

# NOTICE OF ANNUAL GENERAL MEETING



The Annual General Meeting of the Company will be held at The Duxton Hotel, 1 St Georges Terrace, Perth, Western Australia on Monday, 21 November 2016 at 9.00am (WST).

# NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that the Annual General Meeting of Shareholders of Atlas Iron Limited (“**Company**”) will be held at The Duxton Hotel, 1 St Georges Terrace, Perth, Western Australia on Monday, 21 November 2016 at 9.00am (WST) (“**Meeting**”).

The Explanatory Memorandum to this Notice provides additional information on matters to be considered at the Meeting. The Explanatory Memorandum, Notes and the Proxy Form form part of this Notice.

Terms and abbreviations used in this Notice, the Notes, the Explanatory Memorandum and the Proxy Form are defined in the Glossary.

## Agenda

### 1. Annual Financial Report

To receive and consider the Annual Financial Report of the Company for the year ended 30 June 2016 together with the Directors’ report in relation to that financial year and the Auditor’s report on the Annual Financial Report.

### 2. Resolution 1 – Remuneration Report

To consider and, if thought fit, to pass the following resolution as a **non-binding ordinary** resolution:

*“That, for the purpose of section 250R(2) of the Corporations Act and for all other purposes, the 2016 Remuneration Report be adopted by the Shareholders.”*

**Note:** The vote on Resolution 1 is an advisory vote of Shareholders only, and will not bind the Directors or the Company.

**Voting Restrictions:** See the Notes for details of the voting restrictions that apply to Resolution 1.

### 3. Resolution 2 – Re-election of Mr Eugene I Davis as a Director

To consider and, if thought fit, to pass the following resolution as an **ordinary** resolution:

*“That Mr Eugene I Davis, who was appointed as a Director by the Board on 6 May 2016 and retires in accordance with Rule 3.3 of the Constitution and, being eligible, offers himself for re-election, be re-elected as a Director.”*

### 4. Resolution 3 – Re-election of Mr Alan J Carr as a Director

To consider and, if thought fit, to pass the following resolution as an **ordinary** resolution:

*“That Mr Alan J Carr, who was appointed as a Director by the Board on 6 May 2016 and retires in accordance with Rule 3.3 of the Constitution and, being eligible, offers himself for re-election, be re-elected as a Director.”*

### 5. Resolution 4 – Re-election of Mr Daniel C Harris as a Director

To consider, and if thought fit, to pass the following resolution as an **ordinary** resolution:

*“That Mr Daniel C Harris, who was appointed as a Director by the Board on 6 May 2016 and retires in accordance with Rule 3.3 of the Constitution and, being eligible, offers himself for re-election, be re-elected as a Director.”*

### 6. Resolution 5 – Re-election of Mr Anthony (Tony) Walsh as a Director

To consider, and if thought fit, to pass the following resolution as an **ordinary** resolution:

*“That Mr Anthony Walsh, who was appointed as a Director by the Board on 6 August 2016 and retires in accordance with Rule 3.3 of the Constitution and, being eligible, offers himself for re-election, be re-elected as a Director.”*

## 7. Resolution 6 – Approval to issue Options to Mr Anthony (Tony) Walsh and issue Shares upon exercise of the Options, and to give potential retirement benefits

To consider and, if thought fit, to pass the following resolution as an **ordinary** resolution:

*“That, for the purposes of Listing Rule 10.14, sections 200B and 200E of the Corporations Act and for all other purposes, the issue of 22.5 million Options to Mr Anthony Walsh (including the issue of up to 22.5 million Shares on exercise of those Options) pursuant to his remuneration package and under the Atlas Iron Limited Option Plan (“Option Plan”) approved by shareholders at the 2015 AGM, on the terms and conditions described in the Explanatory Memorandum to this Notice, and the giving of benefits under the Option Plan in connection with any future retirement from his office, directorship or position of employment with the Company, are approved.”*

**Short Explanation:** Approval is sought under Listing Rule 10.14 to allow the Company to grant the Options to a Director (Mr Anthony Walsh, Company Secretary and Head of Corporate) and to issue Shares upon exercise of those Options under the Option Plan. Approval is also sought under the Corporations Act for the Company to give potential benefits under the Option Plan to Mr Anthony Walsh in connection with any future retirement by Mr Anthony Walsh from his office, directorship or employment with the Company. Please refer to the Explanatory Memorandum for details.

### **Voting Prohibition and Exclusion Statement:**

A vote on this Resolution must not be cast in any capacity by or on behalf of Mr Anthony Walsh or any associate of Mr Anthony Walsh, unless the vote is cast by a person as proxy for a person who is entitled to vote and the Proxy Form specifies how the proxy is to vote on this Resolution.

