

# Appendix 3B

## New issue announcement, application for quotation of additional securities and agreement

Information or documents not available now must be given to ASX as soon as available. Information and documents given to ASX become ASX's property and may be made public.

Introduced 01/07/96 Origin: Appendix 5 Amended 01/07/98, 01/09/99, 01/07/00, 30/09/01, 11/03/02, 01/01/03, 24/10/05, 01/08/12

Name of entity

Atlas Iron Limited (Atlas)

ABN

63 110 396 168

We (the entity) give ASX the following information.

### Part 1 - All issues

You must complete the relevant sections (attach sheets if there is not enough space).

- |   |  |  |
|---|--|--|
| 1 | +Class of +securities issued or to be issued   | Fully paid ordinary shares and Options exercisable at 7.5 cents (AUD) on or before 31 July 2017 (New Options)  |
| 2 | Number of +securities issued or to be issued (if known) or maximum number which may be issued  | 6,229,503,087 fully paid ordinary shares.<br>4,513,986,260 Options exercisable at 7.5 cents (AUD) on or before 31 July 2017 (New Options)<br>Approved by shareholders on 27 April 2016 and issued pursuant to a Creditors' Scheme approved by the Federal Court on 28 April 2016   |
| 3 | Principal terms of the +securities (eg, if options, exercise price and expiry date; if partly paid +securities, the amount outstanding and due dates for payment; if +convertible securities, the conversion price and dates for conversion) | The fully paid ordinary shares rank equally with the existing fully paid ordinary shares currently on issue.<br>The New Options are exercisable at 7.5 cents (AUD) on or before 31 July 2017. Exercise of the Options is subject to the terms and conditions set out in the Notice of Meeting dated 21 March 2016 released on ASX on 24 March 2016 and approved by shareholders on 27 April 2016(See Annexure 2 for New Options Terms and Conditions). |

+ See chapter 19 for defined terms.

4	Do the +securities rank equally in all respects from the date of allotment with an existing +class of quoted +securities?	The fully paid ordinary shares rank equally with the existing fully paid ordinary shares currently on issue.	
	If the additional securities do not rank equally, please state:	The New Options are a new class of options. Shares issued on exercise of the New Options shall rank equally in all respects with the existing fully paid ordinary shares on issue (See Annexure 2 for New Options Terms and Conditions).	
	<ul style="list-style-type: none"> <li>• the date from which they do</li> <li>• the extent to which they participate for the next dividend, (in the case of a trust, distribution) or interest payment</li> <li>• the extent to which they do not rank equally, other than in relation to the next dividend, distribution or interest payment</li> </ul>		
5	Issue price or consideration	Deemed issue price of 2.5919897 cents (Australian) per share based on the conversion of USD\$121,101,060.42 in Term Loan B debt which equals AUD\$161,468,080.56 (Per Reserve Bank of Australia published exchange rate at cob 5 May 2016 of USD\$0.75=AUD\$1.00)	
6	Purpose of the issue (If issued as consideration for the acquisition of assets, clearly identify those assets)	Conversion of Term Loan B debt to equity as approved by shareholders on 27 April 2016 and issued pursuant to a Creditors' Scheme approved by the Federal Court on 28 April 2016.	
6a	Is the entity an +eligible entity that has obtained security holder approval under rule 7.1A?	Approved by shareholders on 27 April 2016 pursuant to ASX Listing Rule 7.1	
	If Yes, complete sections 6b – 6h in relation to the +securities the subject of this Appendix 3B, and comply with section 6i 6b to 6i	Not applicable	
7	Dates of entering +securities into uncertificated holdings or despatch of certificates	6 May 2016.	
8	Number and +class of all +securities quoted on ASX (including the securities in section 2 if applicable)	Number	+Class
		8,899,290,139	Fully paid ordinary shares.
		1,744,762,043	Options (AGOO)
		4,513,986,260	Options exercisable at 7.5 cents (AUD) on or before 31 July 2017 (New Options)

	Number	+Class
9	Number and +class of all +securities not quoted on ASX (including the securities in section 2 if applicable)	
10	Dividend policy (in the case of a trust, distribution policy) on the increased capital (interests)	

See Annexure 1.

