28th July, 2008

1.3 BILLION TONNE RIDLEY MAGNETITE RESOURCE

Atlas Iron Limited [**ASX Code: AGO**] is pleased to report on a significant increase and upgrade to resource estimates for its 100% owned Ridley Magnetite Project, located at the Company's Pardoo Project just 75 kilometers east of Port Hedland, in the Pilbara of Western Australia.

HIGHLIGHTS

- **52% INCREASE IN TOTAL RESOURCE TO 1.32 BILLION TONNES AT 36.8% FE**
- **468 MILLION TONNES CONVERTED TO JORC INDICATED RESOURCE CATEGORY**
- **HIGH QUALITY MAGNETITE CONCENTRATE GRADING 69% FE**
- **INCREASE IN THE RIDLEY MAGNETITE EXPLORATION TARGET**

Following the completion of a 12,000 metre PQ, NQ and HQ diamond drill program, Atlas is pleased to announce an increase and upgrade of the resource estimate for the Ridley Magnetite deposit. To date there has been a 52% increase in the resource to 1.3 billion tonnes from the previous 853 million tonnes. Further to the increase in resource tonnes, 34% (468M tonnes) of the deposit has been upgraded to the JORC Indicated Resource category.

Detail of the resource estimate can be found in the following tables.

Ridley Magnetite In-Situ Resource - July 2008								
Resource Classification	**Mt**	**Fe (%)**	**SiO_2 (%)**	**Al_2O_3 (%)**	**P (%)**	**S (%)**	**LOI (%)**	**Density (g/m^3)**
Indicated	468	36.9	40.6	0.07	0.09	0.04	3.6	3.5
Inferred	850	36.8	41.0	0.09	0.08	0.05	3.8	3.5
All Resources	**1,318**	**36.8**	**40.9**	**0.08**	**0.08**	**0.05**	**3.7**	**3.5**

Ridley Magnetite Resource, Davis Tube Concentrate Grades - July 2008								
Resource Classification	**Mt**	**Concentrate Mass Recovery (%)**	**Fe (%)**	**SiO_2 (%)**	**Al_2O_3 (%)**	**P (%)**	**S (%)**	**LOI (%)**
Indicated	468	34.4	68.9	3.8	0.02	0.01	0.01	-2.5
Inferred	850	34.6	69.0	3.8	0.02	0.01	0.01	-2.6
All Resources	**1,318**	**34.5**	**69.0**	**3.8**	**0.02**	**0.01**	**0.01**	**-2.6**

This increase and upgrade of the resource estimate is an interim resource estimate, as approximately 40% of the Pre Feasibility Study (PFS) drill program assays are pending (please see Figure 1) due to laboratory delays. As a result, pending progress of the remaining samples through the lab a revised resource estimate, inclusive of the remaining PFS drill data is expected within the next 2 months. In addition, the Company has upgraded its exploration target for the Ridley Magnetite mineralisation to a range of 1.8 – 2.2

billion tonnes and grade in the range of 36%-37%Fe arising out of increased potential along strike and at depth, along with excellent mineralisation continuity within each stratigraphic unit.

"This is clearly a very big deposit, we own it 100% and we look forward to commencing the partner selection process post completion of the Pre-feasibility study in October this year" Commented David Flanagan, Atlas' Managing Director.

Further details of the resource estimate can be found in Attachment 1.

Change in Scope of Pre Feasibility Study
In light of this significant increase in the resource, and increase in the exploration target, Atlas has increased the scope of the current PFS from 10Mtpa concentrate production over a potential 25 year mine life to 15Mtpa concentrate production of a potential 30 year mine life.

Background
Atlas is currently working to deliver the Ridley Magnetite Pre Feasibility Study in October 2008. In addition, the company is on track to commence mining in October 2008 at its Pardoo Direct Ship Ore (DSO) Project (subject to the progress of the required environmental approvals) and to commence DSO exports from Port Hedland in December 2008. Together with additional DSO export tonnages from Abydos, the company is targeting exports of 6 million DSO tonnes per annum by 2010 and 12 million DSO tonnes per annum by 2012 through Port Hedland.