Furthermore, the Company will disregard any votes cast on this Resolution by or on behalf of:

- (a) an Eligible Director and any associate of an Eligible Director; and
- (b) by any other member of Key Management Personnel or a Closely Related Party of such member acting as proxy,

unless the vote is cast by:

- (c) the person as proxy for a person who is entitled to vote and in accordance with a direction on the Proxy Form; or
- (d) the Chair as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides and exercise the proxy even if the Resolution is connected directly or indirectly with the remuneration of a member of Key Management Personnel.

Key Management Personnel and their Closely Related Parties are prohibited under the Corporations Act from voting as proxy in a manner contrary to the above. The Chair (where permitted and to the extent appropriately authorised) intends to vote all available undirected proxies in favour of Resolution 6.

## 8. Resolution 7 – Approval of 10% Additional Placement Capacity

To consider and, if thought fit, to pass the following resolution as a special resolution:

*“That, for the purposes of Listing Rule 7.1A, additional capacity to issue or agree to issue equity securities equal to a number at the time of issue which does not exceed 10% of the Company’s fully paid ordinary securities on issue, calculated in accordance with Listing Rule 7.1A.2, is approved on the terms and conditions described in the Explanatory Memorandum to this Notice.”*

**Short Explanation:** Approval is sought under Listing Rule 7.1A to give the Company additional capacity to issue or agree to issue equity securities (up to 10% of the Company’s total fully paid ordinary securities on a 12 month look back basis), in addition to the 15% permitted under Listing Rule 7.1, without further Shareholder approval. Please refer to the Explanatory Memorandum for details.

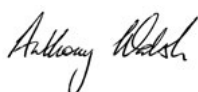
### **Voting Exclusion Statement:**

The Company will disregard any votes cast on Resolution 7 by, or on behalf of, any person who may participate in the proposed issue and persons who might obtain a benefit, except a benefit solely in the capacity of a holder of ordinary securities, if Resolution 7 is passed, and any of their associates. However, the Company need not disregard a vote if it is cast by:

- (a) a person as proxy for a person who is entitled to vote, in accordance with the directions on the Proxy Form; or
- (b) the Chair as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

The Chair intends to vote all available undirected proxies (where permitted) in favour of Resolution 7.

Dated: 11 October 2016  
By Order of the Board



Tony Walsh  
Company Secretary

# NOTES

## Right to vote

The Directors have determined pursuant to Regulation 7.11.37 of the *Corporations Regulations 2001* (Cth) that the persons eligible to vote at the Meeting are those persons who are Shareholders at 4.00pm (WST) on Saturday, 19 November 2016.

## Voting Restrictions for Resolution 1

In accordance with the Corporations Act, the Company will disregard any votes cast on Resolution 1 by, or on behalf of:

- (a) a member of Key Management Personnel details of whose remuneration is included in the 2016 Remuneration Report; or
- (b) a Closely Related Party of such a member,

(each an “**Excluded Person**”).

This restriction does not apply if the Excluded Person has been appointed as a proxy in writing that specifies how the proxy is to vote on Resolution 1, provided that the Shareholder who appointed the proxy is not themselves an Excluded Person.

Also, the restrictions do not apply to the Chair where the Proxy Form is not from an Excluded Person and the Chair is expressly authorised to exercise an undirected proxy even if the resolution is connected directly or indirectly with the remuneration of a member of Key Management Personnel (including Directors).

The Chair intends to vote all undirected proxies (where the Chair has been appropriately authorised) in favour of Resolution 1.

If you do not wish to appoint the Chair to vote on Resolution 1 in the manner indicated above, the Company encourages you to complete the voting directions in respect of Resolution 1 in Step 2 of the Proxy Form.

Other Excluded Persons must not cast any votes in respect of Resolution 1 that arise from any undirected proxy that they hold.

Key Management Personnel and their Closely Related Parties are prohibited under the Corporations Act from voting in a manner contrary to the above.

## Voting Restrictions for Resolution 6

The Company will disregard any votes cast on Resolution 6 by any Eligible Director (ie a Director who is eligible to participate in the employee incentive scheme in respect of which approval is sought, being the Option Plan), and any of their associates.

However, the Company need not disregard a vote if it is cast by:

- (a) a person as proxy for a person who is entitled to vote, in accordance with the directions on the Proxy Form; or
- (b) the Chair as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

The Chair may vote undirected proxies on Resolution 6 if the Proxy Form expressly authorises the Chair to exercise the proxy even if the resolution is connected directly or indirectly with the remuneration of a member of the Key Management Personnel.

The Chair intends to vote all undirected proxies (where the Chair has been appropriately authorised) in favour of Resolution 6.

If you do not wish to appoint the Chair to vote on Resolution 6 in the manner indicated above, the Company encourages you to complete the voting directions in respect of Resolution 6 in Step 2 of the Proxy Form.

