

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 |
| 2 | Number of +securities issued or to be issued (if known) or maximum number which may be issued | 15,458,302 fully paid ordinary shares. |
| 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. |

+ 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:												
	<ul style="list-style-type: none"> • the date from which they do • the extent to which they participate for the next dividend, (in the case of a trust, distribution) or interest payment • the extent to which they do not rank equally, other than in relation to the next dividend, distribution or interest payment 												
5	Issue price or consideration	<ol style="list-style-type: none"> 1. Zero issue price per terms of ESOP options 2. Deemed issue price of 2.267 cents per share 											
6	Purpose of the issue (If issued as consideration for the acquisition of assets, clearly identify those assets)	<ol style="list-style-type: none"> 1. Exercise of 11,047,223 Zero Priced Options that vested on 6 May 2016. 2. 4,411,079 ordinary shares at a deemed issue price of 2.267 cents per share to the vendor of a tenement with shares subject to a voluntary escrow of 12 months 											
6a	Is the entity an +eligible entity that has obtained security holder approval under rule 7.1A?	<ol style="list-style-type: none"> 1. ESOP Plan approved by shareholders on 28 October 2015 and ESOP Options issued on 16 Nov 2015. Issue of ordinary shares on exercise of ESOP Options pursuant to ASX exception in Listing Rule 7.2 2. No (4,411,079 ordinary shares issued out of 15% capacity of 1.346bil shares) 											
	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	23 and 24 May 2016.											
8	Number and +class of all +securities quoted on ASX (including the securities in section 2 if applicable)	<table border="1"> <thead> <tr> <th data-bbox="708 1644 995 1682">Number</th> <th data-bbox="995 1644 1284 1682">+Class</th> </tr> </thead> <tbody> <tr> <td data-bbox="708 1682 995 1783">8,989,661,342</td> <td data-bbox="995 1682 1284 1783">Fully paid ordinary shares.</td> </tr> <tr> <td data-bbox="708 1783 995 1861">1,744,762,043</td> <td data-bbox="995 1783 1284 1861">Options (AGOO)</td> </tr> <tr> <td data-bbox="708 1861 995 2007">4,513,986,260</td> <td data-bbox="995 1861 1284 2007">Options exercisable at 7.5 cents (AUD) on or before 31 July 2017 (New Options)</td> </tr> <tr> <th data-bbox="708 2007 995 2038">Number</th> <th data-bbox="995 2007 1284 2038">+Class</th> </tr> </tbody> </table>	Number	+Class	8,989,661,342	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	
Number	+Class												
8,989,661,342	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)	See Annexure 1.
10	Dividend policy (in the case of a trust, distribution policy) on the increased capital (interests)	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 **Not applicable**

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

Not applicable

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	15,458,302 fully paid ordinary shares.								
39	+Class of +securities for which quotation is sought	fully paid ordinary shares; and								
40	<p>Do the +securities rank equally in all respects from the +issue date with an existing +class of quoted +securities?</p> <p>If the additional +securities do not rank equally, please state:</p> <ul style="list-style-type: none"> • the date from which they do • the extent to which they participate for the next dividend, (in the case of a trust, distribution) or interest payment • the extent to which they do not rank equally, other than in relation to the next dividend, distribution or interest payment 	<p>The fully paid ordinary shares rank equally with the existing fully paid ordinary shares currently on issue.</p>								
41	<p>Reason for request for quotation now</p> <p>Example: In the case of restricted securities, end of restriction period</p> <p>(if issued upon conversion of another +security, clearly identify that other +security)</p>	<p>Issue of securities (fully paid ordinary shares) eligible for quotation</p>								
42	<p>Number and +class of all +securities quoted on ASX (including the +securities in clause 38)</p>	<table border="1"> <thead> <tr> <th data-bbox="710 1541 1013 1585">Number</th> <th data-bbox="1013 1541 1300 1585">+Class</th> </tr> </thead> <tbody> <tr> <td data-bbox="710 1585 1013 1675">8,989,661,342</td> <td data-bbox="1013 1585 1300 1675">Fully paid ordinary shares.</td> </tr> <tr> <td data-bbox="710 1675 1013 1765">1,744,762,043</td> <td data-bbox="1013 1675 1300 1765">Options (AGOO)</td> </tr> <tr> <td data-bbox="710 1765 1013 1942">4,513,986,260</td> <td data-bbox="1013 1765 1300 1942">Options exercisable at 7.5 cents (AUD) on or before 31 July 2017 (New Options) - (AGOOA)</td> </tr> </tbody> </table>	Number	+Class	8,989,661,342	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) - (AGOOA)
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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: 24 May 2016
Company Secretary

Print name: Tony Walsh

+ See chapter 19 for defined terms.

Annexure 1 – Unquoted securities

Number	Class
LONG TERM INCENTIVES	
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
UNLISTED OPTIONS	
96,310,708	Nil cash exercise unlisted ESOP options expiring 13/11/2020 - vested on 6 May 2016