N/A

## Part 2 - Bonus issue or pro rata issue

Not applicable

## Part 3 - Quotation of securities

*You need only complete this section if you are applying for quotation of securities*

34 Type of +securities  
(tick one)

(a)  +Securities described in Part 1

(b)  All other +securities

Example: restricted securities at the end of the escrowed period, partly paid securities that become fully paid, employee incentive share securities when restriction ends, securities issued on expiry or conversion of convertible securities

### Entities that have ticked box 34(a)

### Additional securities forming a new class of securities

*Tick to indicate you are providing the information or documents*

35  If the +securities are +equity securities, the names of the 20 largest holders of the additional +securities, and the number and percentage of additional +securities held by those holders (see attached **Annexure 3 for Shares and New Options**)

36  If the +securities are +equity securities, a distribution schedule of the additional +securities setting out the number of holders in the categories

1 - 1,000  
1,001 - 5,000  
5,001 - 10,000  
10,001 - 100,000  
100,001 and over

(see attached - **Annexure 3 for Shares and New Options**)

37  A copy of any trust deed for the additional +securities **Not applicable**

+ See chapter 19 for defined terms.

## Entities that have ticked box 34(b)

38	Number of +securities for which +quotation is sought	6,229,503,087 fully paid ordinary shares.  4,513,986,260 Options exercisable at 7.5 cents (AUD) on or before 31 July 2017 (New Options)								
39	+Class of +securities for which quotation is sought	fully paid ordinary shares; and  Options exercisable at 7.5 cents (AUD) on or before 31 July 2017 (New Options)								
40	Do the +securities rank equally in all respects from the +issue date with an existing +class of quoted +securities?	The fully paid ordinary shares rank equally with the existing fully paid ordinary shares currently on issue.								
	If the additional +securities do not rank equally, please state: <ul style="list-style-type: none"> <li>• the date from which they do</li> <li>• the extent to which they participate for the next dividend, (in the case of a trust, distribution) or interest payment</li> <li>• the extent to which they do not rank equally, other than in relation to the next dividend, distribution or interest payment</li> </ul>	The New Options are a new class of options. Shares issued on exercise of the New Options shall rank equally in all respects with the existing fully paid ordinary shares on issue (See Annexure 2 for New Options Terms and Conditions).								
41	Reason for request for quotation now	Issue of securities (fully paid ordinary shares and New Options) both eligible for quotation								
	Example: In the case of restricted securities, end of restriction period									
	(if issued upon conversion of another +security, clearly identify that other +security)									
42	Number and +class of all +securities quoted on ASX (including the +securities in clause 38)	<table border="1"> <thead> <tr> <th data-bbox="710 1675 1015 1720">Number</th> <th data-bbox="1015 1675 1302 1720">+Class</th> </tr> </thead> <tbody> <tr> <td data-bbox="710 1720 1015 1787">8,899,290,139</td> <td data-bbox="1015 1720 1302 1787">Fully paid ordinary shares.</td> </tr> <tr> <td data-bbox="710 1787 1015 1854">1,744,762,043</td> <td data-bbox="1015 1787 1302 1854">Options (AGOO)</td> </tr> <tr> <td data-bbox="710 1854 1015 2036">4,513,986,260</td> <td data-bbox="1015 1854 1302 2036">Options exercisable at 7.5 cents (AUD) on or before 31 July 2017 (New Options)</td> </tr> </tbody> </table>	Number	+Class	8,899,290,139	Fully paid ordinary shares.	1,744,762,043	Options (AGOO)	4,513,986,260	Options exercisable at 7.5 cents (AUD) on or before 31 July 2017 (New Options)
Number	+Class									
8,899,290,139	Fully paid ordinary shares.									
1,744,762,043	Options (AGOO)									
4,513,986,260	Options exercisable at 7.5 cents (AUD) on or before 31 July 2017 (New Options)									

## Quotation agreement

1 +Quotation of our additional +securities is in ASX's absolute discretion. ASX may quote the +securities on any conditions it decides.

2 We warrant the following to ASX.

- The issue of the +securities to be quoted complies with the law and is not for an illegal purpose.
- There is no reason why those +securities should not be granted +quotation.
- An offer of the +securities for sale within 12 months after their issue will not require disclosure under section 707(3) or section 1012C(6) of the Corporations Act.

Note: An entity may need to obtain appropriate warranties from subscribers for the securities in order to be able to give this warranty

- Section 724 or section 1016E of the Corporations Act does not apply to any applications received by us in relation to any +securities to be quoted and that no-one has any right to return any +securities to be quoted under sections 737, 738 or 1016F of the Corporations Act at the time that we request that the +securities be quoted.
- If we are a trust, we warrant that no person has the right to return the +securities to be quoted under section 1019B of the Corporations Act at the time that we request that the +securities be quoted.

3 We will indemnify ASX to the fullest extent permitted by law in respect of any claim, action or expense arising from or connected with any breach of the warranties in this agreement.