Directors (other than the Chair), and executives who are Key Management Personnel of the Company, and Closely Related Parties, who have been appointed to act as proxies at the meeting must not vote as proxy on Resolution 6 unless the proxy appointment directs them how to vote on the Resolution.

## Voting Restrictions for Resolution 7

The Company will disregard any votes cast on Resolution 7 by, or on behalf of, any person who may participate in the proposed issue and persons who might obtain a benefit, except a benefit solely in the capacity of a holder of ordinary securities, if Resolution 7 is passed, and any of their associates.

This restriction does not apply if the vote is cast by a person as proxy for a person who is entitled to vote, in accordance with the directions on the Proxy Form.

Also, the restrictions do not apply to votes cast by the Chair as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

The Chair intends to vote all undirected proxies (where permitted) in favour of Resolution 7.

If you do not wish to appoint the Chair to vote on Resolution 7 in the manner indicated above, the Company encourages you to complete the voting directions in respect of Resolution 7 in Step 2 of the Proxy Form.

## Appointment of proxies

Each Shareholder entitled to vote at the Meeting may appoint a proxy to attend and vote at the Meeting. To vote by proxy, please complete, sign and return the enclosed Proxy Form in accordance with its instructions. A proxy need not be a Shareholder of the Company and can be an individual or a body corporate.

A body corporate appointed as a Shareholder's proxy may appoint an individual as its representative to exercise any of the powers the body may exercise as a proxy at the Meeting. The appointment may be a standing one. Unless the appointment states otherwise, the representative may exercise all of the powers that the appointing body could exercise at a meeting or in voting on a resolution. The representative should bring to the Meeting evidence of his or her appointment, including any authority under which the appointment is signed, unless it has previously been given to the Share Registry.

A Shareholder entitled to cast two or more votes may appoint two proxies and may specify the proportion or number of votes each proxy is appointed to exercise. If a Shareholder appoints 2 proxies and the appointment does not specify the proportion or number of the member's votes to be exercised, then in accordance with section 249X(3) of the Corporations Act, each proxy may exercise one-half of the votes.

Shareholders and their proxies should be aware that if proxy holders vote, they must cast all directed proxies as directed. Section 250BB(1) of the Corporations Act provides that if an appointment of a proxy specifies the way the proxy is to vote on a particular resolution:

- (a) the proxy need not vote on a show of hands, but if the proxy does so, the proxy must vote as directed;
- (b) if the proxy has 2 or more appointments that specify different ways to vote on the resolution, the proxy must not vote on a show of hands;
- (c) if the proxy is the Chair, the proxy must vote on a poll, and must vote as directed; and
- (d) if the proxy is not the Chair, the proxy need not vote on a poll, but if the proxy does so, the proxy must vote as directed.

## Lodgement of proxy documents

For an appointment of a proxy for the Meeting to be effective:

- (a) the proxy's appointment; and
- (b) if the appointment is signed by the appointor's attorney – the authority under which the appointment was signed (eg a power of attorney) or a certified copy of it,

must be received by the Share Registry by 9.00am (WST) on Saturday, 19 November 2015.

Proxies should be returned as follows:

Online: At [www.investorvote.com.au](http://www.investorvote.com.au)

By mobile: Scan the QR Code on your Proxy form and follow the prompts

By Mail to: Computershare Investor Services Pty Ltd  
GPO Box 242  
Melbourne Victoria 3001  
Australia

By Facsimile  
Transmission to: 1800 783 447 (within Australia) or  
+61 3 9473 2555 (outside Australia)

By Hand to: Computershare Investor Services Pty Ltd  
Level 11,  
172 St Georges Terrace  
Perth WA 6000, Australia

# EXPLANATORY MEMORANDUM

## Introduction

This Explanatory Memorandum has been prepared for the information of Shareholders in connection with the business to be conducted at the Meeting to be held at The Duxton Hotel, 1 St Georges Terrace, Perth, Western Australia on Monday, 21 November 2016 at 9.00am ("**Meeting**").

## 1. Annual Financial Report

The Company has sent to those Shareholders who requested it, the 2016 Annual Report, which includes the Annual Financial Report for the year ended 30 June 2016, a Directors' report in relation to that financial year and the Auditor's report on the Annual Financial Report. A copy of the 2016 Annual Report is available on the Company's website: [www.atlasiron.com.au](http://www.atlasiron.com.au) or a copy can be obtained by contacting the Company on (08) 6228 8000.

There is no requirement for Shareholders to approve these reports. However, the Chair will allow a reasonable opportunity for Shareholders as a whole to ask questions or make comments about those reports and the management of the Company. Shareholders as a whole will also be given a reasonable opportunity to ask the Auditor or the Auditor's representative questions about the conduct of the audit, the preparation and content of the Auditor's report, the accounting policies adopted by the Company and the independence of the Auditor in relation to the conduct of the audit.

