



## **Chairman's Address at Atlas Iron General Meeting on 27 April 2016**

*Good morning ladies and gentleman*

*Welcome to this General Meeting of Atlas Iron shareholders.*

*Before we commence the formal part of today's General Meeting I would like to begin with my address to you as Shareholders.*

*As I stated in my letter to Shareholders earlier this month, Atlas directors believe that the debt restructuring being considered today is in Shareholders' best interests and we are strongly of the view that there is a high risk Atlas will be placed into administration should this debt restructuring deal not be approved.*

*But the directors also believe that, should the debt restructuring deal be approved, Atlas stands to have a sustainable future and maximise its potential to generate returns for Shareholders. In this case, your Company will benefit considerably from the fact that its interest bill will be slashed by around sixty five (65) per cent, saving Atlas around twenty million dollars (A\$20 million) a year.*

*Atlas is also expected to benefit significantly from the increased resilience and certainty which will result from the removal of the Asset Coverage Ratio covenant test. This is a lending covenant we currently have to meet and it poses a significant risk to the Company (largely because of Atlas' exposure to fluctuations in the iron ore price and exchange rates, and the impact these have on the calculation of this covenant test). However, our lenders have agreed to remove it as part of the restructure being considered today, and it will be replaced with a more transparent requirement that Atlas maintain a minimum of \$35 million in cash at the end of each month.*

*The benefits of this restructuring will be combined with the extensive operational savings Atlas has made over the past year or so to leave your Company well positioned to capitalise on any sustained, positive trends in the iron ore price.*

*As our recent March quarterly report showed, we have reduced our full cash costs to forty nine dollars (A\$49) a wet metric tonne. This is down from sixty six dollars (A\$66) a tonne less than 18 months ago. Much of this fall is due to the hard work of our staff and the co-operative efforts of our contractors and I would like to thank them for their considerable contributions to Atlas' crucial cost reduction strategy.*

*This significantly lower cost base, which stands to be reduced further by the interest savings stemming from the debt restructure, enables Atlas to better withstand any future iron ore price volatility and also take greater advantage of any sustained price upswings.*

*Should this debt restructure be approved and proceed, there will also be some changes to the Atlas Board. Jeff Dowling and Ken Brinsden will resign. I would like to take this opportunity to thank Jeff and Ken for their substantial commitment to Atlas and I wish them well in their future endeavours.*

*Alan Carr, Eugene Davis and Daniel Harris will be appointed as non-executive directors on implementation of the debt restructure.*

*Finally, I would also like to thank Shareholders for the support you have provided to the Company during recent times.*

*I urge you to vote for this restructure so that we may give Atlas the best possible chance of once again generating strong Shareholder returns.*