shares or other securities, or issues or agrees to issue any convertible notes, other than the issue of FerrAus Shares upon the exercise of FerrAus Options;
 - (iii) makes any changes in its constitution or passes any special resolution;
 - (iv) gives or agrees to give any Encumbrance over any of its assets otherwise than in the ordinary course of business;
 - (v) borrows or agrees to borrow any money (except for temporary borrowing from its bankers in the ordinary course of business), provided that from the expiry of the 6 month period commencing on the Announcement Date to the end of the Condition Period, FerrAus may do so but only after first providing Atlas the opportunity to lend those monies to FerrAus;
 - (vi) releases, discharges or modifies any substantial obligation to it of any person, firm or corporation or agrees to do so;
 - (vii) has appointed any additional director to its board of directors whether to fill a casual vacancy or otherwise;
 - (viii) enters or agrees to enter into any contract of service or varies or agrees to vary any existing contract of service with any director or manager, or pays or agrees to pay any retirement benefit or allowance to any director, manager or other employee, or makes or agrees to make any substantial change in the basis or amount of remuneration of any director, manager or other employee (except as required by law or provided under any superannuation, provident or retirement scheme as in effect on the Announcement Date);
 - (ix) conducts its business otherwise than in the ordinary course;
 - (x) has threatened or commenced against it any material claims or proceedings in any court or tribunal (including a petition for winding up or an application for appointment of a receiver or receiver and manager); or
 - (xi) executes a deed of company arrangement or passes any resolution for liquidation, or has appointed or becomes susceptible to the appointment of an administrator, a receiver, a receiver and manager or a liquidator, or becomes subject to investigation under the Australian Securities and Investments Commission Act 2001 (Cth) or any corresponding legislation.

- (j) No material adverse change to FerrAus
- During the Condition Period, no change occurs, is discovered or becomes public which has or could reasonably be expected to have a materially adverse effect on the:
- (i) assets, liabilities, financial position, performance, profitability or prospects of FerrAus and its subsidiaries taken as a whole or of any of them; or
 - (ii) status or terms of (or rights attaching to) any material Approvals from Public Authorities applicable to FerrAus or any of its subsidiaries,
- including without limitation:
- (iii) any creditor demanding repayment of a debt of \$5,000,000 or more; and
 - (iv) any person accelerating or adversely modifying the performance of any obligations of FerrAus or any of its subsidiaries under any material agreements, contracts or other legal arrangements.
- but does not include any change:
- (v) fairly disclosed to Atlas on or before the date of the Bid Implementation Agreement (including as a result of disclosures made to ASX);
 - (vi) occurring as a result of any matter, event or circumstance required by this document, the Bid or the transactions contemplated by them;
 - (vii) approved in writing by Atlas.
 - (viii) occurring in relation to any of the Atlas South-East Pilbara Assets;
 - (ix) occurring as a result of a change in iron ore markets, currency exchange rates or general economic or securities market conditions out of the control of FerrAus.

10.13 Separate Offer Conditions for benefit of Atlas

Each of the Offer Conditions set out in:

- (a) each of the sub-paragraphs (i) to (xiii) in paragraph (b) of section 10.12;
 - (b) each of the sub-paragraphs (iii)(A) and (iii)(B) in paragraph (b) of section 10.12;
 - (c) each of the sub-paragraphs (i) to (iv) in paragraph (j) of section 10.12,
- and each of the Offer Conditions in each other paragraph and each sub-paragraph of each other paragraph of section 10.12:

- (d) is and must be construed as a separate condition; and
- (e) subject to the Corporations Act, operates only for the benefit of Atlas and any breach or non-fulfilment of such condition may be relied upon only by Atlas which may waive (generally or in respect of a particular event) the breach or non-fulfilment of that condition.

10.14 Nature of Offer Conditions

None of the Offer Conditions prevents a contract to sell your FerrAus Shares resulting from your acceptance of this Offer but:

- (a) the Offer Conditions in section 10.12 is a condition precedent to the provisions of that contract relating to Atlas acquiring an interest in your FerrAus Shares becoming binding;
- (b) breach of any of the Offer Conditions entitles Atlas to rescind that contract by notice to you; and
- (c) non fulfilment of any of the Offer Conditions at the end of the Offer Period will have the consequences set out in section 10.18.

10.15 Offer Conditions apply to multiple events

Where an event occurs that would mean at the time the event occurs an Offer Condition to which this Offer or the contract resulting from your acceptance of this Offer is then subject would not be fulfilled, each Offer Condition affected by that event becomes two separate Offer Conditions on identical terms except that:

- (a) one of them relates solely to that event; and
- (b) the other specifically excludes that event.

Atlas may declare the Offer free under section 10.16 from either of those Offer Conditions without declaring it free from the other and may do so at different times. This section may apply any number of times to a particular Offer Condition (including an Offer Condition arising from a previous operation of this section).

10.16 Notice declaring Offer free of Offer Conditions

Subject to the Corporations Act, Atlas may declare this Offer and any contract resulting from acceptance of this Offer free from any of the Offer Conditions by giving written notice to FerrAus:

- (a) in the case of the Offer Conditions in section 10.12(b), not later than 3 Business Days after the end of the Offer Period; and
- (b) in the case of all other Offer Conditions, not less than 7 days before the last day of the Offer Period.

10.17 Notice of status of Offer Conditions

The date for giving the notice on the status of the Offer Conditions as required by section 630(1) of the Corporations Act is Tuesday, 27 September 2011 (subject to extension in accordance with the Corporations Act if the Offer Period is extended).

10.18 Contract void if Offer Conditions not fulfilled

Subject to the Corporations Act, your acceptance or the contract resulting from your acceptance of this Offer is void if:

- (a) at the end of the Offer Period any of the Offer Conditions in section 10.12 is not fulfilled; and
- (b) Atlas has not declared this Offer and any contract resulting from the acceptance of it free of that Offer Condition in accordance with section 10.16.

10.19 Your consideration

- (a) When you will receive your consideration

Subject to this section 10.19 and the Corporations Act, if you accept this Offer Atlas will send you the consideration for your FerrAus Shares to which Atlas acquires good title within 3 Business Days after you accept this Offer or, if this Offer is subject to an Offer Condition when accepted, within 3 Business Days after the contract resulting from your acceptance becomes unconditional.

- (b) Acceptance Form requires additional documents

Where documents are required to be given to Atlas with your acceptance to enable Atlas to become the holder of your FerrAus Shares (such as a power of attorney):

- (i) if the documents are given with your acceptance, Atlas will send you the consideration in accordance with section 10.19(a);
- (ii) if the documents are given after your acceptance and before the end of the Offer Period while the Offer is subject to an Offer Condition, Atlas will send you the consideration within 3 Business Days after the contract resulting from your acceptance becomes unconditional.
- (iii) if the documents are given after your acceptance and before the end of the Offer Period while the Offer is no longer subject to an Offer Condition, Atlas will send you the consideration within 3 Business Days after Atlas is given the documents.
- (iv) if the documents are given after the end of the Offer Period, Atlas will send you the consideration within 3 Business Days after the documents are given. However, if at the time Atlas is given the documents the contract resulting from acceptance of the Offer is still subject to an Offer Condition in section 10.12, Atlas will send you the consideration within 3 Business Days after the contract becomes unconditional.

