

ASX and Media Release
8 September 2009

WARWICK AND ATLAS IRON ANNOUNCE MERGER TO CONSOLIDATE PILBARA IRON PROJECTS

KEY POINTS

- Warwick and Atlas Iron (ASX:AGO) have today announced their intention to merge by way of two Schemes of Arrangement (Schemes) under which Atlas will acquire all of the issued capital in Warwick
- Share Scheme consideration will comprise one Atlas share for every three Warwick shares (implied value of \$0.55 per Warwick share based on Atlas share price of \$1.65)
- Share Scheme consideration represents a 48% premium based on the price of Warwick shares over the past 30 days
- Option Scheme consideration shall be payable in Atlas shares based on a ratio determined by the exercise price and expiry date of the respective options
- The merged entity will have 154 million tonnes of DSO resources¹, plus exploration targets of 165 to 338 million tonnes at 56% to 60% Fe² and a Pilbara landholding of more than 15,000km²
- Warwick's shareholders will participate in Atlas' cashflow, project pipeline, infrastructure access and production profile
- Proposed merger has the full support of the Boards of both companies and in the absence of a superior proposal, Warwick's Board recommends Warwick shareholders and optionholders vote in favour of the merger

¹ See Annexure A for table of merged company's mineral resources and exploration targets

² Other than mineral resources set out in Annexure A, Warwick and Atlas have not yet reported Mineral Resources on certain of their projects and any discussion in relation to targets and Mineral Resources is conceptual in nature. There has been insufficient exploration to define a Mineral Resource and it is uncertain if further exploration will result in the determination of a Mineral Resource. Details of exploration targets is disclosed in Annexure A.

Pilbara explorer, Warwick Resources Limited (ASX:WRK), is pleased to announce that Warwick and Atlas Iron Limited (ASX:AGO) have entered into a Merger Implementation Agreement pursuant to which they have agreed to merge by way of Schemes of Arrangement.

The proposed merger will create a new large-scale independent iron ore producer in the Pilbara, with an expanding production profile, a significant resource base and a large landholding with major resource growth potential.

The merger will be implemented via a share scheme (**Share Scheme**) in respect of all of the fully paid ordinary shares in the capital of Warwick (**Warwick Shares**) and an option scheme (**Option Scheme**) in respect of all options to acquire Warwick Shares (**Warwick Options**). Each of the Schemes is subject to a number of conditions precedents (a summary of which is set out in Annexure B).

Under the Share Scheme, **Warwick shareholders will receive one Atlas share for every three Warwick Shares held**. The Share Scheme consideration represents a 48% premium based on the price of Warwick shares over the past 30 days. Under the Option Scheme, all options will be cancelled in exchange for the issue of Atlas shares based on a valuation of the various options in accordance with the Black & Scholes valuation model (see Annexure B).

The Scheme consideration payable to Warwick shareholders and optionholders implies a total value of approximately \$82 million. Based on the closing prices of Warwick and Atlas shares on Friday, 4 September 2009, the merger proposal is equivalent to an offer price of 55 cents per Warwick share, representing a:

- **29%** premium to the closing price of Warwick shares on 4 September 2009 of 42.5 cps;
- **48%** premium to the 30 day volume weighted average price (VWAP) of Warwick shares of 39.6cps; and
- **112%** premium to the 90 day VWAP of Warwick's shares of 25.8cps.

Atlas is Warwick's largest shareholder (22.25%) and is mining and exporting iron ore from its 100% owned Pardoo Iron Ore Project, located 75 kilometres by road from Port Hedland. Atlas is planning to export one million tonnes during its first 12 months from Pardoo and together with Wodgina and Abydos the company is targeting exports at an annualised rate of 6 Mtpa in 2010, growing to 12 Mtpa with production from Mt Webber by 2012.

Warwick has recently considered a number of alternatives in relation to the development of its portfolio of DSO projects near Newman. The Board believes the proposed merger with Atlas provides Warwick shareholders with an outstanding opportunity to benefit from the development of the combined iron ore projects and become part of a larger, more diverse and financially sound company focused on iron ore development in the world-class Pilbara region of Western Australia.

The Directors of Warwick (excluding the Atlas nominee) have carefully considered the merger proposal and, in the absence of a superior proposal and subject to an Independent Expert's Report concluding that the Share Scheme and Option Scheme is in the best interests of Warwick shareholders and optionholders respectively, intend to unanimously recommend that Warwick shareholders and optionholders support the Schemes. Each of the Warwick Directors intend to vote in favour of the proposed merger in relation to the Warwick Shares and options held or controlled by them, in the absence of a superior proposal.

Commenting on the transaction Warwick Chairman, Will Burbury, said:

"Atlas has made a very attractive offer to Warwick shareholders which not only provides an immediate uplift in the value of Warwick shares but provides the opportunity to participate in the continued development of our projects, as well as exposure to existing production with a rapidly growing production profile and mining and marketing expertise."