4 We give ASX the information and documents required by this form. If any information or document not available now, will give it to ASX before +quotation of the +securities begins. We acknowledge that ASX is relying on the information and documents. We warrant that they are (will be) true and complete.



Sign here: .

Date: 6 May 2016  
Company Secretary

Print name: Tony Walsh

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+ See chapter 19 for defined terms.

## Annexure 1 – Unquoted securities

Number	Class
<b>LONG TERM INCENTIVES</b>	
2,193,771 5,199,712	Performance Rights under the LTIP vesting on 30 June 2016 Share Appreciation Rights under the LTIP vesting on 30 June 2016
<b>UNLISTED OPTIONS</b>	
189,803,513  Expired unexercised	Nil cash exercise unlisted ESOP options expiring 13/11/2020 - vest on 6 May 2016  \$4.20 exercise options expiring 31/12/2015 (all vested)

## Annexure 2 - New Options Terms and Conditions

*Capitalised terms not defined in these terms and conditions have the meaning provided in Schedule 1 (Definitions) to the Notice of Meeting dated 21 March 2016 and released to ASX on 24 March 2016*

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### 1. EXERCISE PRICE

Each New Option is exercisable at 7.5 Australian cents per Share ("**Exercise Price**").

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### 2. ENTITLEMENT

Each New Option entitles the holder ("**Option Holder**"), on payment of the Exercise Price and otherwise subject to the terms and conditions set out below, for one new Share (each a "**New Option Share**").

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### 3. OPTION PERIOD

The New Options will expire at 5.00pm (Perth time) on 31 July 2017 ("**Expiry Date**").

Subject to clause 7 (Method of Exercise of a New Option), New Options may be exercised at any time prior to the Expiry Date and any New Options not exercised will automatically expire on the Expiry Date. There is no obligation to exercise the New Options.

Atlas will, at least 20 business days before the Expiry Date, send notices to all Option Holders stating the name of the Option Holder, the number of New Options held, the number of New Option Shares to be issued on exercise of the New Options and reiterating the requirement that a duly executed representation letter, which is substantially in the form annexed to these terms and conditions, must accompany any "Notice of Exercise of Options" (as described more fully in clause 7 (Method of Exercise of a New Option) below).

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### 4. RANKING OF SHARES ALLOTTED ON EXERCISE OF AN OPTION

Each New Option Share issued on exercise of a New Option will, subject to Atlas' constitution, rank equally in all respects with the existing Shares then on issue.

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### 5. VOTING

The Option Holder will not be entitled to attend or vote at any meeting of the members of the Atlas.

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### 6. NEW OPTIONS ARE FREELY TRANSFERABLE AND EXPECTED TO BE TRADEABLE ON ASX

Subject to the Corporations Act, the ASX Listing Rules, Atlas' constitution and certain contractual restrictions for the purposes of the U.S Securities Act (set out in a "Transfer Deed" to be signed by each TLB Lender), the New Options are freely transferable and, subject only to ASX approving Atlas' application for quotation of the Options as contemplated by clause 8, expected to be freely tradeable on ASX.

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### 7. METHOD OF EXERCISE OF A NEW OPTION

Atlas will provide the Option Holder with a form of written notice that is to be completed and submitted to Atlas' Company Secretary at each time the Option

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+ See chapter 19 for defined terms.

Holder wishes to exercise the New Options in accordance with these terms and conditions ("**Notice of Exercise of Options**").

The Notice of Exercise of Options must state the number of New Options to be exercised, the amount of the aggregate Exercise Price to be paid by the Option Holder in respect of the applicable New Options ("**Applicable Subscription Monies**") and the number of New Option Shares to be issued on exercise of the applicable New Options. The Notice of Exercise of Options must be accompanied by payment in full of the Applicable Subscription Monies.

The Notice of Exercise of Options must also be accompanied by a duly executed representation letter, which is substantially in the form annexed to these terms and conditions and in which the Option Holder gives certain representations confirming that they are a person eligible to receive securities under the U.S. Securities Act ("**Representation Letter**"). Atlas' Company Secretary will provide the Option Holder with a Representation Letter that is to be signed and submitted to Atlas' Company Secretary at each time the Option Holder wishes to exercise the New Options in accordance with these terms and conditions.

The exercise of some New Options does not affect the Option Holder's right to exercise other New Options at a later time.

As soon as practicable after the date on which the Option Holder submits a valid Notice of Exercise of Options and duly executed Representation Letter, and pays the Applicable Subscription Monies, Atlas must issue to the Option Holder the equivalent number of New Option Shares to which the Option Holder is entitled on exercise of the applicable New Options ("**Applicable New Option Shares**").