(c) Delivery of consideration

Subject to the Corporations Act, Atlas will send a holding statement for any Atlas Shares (or, if applicable a cheque for any cash payment due to you (at your risk)) by pre-paid ordinary mail, or in the case of an address outside Australia by airmail, to the address shown in the Acceptance Form.

(d) Registration of Atlas Shares

Atlas has established a share register in Perth, Australia. The Atlas Shares issued to you will be placed on this register.

10.20 Return of documents

If this Offer does not become unconditional or any contract arising from this Offer is rescinded by Atlas on the grounds of a breach of a condition of that contract, Atlas will, at its election, either return by post to you at the address shown on the Acceptance Form any Acceptance Form and any other documents sent with it by you, or destroy those documents and notify the ASX of this.

10.21 Rights

If Atlas becomes entitled to any Rights as a result of your acceptance of this Offer, it may require you to give to Atlas all documents necessary to vest title to those Rights in Atlas. If you do not give those documents to Atlas, or if you have received or are entitled to receive (or any previous holder of your FerrAus Shares has received or is entitled to receive) the benefit of those Rights, Atlas may deduct the amount (or value as reasonably assessed by Atlas) of such Rights from any consideration otherwise payable to you. If Atlas does not, or cannot make such a deduction, you must pay that amount to Atlas.

10.22 Acceptance by Ineligible Foreign Shareholders

If you are a person whose address as shown in the register of members of FerrAus is:

- (a) in the Hong Kong, Singapore, Cayman Islands or the United Kingdom, and you do not agree or, where applicable, comply with the requirements set out in the Important Information section of this Bidder's Statement for your relevant jurisdiction; or
- (b) in a jurisdiction other than Australia, its external territories or New Zealand and the law of that jurisdiction makes it, in the reasonable opinion of Atlas, unlawful or too onerous for Atlas to make the Offer to you and to issue you with Atlas Shares,

then you will be taken to be an Ineligible Foreign Shareholder.

As an Ineligible Foreign Shareholder, you will not be entitled to receive Atlas Shares as consideration for your FerrAus Shares. Instead Atlas will:

- (a) arrange for the issue to a nominee approved by ASIC of the number of Atlas Shares to which you and all other Ineligible Foreign Shareholders would have been entitled but for this section;
- (b) cause those Atlas Shares to be offered for sale on ASX as soon as practicable after the end of the Offer Period and otherwise in such manner, at such price and on such terms as are determined by the nominee; and
- (c) cause the amount ascertained in accordance with the formula below to be paid to you:

$$\text{net proceeds of sale} \quad \times \quad \frac{\text{your Atlas Shares}}{\text{total Atlas Shares}}$$

Where:

net proceeds of sale is the amount remaining after deducting the expenses of sale and of appointing the nominee from the total proceeds of sale of the Atlas Shares issued to the nominee under this section;

your Atlas Shares is the number of Atlas Shares which would, but for this section, have been issued to you; and

total Atlas Shares is the total number of Atlas Shares issued to the nominee under this section.

You will be paid by cheque in Australian currency. The cheque will be sent at your risk by pre-paid airmail to the address shown in the Acceptance Form.

Please contact the Atlas Offer Information Line on 1800 810 827 (within Australia) or +61 2 8280 7122 (international) between 6.30am and 5.30pm (AWST), Monday to Friday if you are still unsure whether you are entitled to receive Atlas Shares on accepting the Offer.

10.23 Unmarketable parcels of Atlas Shares

If the total number of Atlas Shares you are entitled to receive as consideration under this Offer is an Unmarketable Parcel and you do not sign and return the Acceptance Form and state clearly on it you wish to be the holder of an Unmarketable Parcel, you are offered and will receive a cash amount for your FerrAus Shares calculated under section 10.22 as if you were an Ineligible Foreign Shareholder.

10.24 Clearances for offshore residents and others

If at the time you accept this Offer or at the time the consideration is provided under it:

- (a) any authority or clearance of the Reserve Bank of Australia or the Australian Tax Office is required for you to receive any consideration under this Offer; or
- (b) you are resident in or a resident of a place to which, or you are a person to whom any of the following applies:
 - (i) the *Banking (Foreign Exchange) Regulations 1959* (Cth);
 - (ii) the *Charter of the United Nations (Dealing with Assets) Regulations 2008* (Cth);
 - (iii) any other law of Australia or elsewhere that would make it unlawful for Atlas to provide consideration for your FerrAus Shares,

then your acceptance of this Offer does not create or transfer to you any right (contractual or contingent) to receive the consideration specified in this Offer unless and until you obtain all requisite authorities or clearances.

10.25 Costs and stamp duty

Atlas will pay all costs and expenses of the preparation and circulation of the Offer and any stamp duty payable on the transfer of any FerrAus Shares to Atlas. Atlas will also pay any stamp duty payable in relation to the issue of Atlas Shares.

10.26 Offerees

- (a) Registered holders
Atlas is making an offer in the form of this Offer to:
 - (i) each holder of FerrAus Shares registered in the register of members of FerrAus at the Register Date;
 - (ii) each holder of FerrAus Shares issued on exercise of the FerrAus Options existing at the Register Date; and
 - (iii) each holder of FerrAus Shares issued on the conversion of the FerrAus Performance Shares existing at the Register Date.
- (b) Transferees
This Offer extends to any person who is able during the Offer Period to give good title to a parcel of your FerrAus Shares. That person may accept as if an Offer on terms identical to this Offer had been made to them for those FerrAus Shares.

(c) Trustees and nominees

If during the Offer Period and before you accept this Offer your FerrAus Shares consist of 2 or more separate parcels within the meaning of section 653B of the Corporations Act (for example, because you are a trustee or nominee for several distinct beneficial owners), section 653B of the Corporations Act will apply so that:

- (i) Atlas is taken to have made a separate Offer to you for each separate parcel of FerrAus Shares; and
- (ii) acceptance by you of the Offer for any distinct parcel of FerrAus Shares is ineffective unless:
 - (A) you give Atlas notice in accordance with section 10.26(d) stating that your FerrAus Shares consist of separate parcels; and
 - (B) your acceptance specifies the number of FerrAus Shares in each separate parcel to which the acceptance relates.

(d) Notices by Trustees and Nominees

The notice required under section 10.26(c)(ii)(A):

- (i) if it relates to FerrAus Shares not in a CHESS Holding, must be in writing; or
- (ii) if it relates to FerrAus Shares in a CHESS Holding, must be in an electronic form approved under the ASX Settlement Rules for the purposes of Part 6.8 of the Corporations Act.

10.27 Variation and withdrawal of Offer

(a) Variation

Atlas may vary this Offer in accordance with the Corporations Act.

(b) Withdrawal

In accordance with section 652B of the Corporations Act, Atlas may withdraw this Offer with the written consent of ASIC and subject to the conditions (if any) which apply to that consent.

10.28 Governing law

This Offer and any contract resulting from acceptance of it are governed by the law in force in Western Australia.

11. Definitions and Interpretation

11.1 Definitions

11.2 Interpretation



11.1 Definitions

The following definitions apply in interpreting this Bidder's Statement and the Acceptance Form, except where the context makes it clear that a definition is not intended to apply:

Acceptance Form means the form with that title that accompanies this Bidder's Statement.

