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ATLAS ENTERS INTO OPTION TO ACQUIRE IRON ORE RIGHTS ON YANDEEARRA TENEMENTS IN THE PILBARA FROM CHALICE

Atlas Iron Limited (ASX: AGO) is pleased to announce that it has entered into an option to acquire the iron ore rights to the Yandearra Project from Chalice Gold Mines Limited (Chalice) (See attached Tenement Location Plan).

Summary of the Agreement

1. Payment of \$250,000 to Chalice in cash or Atlas shares valued at the Atlas VWAP for the 5 days prior to date of acceptance of this offer (at the election of Chalice) upon execution of a formal agreement. Chalice and Atlas have agreed to work to complete a formal agreement within 60 days.
2. Payment of \$1,000,000 in cash or Atlas shares valued at the Atlas VWAP for the 5 days prior to the exercise of its option (at the election of Chalice) upon Atlas exercising its option to purchase Fe rights, which will occur no later than 12 months after the date of the formal agreement.
3. Clawback - On the definition of an iron ore resource exceeding 5 Mt, Chalice will have a one off right to clawback 30% for four times total exploration expenditure across the tenement group.
4. In the absence of exercising its one off right to clawback, Chalice retains a 2% Gross Sales Royalty (GSR) royalty. Atlas retains a first right of refusal to acquire this royalty.
5. Atlas has agreed to spend a minimum \$200,000 on exploration on the Chalice tenements during the option period.

Typical of such arrangements, the Agreement includes conditions regarding the continued good standing of the subject tenements.

“This is a great opportunity for Atlas to apply its iron ore exploration expertise on a larger prospective landholding less than 120km from Port Hedland in the Pilbara of WA.” Atlas Managing Director, David Flanagan commented “We like the geology and we think we have a very good chance of finding something” he added

For Further information please contact

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Tenement Location Plan

