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10 May 2016

By mail

To Company Announcements Platform
Australian Securities Exchange

Notice of initial substantial holder

Dear Sir/Madam

On behalf of Marathon Asset Management, L.P., we enclose a Form 603 (*Notice of initial substantial holder*) in respect of Atlas Iron Limited ACN 110 396 168 (ASX:AGO) pursuant to section 671B of the *Corporations Act 2001* (Cth).

Yours faithfully
Gilbert + Tobin

David Clee
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Form 603
Corporations Act 2001
Section 671B

Notice of initial substantial holder

To Company Name/Scheme Atlas Iron Limited (Atlas)

ACN/ARSN 110 396 168

1. Details of substantial holder (1)

Name Marathon Asset Management, L.P (Marathon), Marathon Asset Management GP, L.L.C (MAMG), Bruce Richards, Louis Hanover and the entities listed in Annexure A (Associates) (together the Substantial Holders).

ACN/ARSN (if applicable) Not applicable.

The holders became a substantial holder on 6 May 2016

2. Details of voting power

The total number of votes attached to all the voting shares in the company or voting interests in the scheme that the substantial holder or an associate had a relevant interest in on the date the substantial holder became a substantial holder are as follows:

| Class of securities (4) | Number of securities | Person's votes (5) | Voting power (6) |
|-------------------------|----------------------|--------------------|------------------|
| Ordinary shares | 1,370,766,220 | 1,370,766,220 | 15.4% |

3. Details of relevant interests

The nature of the relevant interest the substantial holder or an associate had in the following voting securities on the date the substantial holder became a substantial holder are as follows:

| Holder of relevant interest | Nature of relevant interest (7) | Class and number of securities |
|---|--|--------------------------------|
| Marathon | Relevant interest under sections 608(1)(b) and (c) of the <i>Corporations Act 2001</i> (Cth) (Corporations Act) in the ordinary shares held by or on behalf of the funds listed in Annexure A of this form (Managed Entities). | 1,370,766,220 ordinary shares |
| Marathon Asset Management GP, L.L.C (MAMG) | In its capacity as the general partner of Marathon. | 1,370,766,220 ordinary shares |
| Bruce Richards | In his capacity as a person whose voting power in MAMG is greater than 20%. | 1,370,766,220 ordinary shares |
| Louis Hanover | In his capacity as a person whose voting power in MAMG is greater than 20%. | 1,370,766,220 ordinary shares |
| The Managed Entities | In the case of each Managed Entity, a relevant interest under section 608(1)(a) of the <i>Corporations Act</i> in respect of the ordinary shares held by or on behalf of that Managed Entity. | See Annexure A |

4. Details of present registered holders

The persons registered as holders of the securities referred to in paragraph 3 above are as follows:

| Holder of relevant interest | Registered holder of securities | Person entitled to be registered as holder (8) | Class and number |
|-----------------------------|---------------------------------|--|------------------|
| See Annexure A. | | | |

5. Consideration

The consideration paid for each relevant interest referred to in paragraph 3 above, and acquired in the four months prior to the day that the substantial holder became a substantial holder is as follows:

| Holder of relevant interest | Date of acquisition | Consideration (9) | Class and number |
|-----------------------------------|---------------------|--|-------------------------------|
| Marathon and the Managed Entities | 6 May 2016 | The Managed Entities acquired their relevant interests in consideration for the compromise and extinguishment of a proportion of their claims in respect of certain secured debt owed by Atlas. Marathon did not provide any further consideration in respect of the acquisition of the relevant interests. | 1,370,766,220 ordinary shares |
| MAMG | 6 May 2016 | Nil. | 1,370,766,220 ordinary shares |
| Bruce Richards | 6 May 2016 | Nil. | 1,370,766,220 ordinary shares |
| Louis Hanover | 6 May 2016 | Nil. | 1,370,766,220 ordinary shares |

6. Associates

The reasons the persons named in paragraph 3 above are associates of the substantial holder are as follows:

| Name and ACN/ARSN (if applicable) | Nature of association |
|---|---|
| MAMG, Marathon and the Managed Entities | Marathon and the Managed Entities are associates of MAMG because they are controlled by MAMG. |