Announcement Date means the date on which the offer was announced jointly to ASX by Atlas and FerrAus being Monday, 27 June 2011.

Approval means a licence, authority, consent, approval, order, exemption, waiver, ruling or decision.

ASIC means the Australian Securities and Investments Commission.

Asset Sale means the sale by Atlas of the Atlas South-East Pilbara Assets to FerrAus in consideration for the issue of 121,846,154 FerrAus Shares at \$0.65 per FerrAus Share, as announced to the ASX on 27 June 2011.

Asset Sale Agreement means the agreement to effect the Asset Sale entered into by Atlas, FerrAus, Warwick Resources Pty Limited and Giralia Resources N.L. on Sunday, 26 June 2011.

Associate has the meaning given in section 12(2) of the Corporations Act.

ASX means ASX Limited or the Australian Securities Exchange as appropriate.

ASX Listing Rules means the listing rules of ASX.

ASX Market Rules means the market rules that form part of the operating rules of the ASX (as amended from time to time).

ASX Settlement means ASX Settlement Pty Limited ABN 49 008 504 532.

ASX Settlement Operating Rules means the operating rules of ASX Settlement and, to the extent that they are applicable, the operating rules of each of ASX and ASX Clear Pty Limited (ABN 48 001 314 504).

Atlas means Atlas Iron Limited ABN 63 110 396 168.

Atlas Directors means the directors of Atlas from time to time.

Atlas Dividend means the unfranked dividend of \$0.03 per Atlas Share announced to ASX on Thursday, 25 August 2011.

Atlas Group means Atlas and its related bodies corporate (as defined in the Corporations Act).

Atlas Prescribed Occurrence means any of the following:

- (a) Atlas converts all or any of its shares into a larger or smaller number of shares;
- (b) Atlas or a subsidiary of Atlas resolves to reduce its share capital in any way;
- (c) Atlas or a subsidiary of Atlas:
 - (i) enters into a buy-back agreement; or
 - (ii) resolves to approve the terms of a buy-back agreement under section 257C(1) or 257D(1) of the Corporations Act;
- (d) Atlas or a subsidiary of Atlas resolves to be wound up;
- (e) the appointment of a liquidator or provisional liquidator of Atlas or of a subsidiary of Atlas;
- (f) a court makes an order for the winding up of Atlas or of a subsidiary of Atlas;
- (g) an administrator of Atlas, or of a subsidiary of Atlas, is appointed under section 436A, 436B or 436C of the Corporations Act;
- (h) Atlas or a subsidiary of Atlas executes a deed of company arrangement; or
- (i) a receiver, or a receiver and manager, is appointed in relation to the whole, or a substantial part, of the property of Atlas or of a subsidiary of Atlas,

provided that an Atlas Prescribed Occurrence will not include any matter:

- (j) fairly disclosed to FerrAus on or before the Announcement Date (including as a result of disclosures made to ASX);
- (k) occurring as a result of any matter, event or circumstance required by this document, the Bid or the transactions contemplated by them; or
- (l) approved in writing by FerrAus.

Atlas Share means a fully paid ordinary share in the share capital of Atlas.

Atlas Shareholder means the holder of an Atlas Share.

Atlas South-East Pilbara Assets means the Giralia Tenements and the Warwick Tenements (as those terms are defined in the Asset Sale Agreement).

Atlas Subscription means the issue of 37,439,785 FerrAus Shares to Atlas at \$0.65 per FerrAus Share.

AWST means Australian Western Standard Time.

Aurox means Aurox Resources Pty Ltd ABN 32 106 793 560.

Bid means the off-market takeover bid by Atlas to all FerrAus Shareholders to be implemented in accordance with Chapters 6 to 6C of the Corporations Act.

Bidder's Statement means this document, being the statement made by Atlas under Part 6.5 Division 2 of the Corporations Act relating to the Bid.

Bid Implementation Agreement means the bid implementation agreement entered into by Atlas and FerrAus on the Announcement Date.

Broker means a person who is a share broker and participant in CHESS.

Budget means the expenditure budget for the FerrAus business for period commencing on the date of the Bid Implementation Agreement and expiring on 31 December 2011 but does not include any:

- (a) taxes, stamp duty or other statutory costs; and
- (b) third party and advisor transaction costs,

FerrAus has incurred, or will incur, in relation to the Bid, the Asset Sale and the Atlas Subscription.

Business Day means a day on which:

- (a) banks are open for general banking business in Western Australia, excluding Saturdays and Sundays; and
- (b) ASX is open for trading in securities.

CHESS means the Clearing House Electronic Subregister System operated by ASX Settlement, which provides for the electronic transfer, settlement and registration of securities.

CHESS Holding means a holding of shares on the CHESS Subregister of FerrAus.

CHESS Subregister has the meaning set out in the ASX Settlement Rules.

CID means channel iron deposits.

Competing Proposal means any proposal (including a scheme of arrangement) or offer that would if completed substantially in accordance with its terms, result in:

- (a) any person or persons other than Atlas or one of Atlas' Associates acquiring:
 - (i) an interest in all or a substantial part of the assets of FerrAus;
 - (ii) a Relevant Interest in more than 20% of the voting shares of FerrAus; or
 - (iii) control of FerrAus within the meaning of section 50AA of the Corporations Act; or
- (b) FerrAus and another person or persons (other than Atlas or one of Atlas' Associates) operating under a dual listed company, or similar structure.

Condition Period means the period beginning on the Announcement Date and ending at the end of the Offer Period.

Consenting Parties has the meaning given in section 9.6.

Consideration is defined in section 10.1(c).

Controlling Participant has the meaning set out in the ASX Settlement Rules.

Corporations Act means the *Corporations Act 2001* (Cth) as modified by any relevant exemption or declaration by ASIC.

DFS means definitive feasibility study.

DSO means direct shipping grade hematite iron ore.

Encumbrance means:

- (a) a mortgage, charge, pledge, lien, hypothecation or a title retention arrangement;
- (b) a notice under section 255 of the *Income Tax Assessment Act 1936* (Cth), subdivision 260 A in schedule 1 to the *Taxation Administration Act 1953* (Cth) or any similar legislation;
- (c) any other interest in or right over property (including a right to set off or withhold payment of a deposit or other money);
- (d) any other thing that prevents, restricts or delays the exercise of a right over property, the use of property or the registration of an interest in or dealing with property; or
- (e) an agreement to create anything referred to above or to allow any of them to exist.

Exclusivity Period means the period commencing from the date of the Bid Implementation Agreement to expiry of the Offer Period or the date that the Bid Implementation Agreement is terminated (whichever is the earlier).

Foreign Law means a law of a jurisdiction other than an Australian jurisdiction.

Foreign Shareholder means a person whose address as shown in the register of members of FerrAus is in a jurisdiction other than Australia, its external territories or New Zealand.

FerrAus means FerrAus Limited ABN 86 097 422 529.

FerrAus Board means the board of directors of FerrAus from time to time.

FerrAus Directors means the directors of FerrAus from time to time.

FerrAus Options means the unlisted call options over FerrAus Shares on issue at the Register Date.

FerrAus Performance Share means a "Class B Performance Share" in the share capital of FerrAus.

