

Atlas Iron Limited: Turner River Hub To Play Key Role In Growth to 12 Million Tonnes per Annum

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

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

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

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

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

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

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

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

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

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

PRELIMINARY FEASIBILITY STUDY OUTCOMES

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

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

- Larger scale crushing and screening plant and associated facilities lowers the overall unit cost of production;
- Centralised production simplifies the ore blending process to achieve final product specification;
- Turner River Hub location allows access to the existing fixed infrastructure available to Atlas through the ongoing infrastructure sharing agreement with Talison Minerals, including access to the existing gas fired power station;

- The Turner River Hub location just 95 kilometres south of Port Hedland facilitates access to alternate down-stream haulage options including:

- Off-highway road train haulage via a private haul road to the Port of Port Hedland,
- Existing FMG rail, or
- Existing BHPB rail.

- Large scale off-highway road train haulage from the satellite mines to the central processing facility, or subsequently final product from the Turner River Hub to the port, lowers the cost of ore transport by over 30% compared to on-highway haulage:

- Off-highway haulage via a private haul road provides an alternative to rail haulage as a result of the reduced capital establishment costs, limited distance for transport at approximately 95 kilometres and the unknown costs associated with 3rd party rail access or haulage with an existing Pilbara infrastructure provider: and

- The Turner River Hubs location will provide a natural fit for further project development within Atlas' existing North Pilbara exploration project portfolio, including the potential for future production from Wodgina North, Western Shaw, Pincunah and Miralga Creek.

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

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

FORWARD WORK

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

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

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

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

For the complete Atlas Iron announcement including the Resource Estimate and Reserve Tables, please refer to the following link below:

<http://www.abnnewswire.net/media/en/docs/63634-ASX-AGO-503859.pdf>

About Atlas Iron Limited:

Atlas Iron (ASX:AGO) is an emerging producer and active explorer focused on the discovery and development of iron ore projects. With a growing number of high quality iron ore projects and one of the largest landholdings in the Pilbara (8,900km²) located close to infrastructure, the Company has created a successful business by targeting resources and reserves capable of being mined with relatively low capital

expenditure.

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