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ATLAS EXPANDS PILBARA LANDHOLDING

Atlas Iron Limited [**AGO**] announced today that it had reached agreement with Dynasty Metals Australia Limited [**DMA**] to acquire tenements totaling 190km² located 100km south of Port Hedland, Western Australia, adjoining the company's existing landholding at the Abydos Project (figure attached).

As is the case at the company's Pardoo Iron Ore Project, 75km east of Port Hedland the tenement entirely surrounds ground held by BHP Billiton. Atlas has encountered significant iron mineralisation at Pardoo. Indications from government mapping and remote sensing data suggest the ground the subject of this agreement will host strike extensions to mineralisation on the BHP Billiton ground.

Atlas has recently completed a programme of 93 RC drill holes at Pardoo as part of ongoing exploration and infill drilling for resource estimation. These results are expected to be compiled for reporting in the March quarterly report due out later this month with resources due for reporting in July this year.

Atlas' maintains a strategy to define and develop iron ore deposits in proven mineralized terrain within comfortable trucking distance to Port Hedland. The Abydos tenement is highly prospective for iron enrichment and the company looks forward to progressing exploration on the tenement over the coming year.

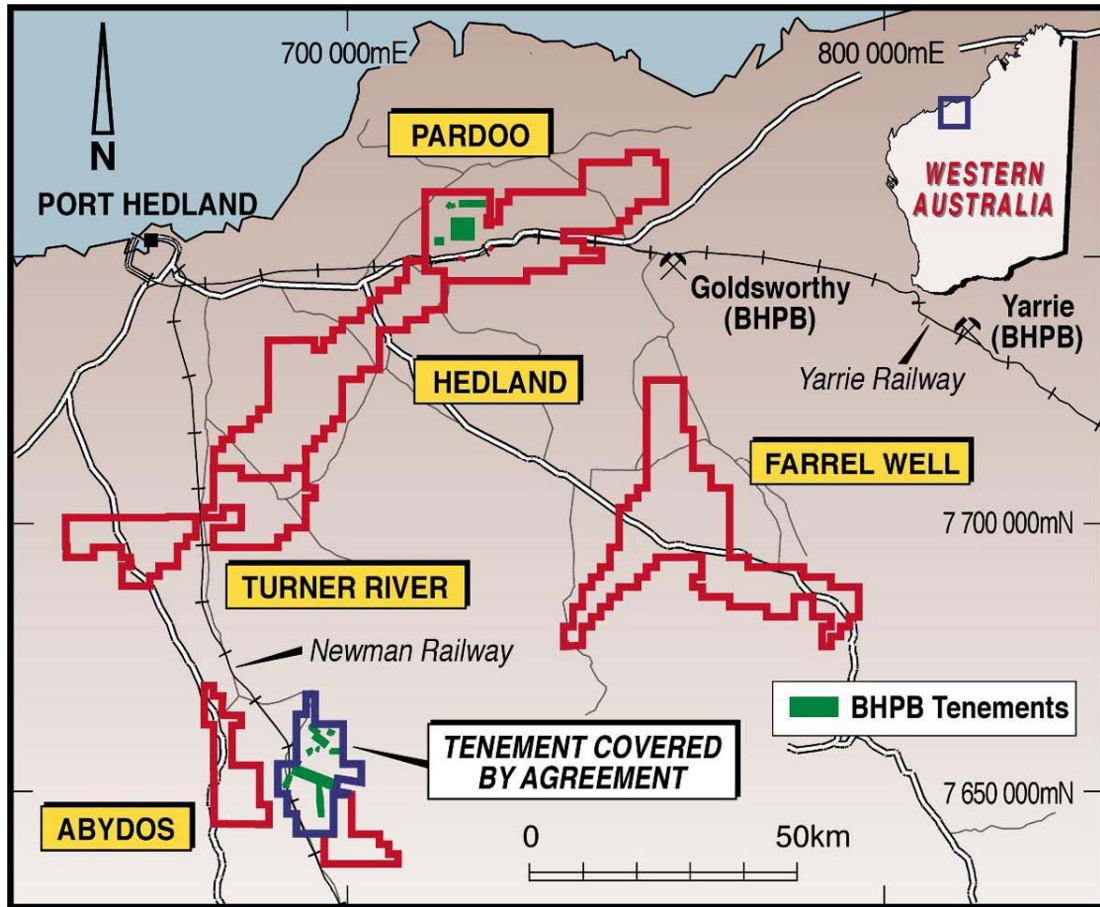
The key terms of the agreement with DMA are:

- AGO pay DMA 500,000 shares to acquire the rights to iron ore 100%.
- DMA will retain a 2% gross sales revenue royalty.
- The tenement covered by this agreement is E45/2728.

For further enquiries, please contact:

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The information in this report that relates to exploration results is based on information compiled by Mr David Flanagan who is a member of the Australian Institute of Mining and Metallurgy and is a full time employee of Atlas Iron Limited. David Flanagan 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. David Flanagan consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.