FerrAus Performance Share Tenement Area means the area the subject matter of the mining tenements held by Australian Manganese Pty Ltd ACN 100 061 854 as at the date of the Australian Manganese Share Sale Agreement between William Colin Ali, Patrick Dennis Davin, Enta Pty Ltd ACN 009 302 836, Penfold Limited, John Anthony Nyvlt and Kellie Lee Nyvlt in their capacity as trustees of the Nyvlt Family Trust, Equant Resources Pty Ltd ACN 109 269 105 and FerrAus dated 18 September 2005.

FerrAus Share means a fully paid ordinary share in the share capital of FerrAus (and which, for the avoidance of doubt, does not include a FerrAus Performance Share).

FerrAus Shareholder means the holder of a FerrAus Share.

FY2013 means the financial year ending 30 June 2013.

GST has the same meaning as in *A New Tax System (Goods and Services Tax) Act 1999* (Cth).

Haoma means Haoma Mining NL ABN 12 008 676 177.

Independent Expert means the independent expert to be appointed by FerrAus to opine on whether the Offer is fair and reasonable to the FerrAus shareholders.

Ineligible Foreign Shareholder has the meaning given in section 10.22 of this Bidder's Statement.

Issuer Sponsored Holding means a holding of FerrAus Shares on FerrAus' issuer sponsored subregister.

JORC Code means the Australian Code for Reporting of Mineral Resources and Ore Reserves prepared by the Joint Ore Reserves Committee of The Australasian Institute of Mining and Metallurgy, the Australian Institute of Geoscientists and the Minerals Council of Australia, as amended or replaced from time to time.

Merged Entity means Atlas following the acquisition by Atlas of not less than 50.1% of FerrAus under the Offer.

Minimum Acceptance Condition means the Offer Condition in section 10.12(a) of this Bidder's Statement.

MRRT means the Australian Federal Government's proposed Mineral Resources Rent Tax Mt means million tonnes.

Mtpa means million tonnes per annum.

NWI means North West Infrastructure.

Offer means the offer as set out in section 10 of this Bidder's Statement and includes a reference to that offer as varied in accordance with the Corporations Act.

Offer Condition means each condition set out in section 10.12.

Offer Period means the period referred to in section 10.6.

Offer Date means the date on which the offer was first made to FerrAus Shareholders, namely Monday, 5 September 2011.

Offer means the Offer and each of the other offers made in the same terms for FerrAus Shares and includes a reference to those offers as varied in accordance with the Corporations Act.

PFS means pre-feasibility study.

PHPA means Port Hedland Port Authority.

Public Authority means any government or any governmental, semi-governmental, administrative, statutory or judicial entity, authority or agency, whether in Australia or elsewhere, including the ACCC (but excluding the Takeovers Panel, ASIC and any court that hears or determines proceedings under section 657G or proceedings commenced by a person specified in section 659B(1) of the Corporations Act in relation to the Takeover Bid). It also includes any self-regulatory organisation established under statute or any stock exchange.

Register Date means 7.00 a.m. (AWST) on Monday, 5 September 2011, being the date set by Atlas under section 633(2) of the Corporations Act.

Recommended Takeover means the friendly off-market takeover offer for all of the securities in FerrAus which has been made by Atlas.

Relevant Interest has the same meaning as given in sections 608 and 609 of the Corporations Act.

Reserve or Ore Reserve has the meaning given to Ore Reserve in the JORC Code.

Resource or Mineral Resource has the meaning given to Mineral Resource in the JORC Code.

Rights means all accretions and rights attaching to FerrAus Shares after the Register Date (including all rights to receive dividends and other distributions declared or paid and to receive or subscribe for shares, notes or options issued by FerrAus).

RSG means Resource Service Group.

Subscription Agreement means the subscription agreement to effect the Atlas Subscription entered into by Atlas and FerrAus on Sunday, 26 June 2011, as announced to the ASX on 27 June 2011.

Superior Proposal means a Competing Proposal that in the determination of the FerrAus Board acting in good faith:

- (a) is reasonably capable of being valued and completed, taking into account both the nature of the Competing Proposal and the person or persons making it; and
- (b) is more favourable to FerrAus Shareholders than the Bid, taking into account all terms and conditions of the Competing Proposal,

provided that a financial adviser, independent of the FerrAus Board, has provided a written opinion to the FerrAus Board which supports the determination of the matters in paragraphs (a) and (b) above.

Takeover Bid means the takeover bid constituted by the Offer.

Takeover Transferee Holdings means the CHESS Holding to which FerrAus Shares are to be transferred after acceptance of the Offer.

TRH means Atlas' Turner River Hub project, which will comprise of the Wodgina, Abydos and Mt Webber DSO projects.

Unlisted Equity Options means the options granted by Atlas to its employees (including directors) and contractors to acquire ordinary Atlas Shares as described in section 3.5 of this Bidder's Statement.

Unmarketable Parcel means a number of Atlas Shares which is less than a marketable parcel under the market rules of ASX.

VWAP means, in respect of a share, the daily volume-weighted average market prices of all shares sold on ASX's trading platform including this closing single price auction, but excluding all off-market trades including but not limited to transactions defined in the ASX Market Rules as special crossings, crossings prior to the commencement of the open session state, portfolio special crossings, equity combinations, crossings during overnight trading, overseas trades, trades pursuant to the exercise of options over Shares and any other trades that the Atlas Directors determine should be excluded on the basis that the trades are not fairly reflective of supply and demand.

your FerrAus Shares means, subject to section 10.26, the FerrAus Shares:

- (a) of which you are registered or entitled to be registered as the holder in the register of members of FerrAus at the Register Date and any new FerrAus Shares of which you are registered or entitled to be registered as the holder on the register of members of FerrAus from the Register Date to the end of the Offer Period as a result of the exercise of the FerrAus Options; and
- (b) any other FerrAus Shares, to which you are able to give good title at the time you accept this Offer during the Offer Period.

11.2 Interpretation

- (a) Words and phrases which are defined by the Corporations Act have the same meaning in this Bidder's Statement and the Acceptance Form and, if a special meaning is given for the purposes of Chapter 6 or 6A or a provision of Chapter 6 or 6A of the Corporations Act, have that special meaning.
- (b) Headings are for convenience only, and do not affect interpretation.
- (c) The following rules also apply in interpreting this Bidder's Statement and the Acceptance Form, except where the context makes it clear that a rule is not intended to apply:
 - (i) a singular word includes the plural, and vice versa;
 - (ii) a word which suggests 1 gender includes the other genders;
 - (iii) if a word is defined, another part of speech has a corresponding meaning;
 - (iv) unless otherwise stated references in this Bidder's Statement to sections, paragraphs and sub-paragraphs are to sections, paragraphs and sub-paragraphs of this Bidder's Statement;
 - (v) a reference to a person includes a body corporate;
 - (vi) a reference to \$ is to the lawful currency in Australia unless otherwise stated; and
 - (vii) appendices to this Bidder's Statement form part of it.

Dated 5 September 2011

Signed on behalf of Atlas Iron Limited by David Flanagan and David Smith, being 2 directors of Atlas Iron Limited who are authorised to sign by a resolution unanimously passed at a meeting of the directors of Atlas Iron Limited.