To avoid any doubt, if the confirmations required by the Representation Letter cannot be or are not given by the Option Holder to Atlas, that Option Holder will not be eligible to subscribe for Applicable New Option Shares and Atlas will not be required to issue to the Option Holder the Applicable New Option Shares to which the Option Holder would otherwise be entitled on exercise of the applicable New Options.

Atlas must, within 3 business days from the date of issue of the Applicable New Option Shares, apply to ASX for, and use its best endeavours to obtain, official quotation of all such Applicable New Option Shares, in accordance with the Corporations Act and the ASX Listing Rules.

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## 8. ASX QUOTATION

Atlas will apply to have the New Options admitted to quotation on ASX with effect from, or as soon as reasonably practicable after, they are issued to Option Holders and otherwise in accordance with the requirements of the ASX Listing Rules.

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## 9. RECONSTRUCTION

In the event of a reconstruction (including consolidation, sub-division, reduction or return) of the issued capital of Atlas, all rights of the Option Holder under the New Options will be changed to the extent necessary to comply with the ASX Listing Rules applying to that reconstruction of capital, at the time of the reconstruction.

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## 10. PARTICIPATION IN NEW ISSUES

The New Options do not give the Option Holder the right to, or otherwise entitle the Option Holder to participate in, any new issues of capital which may be made or offered by Atlas to its shareholders from time to time.

Atlas will ensure that, during the Exercise Period, the record date for the purposes of determining entitlements to any new such issue will be at least seven business days after such new issues are announced (or such other date if required under the ASX Listing Rules), so as to afford the Option Holder an opportunity to exercise



the New Options and participate in the applicable new issue in respect of the New Option Shares issued on exercise.

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**11. NO CHANGE OF EXERCISE PRICE OR NUMBER OF UNDERLYING NEW OPTION SHARES**

The Exercise Price and the number of underlying New Option Shares to which the Option Holder is entitled to subscribe on exercise of the New Options do not change if there is a bonus issue to holders of ordinary shares in Atlas.

If Atlas makes a pro rata offer of securities (except a bonus issue) to the holders of ordinary shares (other than in lieu or in satisfaction of dividends or by way of dividend reinvestment) the Exercise Price will be reduced according to the formula specified in the ASX Listing Rules.

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**Annexure to New Options Terms and Conditions**

**FORM OF REPRESENTATION LETTER**

[DATE]

Atlas Iron Limited  
Level 18, Raine Square  
300 Murray Street  
Perth, Western Australia  
Australia 6000  
Attention: Company Secretary  
Fax: +61 8 6288 8999  
Email: atlas@atlasiron.com.au

Atlas Iron Limited  
Option Exercise Representation Letter

Ladies and Gentlemen:

In connection with the exercise of [ ] options pursuant to which [ ] ordinary shares (the **Shares**) of Atlas Iron Limited (**Atlas**) will be issued, the undersigned represents and warrants that:

- (a) it is either:
- (i) both (x) a “qualified institutional buyer” (a **Qualified Institutional Buyer**), as defined in Rule 144A under the U.S. Securities Act of 1933 (the **U.S. Securities Act**) and (y) an “accredited investor” (within the meaning of Rule 501 of Regulation D under the U.S. Securities Act); or
  - (ii) is not in the United States and is not, and is not acting for the benefit or account of, “U.S. persons” (as defined in Regulation S under the U.S. Securities Act),  
(a **Qualifying Investor**);
- (b) it is acquiring the Shares for its own account, or the accounts of one or more persons each of whom is a Qualifying Investor with respect to which it exercises sole investment discretion, and for investment purposes and not with any intention to distribute such Shares;
- (c) it understands that the Shares has not been and will not be registered under the U.S. Securities Act and constitute “restricted securities” for the purposes of the U.S. Securities Act and, therefore, can only be resold if such Shares are offered and sold by it in a transaction exempt from or not subject to the registration requirements of the U.S. Securities Act; and
- (d) it does not beneficially own 20% or more of Atlas’ outstanding ordinary shares.

Very truly yours,

[ ]

By:

Name:

Title:

[ADDRESS]

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+ See chapter 19 for defined terms.