7. Addresses

The addresses of persons named in this form are as follows:

| Name | Address |
|------------------------------|---|
| Marathon | One Bryant Park, 38th Floor, New York, New York, United States, 10036 |
| Each of the Managed Entities | One Bryant Park, 38 th Floor, New York, New York, United States, 10036 |
| MAMG | One Bryant Park, 38 th Floor, New York, New York, United States, 10036 |
| Bruce Richards | One Bryant Park, 38 th Floor, New York, New York, United States, 10036 |

| | |
|---------------|---|
| Louis Hanover | One Bryant Park, 38 th Floor, New York, New York, United States, 10036 |
|---------------|---|

Signature

Marathon Asset Management, L.P

print name Louis T. Hanover

capacity Authorized Signatory

sign here *L.T. Hanover*

date 9th May 2016

Annexure "A"

This is Annexure "A" referred to in the Form 603 "Notice of initial substantial holder"

| Holder of relevant interest | Registered holder of securities | Person entitled to be registered as holder (8) | Class and number of securities |
|--|---|--|--------------------------------|
| Marathon, MAMG, Bruce Richards and Louis Hanover | Bowery Funding ULC | Bowery Funding ULC | 68,645,540 ordinary shares |
| Marathon, MAMG, Bruce Richards and Louis Hanover | Baldr Mason Fund, Inc | Baldr Mason Fund, Inc | 30,777,546 ordinary shares |
| Marathon, MAMG, Bruce Richards and Louis Hanover | KTRS Credit Fund, LP | KTRS Credit Fund, LP | 75,549,869 ordinary shares |
| Marathon, MAMG, Bruce Richards and Louis Hanover | Marathon Centre Street Partnership, L.P | Marathon Centre Street Partnership, L.P | 166,226,751 ordinary shares |
| Marathon, MAMG, Bruce Richards and Louis Hanover | Marathon CLO IV Ltd | Marathon CLO IV Ltd | 91,300,885 ordinary shares |
| Marathon, MAMG, Bruce Richards and Louis Hanover | Marathon CLO V Ltd | Marathon CLO V Ltd | 158,569,170 ordinary shares |
| Marathon, MAMG, Bruce Richards and Louis Hanover | Marathon CLO VI Ltd | Marathon CLO VI Ltd | 114,063,990 ordinary shares |
| Marathon, MAMG, Bruce Richards and Louis Hanover | Marathon CLO VII Ltd | Marathon CLO VII Ltd | 91,990,817 ordinary shares |
| Marathon, MAMG, Bruce Richards and Louis Hanover | Marathon Court Square, LP | Marathon Court Square, LP | 22,383,670 ordinary shares |
| Marathon, MAMG, Bruce Richards and Louis Hanover | Marathon Credit Dislocation Fund | Marathon Credit Dislocation Fund | 61,603,147 ordinary shares |
| Marathon, MAMG, Bruce Richards and Louis Hanover | Marathon Liquid Credit Long Short Fund | Marathon Liquid Credit Long Short Fund | 9,019,914 ordinary shares |
| Marathon, MAMG, Bruce Richards and Louis Hanover | Marathon Special Opportunity Master Fund, Ltd | Marathon Special Opportunity Master Fund, Ltd | 352,980,607 ordinary shares |
| Marathon, MAMG, Bruce Richards and Louis Hanover | Master SIF SICAV-SIF | Master SIF SICAV-SIF | 30,777,546 ordinary shares |
| Marathon, MAMG, Bruce Richards and Louis Hanover | Marathon Blue Grass Credit Fund, LP | Marathon Blue Grass Credit Fund, LP | 48,435,683 ordinary shares |
| Marathon, MAMG, Bruce Richards and Louis Hanover | MV Credit Opportunity Fund L.P | MV Credit Opportunity Fund L.P | 20,856,741 ordinary shares |
| Marathon, MAMG, Bruce Richards and Louis Hanover | Penteli Master Fund, Ltd | Penteli Master Fund, Ltd | 27,584,344 ordinary shares |

This is Annexure "A" referred to in the Form 603 "Notice of initial substantial holder"

Signature

Marathon Asset Management, L.P

print name
sign here

Louis T. Hanover

capacity
date

Authorized Signatory
9th May 2016