Director



Director

Schedules

Schedule 1 Unlisted Equity Options of Atlas

Schedule 2 Atlas ASX Announcements since
30 June 2011



Schedule 1 Unlisted Equity Options of Atlas

| Number | Class | Number | Class |
|-----------|---|---------|--|
| 75,000 | 21/03/12 70 cent options all vested | 90,000 | 30/06/13 \$4.45 options all vested |
| 2,500,000 | 31/03/12 72 cent performance options all vested | 40,000 | 30/06/13 \$5.00 options all vested |
| 1,300,000 | 28/02/12 70 cent options all vested | 40,000 | 30/06/13 \$4.25 options all vested |
| 1,400,000 | 31/05/12 60 cent performance options all vested | 40,000 | 30/06/13 \$4.80 options all vested |
| 25,000 | 16/07/12 \$1.06 options all vested | 125,000 | 30/06/13 \$4.08 options all vested |
| 75,000 | 30/09/12 \$2.20 options all vested | 125,000 | 30/06/13 \$4.62 options all vested |
| 75,000 | 30/09/12 \$2.50 options all vested | 30,000 | 30/09/12 \$2.55 options all vested |
| 50,000 | 30/09/12 \$1.60 options all vested | 30,000 | 30/09/12 \$2.85 options all vested |
| 25,000 | 30/09/12 \$1.40 options all vested | 50,000 | 30/06/13 \$2.35 options all vested |
| 25,000 | 30/09/12 \$1.50 options all vested | 25,000 | 30/06/13 \$2.30 options all vested |
| 400,000 | 30/09/12 \$1.50 options all vested | 25,000 | 30/06/13 \$2.60 options all vested |
| 150,000 | 30/09/12 \$3.00 options all vested | 350,000 | 30/09/13 \$1.65 options all vested |
| 150,000 | 30/09/12 \$3.35 options all vested | 350,000 | 30/09/13 \$1.85 options all vested |
| 125,000 | 30/09/12 \$2.50 options all vested | 15,000 | 30/09/13 \$2.00 options all vested |
| 125,000 | 30/09/12 \$2.85 options all vested | 25,000 | 30/12/13 \$1.20 options all vested |
| 120,000 | 30/09/12 \$2.50 performance options all vested | 100,000 | 30/12/13 \$1.30 options all vested |
| 65,000 | 30/09/12 \$2.55 options all vested | 50,000 | 30/12/13 \$1.35 options all vested |
| 25,000 | 30/09/12 \$2.85 options all vested | 50,000 | 30/12/13 \$1.50 options all vested |
| 500,000 | 20/08/12 \$2.46 options all vested | 15,000 | 30/12/13 \$1.50 options all vested |
| 50,000 | 30/09/12 \$2.25 options all vested | 15,000 | 30/12/13 \$1.70 options all vested |
| 25,000 | 30/09/12 \$2.55 options all vested | 200,000 | 30/06/14 \$2.30 options all vested |
| 75,000 | 30/09/12 \$1.90 options all vested | 200,000 | 30/06/14 \$2.60 options all vested |
| 75,000 | 30/09/12 \$2.15 options all vested | 50,000 | 31/12/14 \$2.50 options all vested |
| 100,000 | 30/09/12 \$1.90 performance options all vested | 50,000 | 31/12/14 \$2.80 options vesting 19/01/12 |
| 60,000 | 30/09/12 \$2.45 options all vested | 15,000 | 31/03/15 \$2.25 options all vested |
| 135,000 | 30/09/12 \$2.75 options all vested | 15,000 | 31/03/15 \$2.55 options vesting 24/05/12 |
| 75,000 | 30/09/12 \$2.45 performance options all vested | 40,000 | 31/03/15 \$3.10 options vesting 10/05/12 |
| 25,000 | 30/09/12 \$2.50 options all vested | 25,000 | 31/03/15 \$2.25 options all vested |
| 25,000 | 30/09/12 \$2.85 options all vested | 25,000 | 31/03/15 \$2.55 options vesting 8/06/12 |
| 35,000 | 30/09/12 \$2.30 options all vested | 15,000 | 31/03/15 \$2.65 options all vested |
| 35,000 | 30/09/12 \$2.65 options all vested | 15,000 | 31/03/15 \$3.00 options vesting 21/06/12 |
| 40,000 | 31/03/13 \$2.45 options all vested | 25,000 | 31/03/15 \$2.25 options all vested |
| 40,000 | 31/03/13 \$2.75 options all vested | 25,000 | 31/03/15 \$2.05 options all vested |
| 15,000 | 31/03/13 \$2.10 options all vested | 25,000 | 31/03/15 \$2.30 options vesting 25/05/12 |
| 15,000 | 31/03/13 \$2.40 options all vested | 40,000 | 31/03/15 \$2.45 options all vested |
| 50,000 | 31/03/13 \$2.15 options all vested | 40,000 | 31/03/15 \$2.75 options vesting 17/05/12 |
| 50,000 | 31/03/13 \$2.45 options all vested | 25,000 | 31/03/15 \$2.80 options all vested |
| 50,000 | 31/03/13 \$2.65 options all vested | 30,000 | 31/03/15 \$2.70 options all vested |
| 50,000 | 31/03/13 \$3.00 options all vested | 30,000 | 31/03/15 \$3.05 options vesting 22/03/12 |
| 25,000 | 30/06/13 \$4.35 options all vested | 30,000 | 31/03/15 \$2.80 options all vested |
| 25,000 | 30/06/13 \$4.95 options all vested | 25,000 | 31/03/15 \$2.65 options all vested |