# Annexure 3 – Top 20 security holders and distribution schedules for Shares and New Options

## Top 20s

### ORDINARY SHARES Top 20

NAME	UNITS	% I/C	RANK
MARU SKY LIMITED	754,017,375	8.47	1
COMMONWEALTH BANK OF	566,318,482	6.36	2
BGC CONTRACTING PTY LTD	461,792,518	5.19	3
JOHN HANCOCK FUND II <FLOATING RATE INCOME A/C>	447,590,796	5.03	4
MARATHON SPECIAL OPPORTUNITY MASTER FUND LTD	352,980,607	3.97	5
SANKATY HIGH INCOME PARTNERSHIP LP	271,723,485	3.05	6
MCALLEESE RESOURCES PTY LTD	260,000,000	2.92	7
WESTERN ASSET FLOATING RATE	242,642,533	2.73	8
CATERPILLAR FINANCIAL	226,527,386	2.55	9
RIDGEWORTH FUNDS SEIX FLOATING RATE HIGH INCOME\ C	204,127,203	2.29	10
MARATHON CENTRE STREET PARTNERSHIP LP	166,226,751	1.87	11
ICE GLOBAL CREDIT CLO LIMITED	158,569,170	1.78	12
MARATHON CLO V LTD	158,569,170	1.78	13
MOUNTAIN HAWK II CLO LTD	154,527,908	1.74	14
MOUNTAIN HAWK I CLO LTD	153,118,886	1.72	15
CITICORP NOMINEES PTY LIMITED	140,696,752	1.58	16
MOUNTAIN HAWK III CLO LTD	123,873,203	1.39	17
FUTURE FUND BOARD OF GUARDIANS	117,321,165	1.32	18
MARATHON CLO VI LTD	114,063,990	1.28	19
HSBC CUSTODY NOMINEES	101,857,179	1.14	20
<b>*** REPORT TOTAL ***</b>	<b>5,176,544,559</b>	<b>58.17</b>	
<b>*** REMAINDER ***</b>	<b>3,722,745,580</b>	<b>41.83</b>	
<b>*** GRAND TOTAL ***</b>	<b>8,899,290,139</b>	<b>100.00</b>	

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**New Options Top 20 CLASS: OP1 EXP 31/07/17 @ \$0.075**

<b>NAME</b>	<b>UNITS</b>	<b>% I/C</b>	<b>RANK</b>
MARU SKY LIMITED	546,371,682	12.10	1
COMMONWEALTH BANK OF	410,362,402	9.09	2
JOHN HANCOCK FUND II	324,330,637	7.19	3
MARATHON SPECIAL OPPORTUNITY	255,774,753	5.67	4
SANKATY HIGH INCOME	196,894,690	4.36	5
WESTERN ASSET FLOATING RATE	175,822,220	3.90	6
CATERPILLAR FINANCIAL	164,144,956	3.64	7
RIDGEWORTH FUNDS SEIX FLOATING	147,913,466	3.28	8
MARATHON CENTRE STREET PARTNERSHIP LP	120,450,261	2.67	9
ICE GLOBAL CREDIT CLO LIMITED	114,901,469	2.55	10
MARATHON CLO V LTD	114,901,469	2.55	11
MOUNTAIN HAWK II CLO LTD	111,973,113	2.48	12
MOUNTAIN HAWK I CLO LTD	110,952,116	2.46	13
MOUNTAIN HAWK III CLO LTD	89,760,279	1.99	14
FUTURE FUND BOARD OF GUARDIANS	85,012,580	1.88	15
MARATHON CLO VI LTD	82,652,384	1.83	16
SANKATY SENIOR LOAN FUND LP	71,151,165	1.58	17
MARATHON CLO VII LTD	66,657,850	1.48	18
MARATHON CLO IV LTD	66,157,916	1.47	19
BENEFIT STREET PARTNERS CLO I LTD	65,657,982	1.45	20
<b>*** REPORT TOTAL ***</b>	<b>3,321,843,390</b>	<b>73.59</b>	
<b>*** REMAINDER ***</b>	<b>1,192,142,870</b>	<b>26.41</b>	
<b>*** GRAND TOTAL ***</b>	<b>4,513,986,260</b>	<b>100.00</b>	

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+ See chapter 19 for defined terms.

# Distribution schedules

## ORDINARY SHARES

### Distribution schedule

	1 to 1000	1001 to 5000	5001 to 10000	10001 to 100000	100001 to (MAX)	<b><u>TOTAL</u></b>
<u> Holders</u>						
Total	5162	9178	3776	7895	3314	29325
<u> Units</u>						
Total	2742489	25177631	29022155	300239848	8542108016	8,899,290,139

## New Options EXP 31/07/17 @ \$0.075

### Distribution schedule

	1 to 1000	1001 to 5000	5001 to 10000	10001 to 100000	100001 to (MAX)	* <b><u>TOTAL</u></b>
<u> Holders</u>						
Total	0	0	0	0	70	70
<u> Units</u>						
Total	0	0	0	0	4513986260	4,513,986,260