



23 December 2011

ATLAS AGREES TO SELL YERECOIN MAGNETITE PROJECT FOR \$18M

Atlas Iron Limited [ASX Code: AGO] is pleased to announce that it has agreed to sell its Yerecoin magnetite project to Cliffs Natural Resources (Cliffs) for \$18 million cash, with the full amount payable when the deal is completed, being on or before 31 January 2012.

Further payments may be payable based on magnetite and direct shipping ore reserve tonnes as follows:

Within 30 days of a Decision to Mine, Cliffs agrees to immediately pay amounts equal to:

- (a) \$0.10 per tonne for each tonne of magnetite exceeding 187 million tonnes proven in a Reserve within the Tenements, or if not proven in Reserve, mined or to be mined as a Resource, up to an additional 200 million tonnes; and
- (b) \$0.50 per tonne for each tonne of direct shipping iron ore exceeding 5 million tonnes proven in a Reserve within the Tenements, or if not proven in Reserve, mined or to be mined as a Resource.

“This agreement realises value for Atlas from an asset it inherited through the takeover of Giralia Resources,” Atlas Managing Director David Flanagan said. “At the same time, the sale agreement enables Atlas to retain some upside in the project.”

Atlas announced last week that it had agreed to sell its Balla Balla magnetite project in Western Australia to Forge Resources for \$40 million plus a royalty.

Atlas team is in ongoing negotiations with potential investors or partners in respect of its Ridley magnetite project in the Pilbara.”

About Yerecoin project

The Yerecoin Project is a magnetite deposit, acquired via Atlas' takeover of Giralia Resources in March 2011. It is located 150km north east of Perth in Western Australia. The Yerecoin project and related tenements are carried at a value of \$48 million in Atlas' books. Based on current accounting advice, it not expected that any value will be attributed to the reserve milestone payments when calculating the value of sale consideration. As a result, an accounting loss will occur on the transaction, which is subject to normal conditions precedent.

For further information please contact

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