| Number | Class | Number | Class |
|-----------|--|---------|--|
| 25,000 | 31/03/15 \$3.00 options vesting 9/03/12 | 25,000 | 31/03/15 \$2.65 options vesting 27/05/12 |
| 75,000 | 31/03/15 \$2.70 options all vested | 40,000 | 31/03/15 \$3.15 options all vested |
| 75,000 | 31/03/15 \$3.05 options vesting 3/05/12 | 40,000 | 31/03/15 \$3.60 options vesting 05/04/12 |
| 75,000 | 31/03/15 \$2.70 options all vested | 25,000 | 30/06/15 \$2.35 options all vested |
| 75,000 | 31/03/15 \$3.05 options vesting 3/05/12 | 25,000 | 30/06/15 \$2.70 options vesting 26/07/12 |
| 250,000 | 31/12/14 \$2.10 options all vested | 50,000 | 30/06/15 \$2.55 options all vested |
| 250,000 | 31/12/14 \$2.35 options vesting 1/02/12 | 50,000 | 30/06/15 \$2.85 options vesting 16/08/12 |
| 50,000 | 31/12/14 \$2.10 options all vested | 30,000 | 30/06/15 \$2.45 options all vested |
| 50,000 | 31/12/14 \$2.25 options all vested | 30,000 | 30/06/15 \$2.80 options vesting 30/08/12 |
| 50,000 | 31/12/14 \$2.55 options vesting 4/01/12 | 100,000 | 31/12/15 \$4.20 options all vested |
| 30,000 | 31/12/14 \$2.25 options all vested | 25,000 | 31/03/15 \$3.40 options all vested |
| 30,000 | 31/12/14 \$2.55 options vesting 4/01/12 | 25,000 | 31/03/15 \$3.85 options vesting 31/03/12 |
| 30,000 | 31/12/14 \$2.25 options all vested | 30,000 | 31/03/15 \$2.80 options all vested |
| 30,000 | 31/12/14 \$2.55 options vesting 5/01/12 | 30,000 | 31/03/15 \$3.20 options vesting 31/03/12 |
| 15,000 | 31/12/14 \$2.45 options all vested | 40,000 | 31/12/14 \$2.35 options all vested |
| 15,000 | 31/12/14 \$2.80 options vesting 20/01/12 | 40,000 | 31/12/14 \$2.70 options vesting 15/02/12 |
| 50,000 | 31/12/14 \$2.70 options all vested | | |
| 50,000 | 31/12/14 \$3.05 options vesting 15/01/12 | | |
| 15,000 | 30/09/14 \$2.45 options vesting 16/11/11 | | |
| 75,000 | 30/09/14 \$2.40 options vesting 26/10/11 | | |
| 30,000 | 30/09/14 \$2.10 options all vested | | |
| 30,000 | 30/09/14 \$2.40 options vesting 19/10/11 | | |
| 4,500,000 | 30/06/15 \$2.873 options all vested | | |
| 4,400,000 | 30/06/15 \$2.80 options all vested | | |
| 50,000 | 30/09/14 \$2.25 options vesting 2/11/11 | | |
| 25,000 | 30/09/14 \$2.20 options all vested | | |
| 25,000 | 30/09/14 \$2.50 options vesting 24/11/11 | | |
| 50,000 | 30/09/14 \$2.20 options all vested | | |
| 50,000 | 30/09/14 \$2.45 options vesting 7/12/11 | | |
| 25,000 | 31/12/14 \$2.25 options all vested | | |
| 30,000 | 31/12/14 \$2.85 options all vested | | |
| 30,000 | 31/12/14 \$3.20 options vesting 12/03/12 | | |
| 40,000 | 31/12/14 \$2.30 options all vested | | |
| 40,000 | 31/12/14 \$2.65 options vesting 27/02/12 | | |
| 25,000 | 31/03/15 \$3.25 options all vested | | |
| 25,000 | 31/03/15 \$3.70 options vesting 20/04/12 | | |
| 25,000 | 31/03/15 \$2.80 options all vested | | |
| 25,000 | 31/03/15 \$3.15 options vesting 24/03/12 | | |
| 30,000 | 31/03/15 \$2.60 options all vested | | |
| 30,000 | 31/03/15 \$2.95 options vesting 11/05/12 | | |
| 25,000 | 31/03/15 \$2.25 options all vested | | |
| 25,000 | 31/03/15 \$2.55 options vesting 14/06/12 | | |
| 25,000 | 31/03/15 \$2.35 options all vested | | |

Schedule 2 Atlas ASX Announcements since 30 June 2011

| Date | Announcement title |
|------------|---|
| 31/08/2011 | Appendix 3B |
| 31/08/2011 | Becoming a substantial holder - FerrAus |
| 31/08/2011 | Becoming a substantial holder for Lawson Gold |
| 29/08/2011 | FRS: FerrAus - Atlas Takeover Update |
| 29/08/2011 | FRS: Completion of Subscription and Iron Ore Acquisition |
| 25/08/2011 | Atlas Audio Broadcast on 2011 Annual Results |
| 25/08/2011 | Atlas 2011 Annual Results Presentation |
| 25/08/2011 | \$169 million maiden annual profit and dividend of 3 cents/sh |
| 25/08/2011 | Appendix 4E and Full Year Statutory Accounts |
| 23/08/2011 | Update on recommended takeover offer for FerrAus |
| 19/08/2011 | HAO: Ore Reserve Daltons Iron Ore Joint Venture at Mt Webber |
| 19/08/2011 | AJM: 33% Increase in Reserves at Mt Webber JV |
| 19/08/2011 | 50% increase in North Pilbara Reserves |
| 15/08/2011 | Appendix 3B |
| 08/08/2011 | Change in substantial holding |
| 03/08/2011 | Atlas Presentation at Diggers and Dealers 3 August 2011 |
| 03/08/2011 | Media comment |
| 01/08/2011 | Appendix 3Z Final Director's Interest Notice |
| 29/07/2011 | Becoming a substantial holder for CTM |
| 28/07/2011 | HAO: Daltons Joint Venture - Mt Webber Development Strategy |
| 28/07/2011 | CTM: Audio Broadcast - Strategic Alliance with Atlas Iron |
| 28/07/2011 | Appendix 3B |
| 27/07/2011 | Atlas June 2011 Quarterly Cashflow Report |
| 27/07/2011 | Atlas June 2011 Quarterly Activities Report |
| 27/07/2011 | Atlas becomes strategic investor in Centaurus |
| 27/07/2011 | CTM: Strategic Alliance Formed With Atlas Iron |
| 25/07/2011 | FerrAus and Atlas Transaction Update |
| 20/07/2011 | Appendix 3B |
| 15/07/2011 | Change in substantial holding |
| 15/07/2011 | Change in substantial holding |
| 15/07/2011 | Change in substantial holding |
| 07/07/2011 | Ceasing to be a substantial holder |
| 05/07/2011 | WNI: Notice of the Status of Defeating Conditions |

Corporate Information

Directors

David Hannon (Non Executive interim Chairman)
David Flanagan (Managing Director)
David Smith (Non Executive Director)
Tai Sook Yee (Non Executive Director)

Company Secretaries

Mark Hancock
Anthony Walsh

Registered Office

Atlas Iron Limited
Level 9, Alluvion
58 Mounts Bay Road
Perth WA 6000
Tel: +61 (0) 8 9476 7900

Corporate Adviser

Hartleys Limited
Level 6, 141 St Georges Terrace
Perth WA 6000

Solicitors

Blake Dawson
Level 36, Grosvenor Place
225 George Street
Sydney NSW 2000

Share Register

Security Transfer Registrars Pty Ltd
Alexandrea House
Suite 1, 770 Canning Highway
Applecross WA 6153
Tel: +61(0) 8 9315 2333
www.securitytransfer.com.au

Auditors

KPMG
235 St. Georges Terrace
Perth WA 6000

Receiving Agent

Computershare Investor Services Pty Limited
GPO Box 52,
Melbourne VIC 3001, Australia.
www.computershare.com.au

ASX Code

ASX: AGO

Website Address

www.atlasiron.com.au





Please return completed form to:
Computershare Investor Services Pty Limited
GPO Box 52 Melbourne
Victoria 3001 Australia
Enquiries (within Australia) 1800 810 827
(outside Australia) +61 2 8280 7122



A

000001
000
SAM
MR JOHN SMITH 1
FLAT 123
123 SAMPLE STREET
THE SAMPLE HILL
SAMPLE ESTATE
SAMPLEVILLE VIC 3030

Holder Identification Number (HIN)



X 1234567890 I N D

Use a black pen.
Print in CAPITAL letters
inside the grey areas.

A B C 1 2 3

For your security keep your SRN/HIN confidential.

Acceptance Form - CHES Holding

This is a personalised form for the sole use of the holder and securityholding recorded below. It is an important document and requires your immediate attention. If you are in doubt about how to deal with it, please consult your financial or other professional adviser.