Atlas Managing Director, David Flanagan, said:

"This transaction with Warwick brings with it a very large South East Pilbara iron ore tenement portfolio with exceptional resource potential. Developed in a project pipeline with our current north Pilbara Projects, we expect to be able to gain real operating synergies from this suite of projects. The team at Warwick has done a fantastic job at securing this extensive landholding and building the resources and exploration targets at these projects. The next stage for Atlas will be to rapidly grow the resource inventory and bring them into production."

The Merged Entity

The proposed transaction has the potential to create a large-scale independent iron ore producer in the Pilbara of Western Australia. The merged entity will benefit from the economies of scale that flow from a large-tonnage project. Atlas will bring not only project execution experience and access to port capacity, but it also has existing relationships with providers of third party infrastructure access, iron ore customers, a number of potential development partners, international engineering firms and regional communities throughout the Pilbara.

Development of the combined deposits is planned to coincide with the completion of the new Port Hedland berths being built under the auspices of the North West Iron ore Alliance. This port is due to be completed in late 2013. Achieving this target production rate will also be conditional on project related feasibility studies, environmental permitting, infrastructure access agreements and completing construction over the next four years.

The Atlas Board will remain unchanged.

Timetable

Security holders will be asked to approve the Schemes at meetings which are expected to be held in November 2009. Full particulars of the Schemes, merger proposal and recommendations will be provided to security holders through a Scheme Booklet which will include an Independent Expert's Report considering whether or not the proposed Share and Option Schemes are in the best interests of Warwick's shareholders and optionholders respectively. It is expected that the Scheme Booklet will be dispatched to security holders in October 2009. Shareholders and optionholders are not required to take any action at this stage in relation to the Schemes of Arrangement.

For further information please contact

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Annexure A

Table 1: Combined resource summary table.

Combined Atlas – Warwick DSO Resource Table - August 2009									
Project Area	Resource Classification	Kt	Fe (%)	SiO ₂ (%)	Al ₂ O ₃ (%)	P (%)	S (%)	LOI (%)	CaFe (%)
Pardoo	Measured	2,150	56.6	6.7	2.5	0.17	0.02	9.1	62.3
	Indicated	14,708	56.5	8.3	1.7	0.11	0.03	8.0	61.5
	Inferred	11,222	55.5	8.7	2.2	0.08	0.04	8.3	60.5
Abydos	Measured								
	Indicated	10,080	57.8	5.7	1.7	0.05	0.01	9.5	63.9
	Inferred	12,240	56.6	6.8	2.2	0.06	0.02	9.4	62.5
Wodgina	Measured								
	Indicated	12,050	57.5	6	1.8	0.09	0.03	9.1	63.3
	Inferred	30,020	55.8	7.3	2.4	0.06	0.07	9.1	61.4
Mt Webber	Measured								
	Indicated								
	Inferred	32,620	57.3	6.3	2.2	0.08	0.02	8.8	62.8
Turner River	Measured								
	Indicated								
	Inferred	2,470	58.5	6.1	1.8	0.11	0.03	7.9	63.5
Jimblebar Range	Measured								
	Indicated								
	Inferred	12,600	57.5	7.0	2.0	0.06	0.04	7.9	62.4
Caramulla South	Measured								
	Indicated								
	Inferred	13,800	53.9	8.6	5.4	0.04	0.03	8.1	58.7
Total	Measured	2,150	56.6	6.7	2.5	0.17	0.02	9.1	62.3
	Indicated	36,838	57.2	6.8	1.7	0.09	0.02	8.8	62.7
	Inferred	114,972	56.3	7.2	2.6	0.07	0.04	8.7	61.7
Grand Total		153,960	56.5	7.1	2.4	0.07	0.03	8.7	61.9

Note:

Pardoo and Wodgina resources quoted at >53% cut off grade

Abydos, Turner River, Jimblebar, Caramulla South resources and Connie Deposit quoted at >50% cut off grade

CaFe% is calcined Fe calculated by Atlas using the following formula $(Fe\% / (100 - LOI\%)) * 100$

Table 2: Warwick's Exploration Targets

Project	Ownership	Exploration Target
Woggaginna	100% Warwick	50-100Mt @ 57-60%
Jigalong	100% Warwick Fe rights	50-100Mt @ 57-59%
Western Creek	100% Warwick	13-21Mt @ 56-59%
Total		113-221Mt

Notes:

1. Atlas states that it has an exploration target of 52 to 117 million tonnes grading 56 to 60% Fe (see Atlas Presentation lodged with ASX on 15 June 2009)
2. Warwick has not yet reported Mineral Resources at Woggaginna, Western Creek or Jigalong and any discussion in relation to targets and Mineral Resources is conceptual in nature. There has been insufficient exploration to define a Mineral Resource and it is uncertain if further exploration will result in the determination of a Mineral Resource.

