



Atlas Iron Limited  
ABN 63 110 396 168

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Dear Fellow Shareholder

As Chairman of your Company, I am writing to ask for your crucial support as we seek to finalise the pivotal debt restructuring deal that your Directors have proposed for Atlas.

The Board is confident that this deal is necessary if we are to secure a strong future for Atlas, giving our Company added resilience to withstand iron ore price volatility and maximising its potential to once again generate strong returns for shareholders.

I appreciate that some aspects of the debt restructuring proposal may seem complicated. But the key objective is very simple: to deliver the best possible outcome for Atlas and its shareholders given the difficult position in which the Company finds itself as a result of falls in the iron ore price.

To achieve this, the restructuring plan, if approved, will result in several major changes to Atlas' financial and corporate position. These outcomes include:

- Atlas will reduce the principal amount it owes to its lenders, known as the Term Loan B Lenders from US\$267M to US\$135M - and the maturity date on this lower debt will be extended from Dec 2017 until April 2021;
- The cash interest Atlas pays on this debt will be cut by circa 65 per cent, saving Atlas around A\$20M a year;
- Atlas will issue new shares and options to these lenders, who will emerge with a total combined stake in the Company of 70 per cent
- A key requirement placed on Atlas by these lenders, known as the Asset Coverage Ratio covenant, will be replaced with a more transparent requirement that Atlas has a minimum of A\$35M in cash at the end of each month.

Your Directors believe that this restructuring plan is in shareholders' best interests and they are strongly of the view that there is a high risk Atlas will be placed into voluntary administration should the deal not be approved.

The Directors believe that in this scenario, shareholders would be likely to receive nothing for their shares.

This view is shared by Independent Expert, PPB Advisory, in its report for the lenders (see ASX announcement dated April 5, 2016).

I also note that a leading independent proxy adviser has recently recommended that Atlas shareholders approve the issue of securities under the restructuring deal.

Given this outlook, I urge shareholders to maximise the prospects of the restructuring deal being approved. To do this, please read the Notice of Meeting which was sent to you late last month and vote for Resolution 1 either online or by returning the proxy form. This proxy form needs to be received no later than 9.00am on Monday, 25 April 2016.

Alternatively, shareholders are invited to attend the meeting at which the restructuring deal will be considered. This will be held at 9.00am (Perth time) on Wednesday, 27 April 2016 at the Mantra on Murray, 305 Murray Street, Perth, Western Australia.

Your Directors understand the frustration and even disappointment which shareholders have felt since the sharp falls in the iron ore price left the Company in a difficult financial position.

We also appreciate that many shareholders will be extremely disappointed at the prospect of their investment being further diluted by the issue of shares and options to the lenders as part of the restructuring deal.

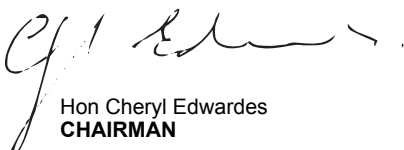
However, given the potentially dire consequences for Atlas and its shareholders should the deal not be approved, I strongly encourage you not to post a "protest vote", either by abstaining or by voting against the proposed deal.

Instead, I ask that you support the debt restructuring plan to give your company what the Directors believe is the very best opportunity to establish a much stronger financial footing.

Your Directors sincerely believe that this is the most effective way forward for Atlas and its shareholders.

Should you have any queries about the restructuring deal or the voting process, please do not hesitate to contact our Company Secretary, Tony Walsh on (08) 6228 8000 or email: [tony.walsh@atlasiron.com.au](mailto:tony.walsh@atlasiron.com.au).

Yours sincerely



Hon Cheryl Edwardes  
CHAIRMAN