This Acceptance Form relates to an offer ("Offer") by Atlas Iron Limited ("Atlas") to acquire all of your ordinary shares in FerrAus Limited ("FerrAus") ABN 86 097 422 529 the terms of which are set out in the bidder's statement from Atlas dated 5 September 2011, as replaced or supplemented (the "Bidder's Statement"). Capitalised terms used in this Acceptance Form have the same meaning as in the Bidder's Statement, unless otherwise defined.

Use this form to accept Atlas' Offer for your FerrAus Shares

B Consideration

The consideration applicable under the Offer is 1 Atlas Share for every 4 FerrAus Shares you hold.

Unmarketable Parcel

If you accept the Offer and as a result you will hold less than a marketable parcel of Atlas Shares (being a parcel of Atlas Shares with a market value of less than A\$500), then unless you tick this box, you will not receive any Atlas Shares as consideration for your FerrAus Shares. Instead, you will receive the net cash sale proceeds of Atlas Shares sold through a nominee which you would otherwise have received. Please refer to Section 10.23 of the Bidder's Statement for more information.

C To be completed by Securityholder

You will be deemed to have accepted the Offer in respect of all your FerrAus Shares if you sign and return this Acceptance Form. By accepting the Offer, you are accepting for all the FerrAus Shares registered as held by you at the date your acceptance is processed (even if different to the number stated above). You cannot accept the Offer for only part of your holding of FerrAus Shares.

As you hold your FerrAus Shares in a CHES holding, to accept the Offer you can either:

- instruct your Controlling Participant directly - normally your stockbroker; or
- authorise Atlas to contact your Controlling Participant on your behalf, which you can do by signing and returning this Acceptance Form. By signing and returning this Acceptance Form you will be deemed to have authorised Atlas to contact your Controlling Participant directly.

D Contact details

Please provide your contact details in case we need to speak to you about this Acceptance Form.

Name of contact person

Contact person's daytime telephone number

E Sign here - this section must be signed before we can process this Acceptance Form.

I/We accept Atlas' Offer in respect of all of the FerrAus Shares I/we hold and I/we agree to be bound by the terms and conditions of the Offer (including the instructions as to acceptance of the Offer on the back of this Acceptance Form) and transfer all of my/our FerrAus Shares to Atlas for the consideration applicable to the Offer.

Individual or Securityholder 1

[Signature box for Individual or Securityholder 1]

Sole Director and Sole Company Secretary

Individual or Securityholder 2

[Signature box for Individual or Securityholder 2]

Director

Individual or Securityholder 3

[Signature box for Individual or Securityholder 3]

Director/Company Secretary

Atlas reserves the right to make amendments to this Acceptance Form as set out in the Offer terms. Please refer to the lodgement instructions overleaf.

See back of form for completion guidelines

How to complete this form

Acceptance of the Offer

A Registration Details

Your FerrAus Shares are currently registered in the name(s) printed on this form. Your consideration will be issued in the name(s) which appear(s) on Atlas' copy of the FerrAus register.

If you have already sold all your FerrAus Shares shown overleaf, you need not take any further action.

B Consideration

The consideration payable under the Offer is 1 Atlas Share for every 4 FerrAus Shares you hold.

Unmarketable Parcel

If you accept the Offer and as a result you will hold less than a marketable parcel of Atlas Shares (being a parcel of Atlas Shares with a market value of less than A\$500), then unless you tick the box on the front of this Acceptance Form, you will not receive any Atlas Shares as consideration for your FerrAus Shares.

Ineligible Foreign Shareholder

If you accept the Offer and you are an Ineligible Foreign Shareholder for the purposes of the Bidder's Statement, you will not be entitled to receive Atlas Shares as consideration for your FerrAus Shares. Instead, you will receive the net cash sale proceeds of Atlas Shares sold through a nominee which you would otherwise have received. Please refer to Section 10.22 of the Bidder's Statement for more information.

C How to accept the Offer

As your FerrAus Shares are in a CHESS holding, you may contact your Controlling Participant directly (normally your stockbroker) with instructions to accept the Offer. If you do this, you will need to sign and return this Acceptance Form to your Controlling Participant. If you want Atlas to contact your Controlling Participant on your behalf, sign and return this Acceptance Form to the address below so that it is received in sufficient time to allow your instruction to be acted upon by the close of the Offer Period. This will authorise Atlas to instruct your Controlling Participant to initiate acceptance of the Offer on your behalf.

Neither Atlas nor Computershare Investor Services Pty Limited ('CIS') will be responsible for any delays incurred by this process. You should allow sufficient time for your Controlling Participant or Atlas to initiate the acceptance of the Offer on your behalf.

Please refer to Sections 10.7, 10.8 and 10.9 of the Bidder's Statement and the definitions in Section 11 of the Bidder's Statement for more information. If you have any queries about how to accept the Offer or about how to complete this Acceptance Form, please contact the Atlas Offer Information Line (details included below) or your financial adviser or other professional adviser.

D Contact details

Enter the name of a contact person and telephone number. These details will only be used in the event that the registry has a query regarding this form.

E Signature(s)

You must sign the form as follows in the space provided:

- Joint holding: where the holding is in more than one name all of the securityholders must sign.
- Power of Attorney: to sign under Power of Attorney, you must attach a certified copy of the Power of Attorney to this form when you return it.
- Deceased Estate: all executors must sign and, a certified copy of Probate or Letters of Administration must accompany this form.
- Companies: where the company has a Sole Director who is also the Sole Company Secretary, this form must be signed by that person. If the company (pursuant to section 204A of the Corporations Act 2001) does not have a Company Secretary, a Sole Director can also sign alone. Otherwise this form must be signed by a Director jointly with either another Director or a Company Secretary. Please sign in the appropriate place to indicate the office held.

Lodgement of Acceptance Form

This Acceptance Form must be received by CIS in sufficient time to allow your instruction to be acted upon by 5.00pm (AWST) on the last day of the Offer Period. You should allow sufficient time for this to occur. Return this Acceptance Form to:

By Mail:

Computershare Investor Services Pty Limited
GPO Box 52
MELBOURNE VIC 3001

Neither CIS nor Atlas accepts any responsibility if you lodge the Acceptance Form at any other address or by any other means.

Privacy Statement

Personal information is collected on this form by CIS for the purpose of maintaining registers of securityholders, facilitating distribution payments and other corporate actions and communications. Your personal information may be disclosed to our related bodies corporate, to external service companies such as print or mail service providers, or as otherwise required or permitted by law. If you would like details of your personal information held by CIS, or you would like to correct information that is inaccurate, incorrect or out of date, please contact CIS. In accordance with the Corporations Act, you may be sent material (including marketing material) approved by Atlas in addition to general corporate communications. You may elect not to receive marketing material by contacting CIS. You can contact CIS using the details provided on the front of this form or e-mail privacy@computershare.com.au

If you have any enquiries concerning the Offer please contact the Atlas Offer Information Line on 1800 810 827 (for callers within Australia) or +61 2 8280 7122 (for callers outside Australia).

Please note this Acceptance Form may not be used to change your address.