Competent Person Statements

Warwick Resources Limited

The information in this report to which this statement is attached that relates to Warwick's Exploration Results, Mineral Resources or Ore Reserves is based on information compiled by Mr Bruce McQuitty, who is a Member of the Australasian Institute of Geoscientists. Mr McQuitty is a full-time employee of the Company and has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity they are undertaking 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'. Mr McQuitty consents to the inclusion in this report of the matters based on his information in the form and context in which it appears.

Geological Data, Interpretation and Resource Estimation – Jimblebar Range and Caramulla South

The information in this report that relates to mineral resource results is based on information compiled by Mr Bruce McQuitty and Mr Chris De-Vitry. Mr McQuitty and Mr De-Vitry are both members of the Australasian Institute of Geoscientists. Mr McQuitty is a full time employee of Warwick Resources Ltd and Mr De-Vitry is a full-time employee of Quantitative Group. Mr McQuitty and Mr De-Vitry have 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'. Mr McQuitty and Mr De-Vitry consent to the inclusion in the report of the matters based on their information in the form and context in which it appears.

Atlas Iron Limited

Geological Data, Interpretation and Resource Estimation – Alice, Clare, Hubert, Glenda, and Connie Resources

The information in this report that relates to mineral resource results is based on information compiled by Mr Tony Cormack & Mr Richard Gaze who are members of the Australasian Institute of Mining and Metallurgy. Tony Cormack is a full time employee of Atlas Iron Limited and Richard Gaze is a full time employee of Golder Associates Pty Ltd. Tony Cormack & Richard Gaze have 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'. Tony Cormack and Richard Gaze consent to the inclusion in the report of the matters based on their information in the form and context in which it appears.

Geological Data, Interpretation and Resource Estimation – Bobby, Floyd, Emma, Olivia, Avalon Point, Mettams, Mullaloo, and Trigg Resources

The information in this report that relates to mineral resource results is based on information compiled by Mr Tony Cormack & Mr David Williams who are members of the Australasian Institute of Mining and Metallurgy. Tony Cormack are full time employees of Atlas Iron Limited and David Williams is a full time employee of CSA Global Pty Ltd. Tony Cormack & David Williams have 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'. Tony Cormack and David Williams consent to the inclusion in the report of the matters based on their information in the form and context in which it appears.

Geological Data, Interpretation and Resource Estimation – South Limb and Dean Resources

The information in this report that relates to mineral resource results is based on information compiled by Mr Tony Cormack & Mr Malcolm Titley who are members of the Australasian Institute of Mining and Metallurgy. Tony Cormack is a full time employee of Atlas Iron Limited and Malcolm Titley is a full time employee of CSA Global Pty Ltd. Tony Cormack & Malcolm Titley have 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'. Tony Cormack and Malcolm Titley consent to the inclusion in the report of the matters based on their information in the form and context in which it appears.

Geological Data, Interpretation and Resource Estimation – Anson, Dragon, Constellation, Avro, Navajo and Electra Resources

The information in this report that relates to mineral resource results is based on information compiled by Mr Tony Cormack who is a member of the Australasian Institute of Mining and Metallurgy. Tony Cormack is a full time employee of Atlas Iron Limited. Tony Cormack has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which he has 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'. Tony Cormack consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.

Geological Data, Interpretation and Resource Estimation – Mt Dove

The information in this report that relates to mineral resource results is based on information compiled by Mr Tony Cormack who is a member of the Australasian Institute of Mining and Metallurgy. Tony Cormack is a full time employee of Atlas Iron Limited. Tony Cormack has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which he has 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'. Tony Cormack consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.

Geological Data, Interpretation and Resource Estimation – Mt Webber Resources

The information in this report that relates to mineral resource results is based on information compiled by Mr Shane Tomlinson & Mr Chris Allen who are members of the Australasian Institute of Mining and Metallurgy. Shane Tomlinson is a full time employee of Atlas Iron Limited and Chris Allen is a full time employee of CSA Global Pty Ltd. Shane Tomlinson & Chris Allen have 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'. Shane Tomlinson and Chris Allen consent to the inclusion in the report of the matters based on their information in the form and context in which it appears.

Geological Data, Interpretation and Resource Estimation – Alice Extension

The information in this report that relates to mineral resource results is based on information compiled by Mr Simon Gobbett who is a member of the Australasian Institute of Mining and Metallurgy. Simon Gobbett is a full time employee of Atlas Iron Limited. Simon Gobbett has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which he has 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'. Simon Gobbett consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.