For further information please contact

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Ridley Magnetite – Statement on Exploration Target
Atlas has reported a magnetite resource of 1.32 billion tonnes at 36.8% Fe at its 100% owned Pardoo Project. While the company progresses the pre feasibility study assessing the projects economics, and remains optimistic it will report additional resources in the future, any discussion in relation to targets, resources, reserves or 'ore' over and above the resource of 1.32 billion tonnes at 36.8% Fe is only conceptual in nature. There has been insufficient exploration to define a Mineral Resource over and above the resource of 1.32 billion tonnes at 36.8% Fe, and it is uncertain if further exploration will result in the determination of a Mineral Resource over and above the resource of 1.32 billion tonnes at 36.8% Fe, nor the development of a reserve.

COMPETENT PERSONS STATEMENTS

Resource Estimation Ridley Deposit
The information in this report that relates to 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 the report of the matters based on their information in the form and context in which it appears.

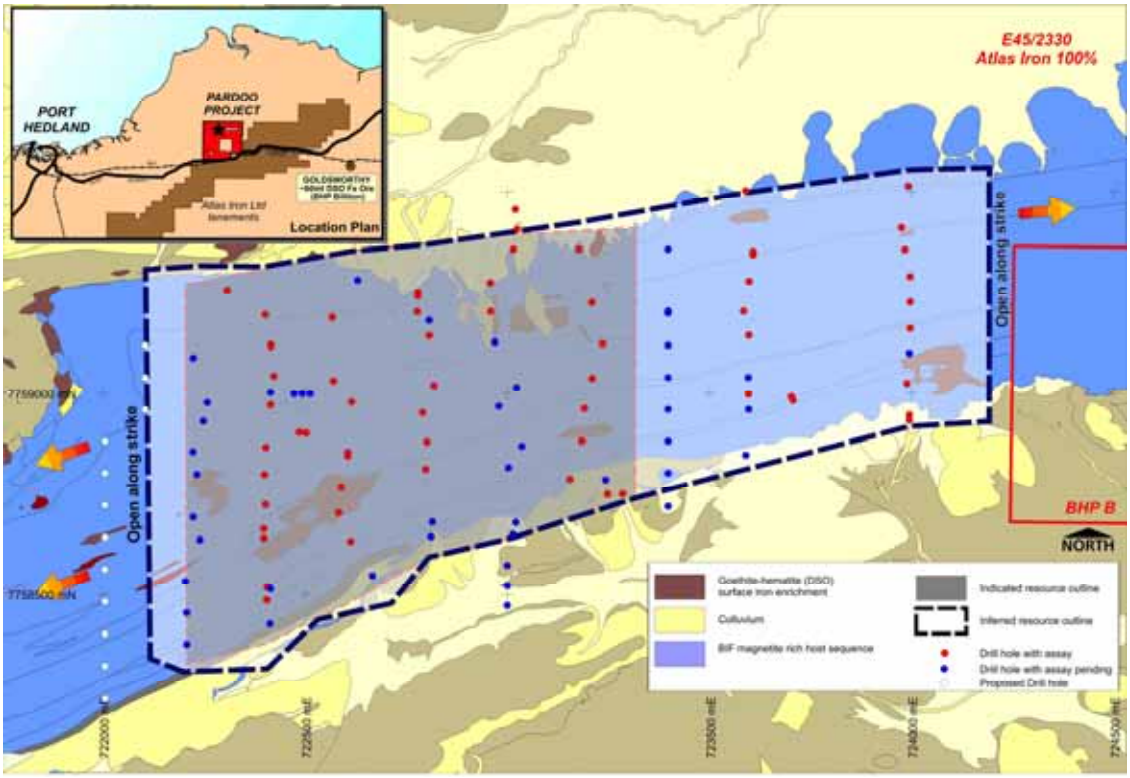

Figure 1: – Ridley Magnetite Resource Location Plan

ATTACHMENT 1, CSA RIDLEY MAGNETITE RESOURCE REPORT

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Resource Estimate – Ridley Magnetite Deposit

The Ridley magnetite resource, 57 km east of Port Hedland, Western Australia has been estimated by CSA Global Pty Ltd (CSA) on behalf of Atlas Iron Limited.