Please return the completed form in the envelope provided or to the address opposite:

Computershare Investor Services Pty Limited
GPO Box 52
Melbourne Victoria 3001
Australia



Please return completed form to:
Computershare Investor Services Pty Limited
GPO Box 52 Melbourne
Victoria 3001 Australia
Enquiries (within Australia) 1800 810 827
(outside Australia) +61 2 8280 7122



A

000001
000
SAM
MR JOHN SMITH 1
FLAT 123
123 SAMPLE STREET
THE SAMPLE HILL
SAMPLE ESTATE
SAMPLEVILLE VIC 3030

Securityholder Reference Number (SRN)



I 1234567890 I N D

Use a black pen.
Print in CAPITAL letters
inside the grey areas.

A B C 1 2 3

For your security keep your SRN/HIN confidential.

Acceptance Form - Issuer Sponsored Holding

This is a personalised form for the sole use of the holder and securityholding recorded below. It is an important document and requires your immediate attention. If you are in doubt about how to deal with it, please consult your financial or other professional adviser.

This Acceptance Form relates to an offer ("Offer") by Atlas Iron Limited ("Atlas") to acquire all of your ordinary shares in FerrAus Limited ("FerrAus") ABN 86 097 422 529 the terms of which are set out in the bidder's statement from Atlas dated 5 September 2011, as replaced or supplemented (the "Bidder's Statement"). Capitalised terms used in this Acceptance Form have the same meaning as in the Bidder's Statement, unless otherwise defined.

Use this form to accept Atlas' Offer for your FerrAus Shares

B Consideration

The consideration applicable under the Offer is 1 Atlas Share for every 4 FerrAus Shares you hold.

Unmarketable Parcel

If you accept the Offer and as a result you will hold less than a marketable parcel of Atlas Shares (being a parcel of Atlas Shares with a market value of less than A\$500), then unless you tick this box, you will not receive any Atlas Shares as consideration for your FerrAus Shares. Instead, you will receive the net cash sale proceeds of Atlas Shares sold through a nominee which you would otherwise have received. Please refer to Section 10.23 of the Bidder's Statement for more information.

C To be completed by Securityholder

You will be deemed to have accepted the Offer in respect of all your FerrAus Shares if you sign and return this Acceptance Form. By accepting the Offer, you are accepting for all the FerrAus Shares registered as held by you at the date your acceptance is processed (even if different to the number stated above). You cannot accept the Offer for only part of your holding of FerrAus Shares.

D Contact details

Please provide contact details in case we need to speak to you about this Acceptance Form.

Name of contact person

[Empty box for contact name]

Contact person's daytime telephone number

() [Empty box for contact number]

E Sign here - this section must be signed before we can process this Acceptance Form.

I/We accept Atlas' Offer in respect of all of the FerrAus Shares I/we hold and I/we agree to be bound by the terms and conditions of the Offer (including the instructions as to acceptance of the Offer on the back of this Acceptance Form) and transfer all of my/our FerrAus Shares to Atlas for the consideration applicable to the Offer.

Individual or Securityholder 1

[Signature box 1]

Sole Director and Sole Company Secretary

Individual or Securityholder 2

[Signature box 2]

Director

Individual or Securityholder 3

[Signature box 3]

Director/Company Secretary

Atlas reserves the right to make amendments to this Acceptance Form as set out in the Offer terms. Please refer to the lodgement instructions overleaf.

See back of form for completion guidelines

How to complete this form

Acceptance of the Offer

A Registration Details

Your FerrAus Shares are currently registered in the name(s) printed on this form. Your consideration will be issued in the name(s) which appear(s) on Atlas' copy of the FerrAus register.

If you have already sold all your FerrAus Shares shown overleaf, you need not take any further action.

B Consideration

The consideration payable under the Offer is 1 Atlas Share for every 4 FerrAus Shares you hold.

Unmarketable Parcel

If you accept the Offer and as a result you will hold less than a marketable parcel of Atlas Shares (being a parcel of Atlas Shares with a market value of less than A\$500), then unless you tick the box on the front of this Acceptance Form, you will not receive any Atlas Shares as consideration for your FerrAus Shares.

Ineligible Foreign Shareholder

If you accept the Offer and you are an Ineligible Foreign Shareholder for the purposes of the Bidder's Statement, you will not be entitled to receive Atlas Shares as consideration for your FerrAus Shares. Instead, you will receive the net cash sale proceeds of Atlas Shares sold through a nominee which you would otherwise have received. Please refer to Section 10.22 of the Bidder's Statement for more information.

C How to accept the Offer

As your FerrAus Shares are held in an Issuer Sponsored Holding, simply complete and return this form to the address below so that it is received by no later than 5.00pm (AWST) on last day of the Offer Period.

Neither Atlas or Computershare Investor Services Pty Limited ('CIS') will be responsible for any delays incurred by this process.

Please refer to Sections 10.7, 10.8 and 10.9 of the Bidder's Statement and the definitions in Section 11 of the Bidder's Statement for more information. If you have any queries about how to accept the Offer or about how to complete this Acceptance Form, please contact the Atlas Offer Information Line (details included below) or your financial adviser or other professional adviser.

D Contact details

Enter the name of a contact person and telephone number. These details will only be used in the event that the registry has a query regarding this form.

E Signature(s)

You must sign the form as follows in the space provided:

- Joint holding: where the holding is in more than one name all of the securityholders must sign.
- Power of Attorney: to sign under Power of Attorney, you must attach a certified copy of the Power of Attorney to this form when you return it.
- Deceased Estate: all executors must sign and, a certified copy of Probate or Letters of Administration must accompany this form.
- Companies: where the company has a Sole Director who is also the Sole Company Secretary, this form must be signed by that person. If the company (pursuant to section 204A of the Corporations Act 2001) does not have a Company Secretary, a Sole Director can also sign alone. Otherwise this form must be signed by a Director jointly with either another Director or a Company Secretary. Please sign in the appropriate place to indicate the office held.

Lodgement of Acceptance Form

This Acceptance Form must be received by CIS by no later than 5:00pm (AWST) on the last day of the Offer Period. You should allow sufficient time for this to occur. Return this Acceptance Form to:

Mail:

Computershare Investor Services Pty Limited
GPO Box 52
MELBOURNE VIC 3001

Neither CIS nor Atlas accepts any responsibility if you lodge the Acceptance Form at any other address or by any other means.

Privacy Statement

Personal information is collected on this form by CIS for the purpose of maintaining registers of securityholders, facilitating distribution payments and other corporate actions and communications. Your personal information may be disclosed to our related bodies corporate, to external service companies such as print or mail service providers, or as otherwise required or permitted by law. If you would like details of your personal information held by CIS, or you would like to correct information that is inaccurate, incorrect or out of date, please contact CIS. In accordance with the Corporations Act, you may be sent material (including marketing material) approved by Atlas in addition to general corporate communications. You may elect not to receive marketing material by contacting CIS. You can contact CIS using the details provided on the front of this form or e-mail privacy@computershare.com.au

If you have any enquiries concerning the Offer please contact the Atlas Offer Information Line on 1800 810 827 (for callers within Australia) or +61 2 8280 7122 (for callers outside Australia).

Please note this Acceptance Form may not be used to change your address.

16 T10

F R S - T K 2

Please return the completed form in the envelope provided or to the address opposite:

Computershare Investor Services Pty Limited
GPO Box 52
Melbourne Victoria 3001
Australia



135428_014XGE