Annexure B

Summary of Key Terms of Scheme Implementation Agreement

Proposed Consideration

Under the Schemes, Atlas will acquire all of the issued ordinary shares and Warwick shareholders to receive one Atlas share for every 3 shares held at the record date.

Under the Option Scheme, all options held by Warwick Optionholders will be cancelled in exchange for the issue of Atlas shares (based on a valuation of the various options in accordance with the Black & Scholes valuation model) as follows:

Tranche	Expiry Date	Exercise Price	Balance	Option Scheme Consideration
1	30 June 2010	\$0.25	605,000	1 Atlas share for every 4.86 Warwick options
2	30 June 2010	\$0.45	4,917,989	1 Atlas share for every 7.02 Warwick options
3	30 June 2010	\$0.20	26,630,795	1 Atlas share for every 4.41 Warwick options
4	30 June 2011	\$0.35	500,000	1 Atlas share for every 4.79 Warwick options
5	30 June 2011	\$0.56	4,500,000	1 Atlas share for every 5.84 Warwick options
Total			37,153,784	

Key Conditions

Implementation of the Share Scheme is subject to a number of conditions precedent, including:

- the Warwick Board unanimously recommending the Share Scheme and not changing or withdrawing this recommendation in the absence of a superior proposal;
- no member of the Warwick Board disposing of any interest in Warwick Shares or Warwick Options or exercises any Warwick Options;
- Warwick Shareholders approving the Share Scheme;
- Court approval of the Share Scheme;
- the Independent Expert concluding that the Share Scheme is in the best interests of Warwick Shareholders;
- approvals (if any) from applicable regulatory bodies being granted;
- no prescribed occurrences (such as insolvency, etc) occurring in relation to Warwick or Atlas;
- no material adverse effect occurring in respect of Warwick and Atlas; and
- the Share Scheme becoming effective before 1 March 2010 (unless extended in accordance with the terms of the Merger Implementation Agreement).

Implementation of the Option Scheme is also subject to a number of conditions precedent, including:

- the Warwick Board unanimously recommending the Option Scheme and not changing or withdrawing this recommendation in the absence of a superior proposal;
- no member of the Warwick Board disposing of any interest in or exercises any Warwick Options;
- Warwick Optionholders approving the Option Scheme;
- Court approval of the Option Scheme;
- the Independent Expert concluding that the Option Scheme is in the best interests of Warwick Optionholders;

- ASX granting a waiver of ASX Listing Rule 6.23 to cancel the Warwick Options; and
- the Share Scheme becoming effective.

Exclusivity

Warwick has agreed not to solicit or invite a proposal or competing transaction, enter into discussions regarding a proposal or competing transaction with a third party or provide any information to a third party regarding a competing proposal. These restrictions do not apply to the extent that they restrict Warwick from taking or refusing to take any action with respect to a bona fide proposal in relation to a competing proposal in circumstances would result in Warwick's directors breaching their fiduciary or statutory duties.

Right to Match Third Party Proposal

If Warwick receives a bona fide superior proposal from a third party, Warwick must notify Atlas and not take any action regarding the competing proposal until Atlas has had one business day following notification to make a counterproposal. Warwick must then review any counterproposal from Atlas and determine whether it is more favourable than the competing proposal. If the Warwick Board determines that the counterproposal is more favourable, it must then take steps to implement such counterproposal.

Payment of compensation

Warwick must pay Atlas \$700,000 as compensation for costs and expenses incurred by Atlas in relation to the Schemes and the performance of its obligations under the Merger Implementation Agreement in the event that:

- a Warwick prescribed event or material transaction occurs;
- Warwick's board fails to unanimously recommend either of the Schemes, withdraws their support for or recommendation of the Schemes (other than because of an Atlas material adverse effect);
- a member of Warwick's Board disposes of any interest in their Warwick shares or options, or exercises a Warwick option;
- Atlas terminates the Merger Implementation Agreement because Warwick does not remedy a material breach; or
- the Schemes have not become effective before 1 March 2010 (or as otherwise extended in accordance with the terms of the Merger Implementation Agreement because of a material breach by Warwick of its obligations.

Atlas must pay Warwick \$500,000 as compensation for costs and expenses incurred by Warwick in relation to the Schemes and the performance of its obligations under the Merger Implementation Agreement if Atlas conducts a material transaction and, as a result of such transaction, the Independent Expert concludes that the Share Scheme is not in the best interests of Warwick shareholders and optionholders.

Termination

Either party may terminate the Merger Implementation Agreement if a condition cannot be satisfied or is not satisfied before the relevant date, the Schemes have not become effective by 1 March 2010 (unless otherwise extended in accordance with the terms of the Merger Implementation Agreement) or if a party does not remedy a material breach of the Merger Implementation Agreement after receiving notice from the other party to do so.