Ridley Magnetite Mineral Resource Estimate – Insitu grades

Resource Category	Tonnes	FE %	SIO2 %	P %	AL2O3 %	S %	LOI %	Density
Indicated	468,000,000	36.9	40.6	0.091	0.077	0.042	3.6	3.5
Inferred	850,000,000	36.8	41.0	0.090	0.081	0.051	3.8	3.5
Total	1,318,000,000	36.8	40.9	0.090	0.080	0.048	3.7	3.5

Ridley Magnetite – Davis Tube recovered concentrate grades at 38 micron grind

Resource Category	Tonnes	Mass Recovery %	FE %	SIO2 %	P %	AL2O3 %	S %	LOI %
Indicated	468,000,000	34.4	68.9	3.8	0.013	0.024	0.009	-2.5
Inferred	850, 000,000	34.6	69.0	3.8	0.013	0.023	0.010	-2.6
Total	1,318,000,000	34.5	69.0	3.8	0.013	0.023	0.009	-2.5

Davis Tube Recovery (DTR) assays, whole-rock and concentrate grade sample analyses were modelled.

A resource cut-off of DTR>15% was used, and the resource modelled for five stratigraphic units between the coordinates 722100 mE and 724200 mE. The units modelled were:

1. Mixed BIF Unit (MBF)
2. Central Jaspilite Unit 2 (CJP2)
3. Central Jaspilite Unit 1 (CJP1)
4. Thickly Bedded Jaspilite unit (TBJ)
5. Jaspilite BIF Breccia Unit (JBB)

The oxide boundary was modelled based on the ratio of iron recovered in the concentrate compared to total in-situ iron exceeding 17%. This ratio was confirmed from geological logging of transition and fresh rock boundaries. Material above the oxide boundary has been excluded from the resource.

The resource has been drilled on section spacing of 200 m and 400 m. Drillhole spacing on sections ranges from 60 to 100m, averaging around 75m. Two sections that have been drilled are still awaiting assay information. The drill logs have been used in the interpretation and to confirm geological continuity of the resource.

Indicated resources are drilled on 200m section spacing, with vertical boundaries at the oxidation surface and at the base of drillholes on section; along strike 200m west to drilling, and 100m east from the end of the 200m section spacing.

Inferred resources are the areas drilled on 400m section spacing, projected 200m along strike and 80m down dip from the base of drilling.

The mineralisation has high spatial continuity between the stratigraphic boundaries. DTR and major elements have variogram ranges of about 550m along strike, 350m down dip and 140m across strike. Variogram ranges for concentrate grades are shorter, with SiO2 concentrate ranges of 300m, 150m and 140m respectively.

Density for each mineralised stratigraphic unit and for the waste units were estimated from 13,081 physical measurements of core density.

The resource contains asbestiform minerals, particularly in the CJP1, which will be evaluated in future work.

The resource was modelled in Datamine using a 3D geological interpretation from drillhole section interpretations by CSA and surface mapping supplied by Atlas. The grades were interpolated using kriging, and validated by comparing composite grades and model grades in sliced steps in plan and easting.

This estimate is classified under the Australasian Code for the Reporting of Mineral Resources and Ore Reserves (JORC Code, 2004 Edition). The estimate was completed under the overall supervision and direction of Mr Malcolm Titley, MAusIMM (CP), MAIG, who is a Competent Person as defined by the Code.

A resource modelling report will be prepared as soon as possible. For enquiries and feedback in regard to this preliminary resource estimate, please contact Chris Allen.

Yours sincerely

Malcolm Titley

Director