In addition to taking questions at the Meeting, written questions to the Chair about the management of the Company, or to the Company's Auditor about the:

- (a) content of the Auditor's report; or
- (b) conduct of the audit,

may be submitted no later than 5.00pm (WST) on Monday, 14 November 2016 to the Company Secretary at the Company's registered office at Level 18, Raine Square, 300 Murray Street, Perth WA 6000, or by facsimile on (08) 6228 8999.

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## 2. Resolution 1 – Remuneration Report

Pursuant to section 250R(2) of the Corporations Act, the Company is required to put the 2016 Remuneration Report to the vote of Shareholders. The 2016 Annual Report contains the 2016 Remuneration Report, which sets out the remuneration policy for the Company and reports the remuneration arrangements in place for Executive Directors, specified Executives and Non-Executive Directors of the Company.

Subject to the rules set out in Division 9 of Part 2G.2 of the Corporations Act described below under the heading "Consequence of voting against Resolution 1", Resolution 1 is only an advisory vote of Shareholders and does not bind the Directors or the Company. Of itself, a failure of Shareholders to pass Resolution 1 will not require the Directors to alter any of the arrangements contemplated by the 2016 Remuneration Report. However, the Board will take the outcome of the vote very seriously when considering the Company's future remuneration policy. To this end, your Directors would like to point out the following matters in the 2016 Remuneration Report which they believe are relevant to Shareholders in considering their vote on the 2016 Remuneration Report. These matters are:

- (a) The Remuneration Policy of the Company and its subsidiaries (**Group**) has been designed to align executive objectives with Shareholder and business objectives by providing a fixed remuneration component and offering specific short and long-term incentives based on key performance areas affecting the Group's financial and operating results. Your Board and Remuneration Committee believe the Remuneration Policy to be appropriate.
- (b) The structure of the executive remuneration package remains a key focus of the Board to ensure alignment with the nature of Atlas' business as Atlas optimises operations and continues to reduce costs.
- (c) For the 2016 Financial Year ("**FY2016**"), the Board resolved to award reduced short term incentive payments, and resolved to grant long term incentives in the form of incentive options approved by shareholders at the Company's 2015 annual general meeting held in October 2015. Key Management Personnel (or KMP) did not receive an increase in their salaries during FY2016. The Board has resolved to award short term incentive payments, long term incentive payments and very selective awards of increased salaries for the 2017 financial year. In addition, during FY2016 the Company has reduced its overall remuneration expense as a result of a reduction in headcount.
- (d) The only long term incentives issued in the 2016 financial year were those approved by Shareholders at the Company's 2015 annual general meeting.
- (e) Late in FY2016, the Remuneration Committee engaged an independent remuneration consultant to review the remuneration of KMP. The independent remuneration consultant found that current remuneration packages of KMP are within market practice.

These matters are part of the Company's strategy to ensure the remuneration of Directors, executives and all other employees is in line with best practice for a company its size and in keeping with the wishes of the Shareholders and ensure executive remuneration packages are aligned with the nature of Atlas' business and the creation of value for all Shareholders.

### Consequence of voting against Resolution 1

If at least 25% of the votes cast on Resolution 1 are against the adoption of the 2016 Remuneration Report, and at least 25% of the votes cast at the next annual general meeting of the Company ("**2017 AGM**") on a resolution that the 2017 remuneration report be adopted is against the adoption of that report, then the Company will be required under section 250V of the Corporations Act to put to the vote at the 2017 AGM a spill resolution ("**Spill Resolution**") to decide whether or not to convene another general meeting within 90 days of the 2017 AGM (the "**Spill Meeting**") where:

- (a) all the Directors of the Company who were directors when the resolution to make the 2017 directors' report considered at the 2017 AGM was passed (other than the Managing Director) will cease to hold office immediately before the end of the Spill Meeting; and
- (b) a resolution to fill the position of each of the Directors referred to in (a) by re-election or otherwise will be put to the vote at the Spill Meeting.

### Comments on the 2016 Remuneration Report

The Chair will allow a reasonable opportunity for Shareholders as a whole to ask about, or make comments on, the 2016 Remuneration Report.

As the votes cast against the remuneration report at the Company's 2015 annual general meeting were less than 25%, a Spill Resolution is not relevant for this Meeting.

### Directors' Recommendation

The Board unanimously recommends that the Shareholders adopt the 2016 Remuneration Report and you vote in favour of Resolution 1.

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## 3. Resolutions 2 to 5 – Re-election of Messrs Davis (Chairman), Carr, Walsh and Harris as Directors

Listing Rule 14.4 and Rule 3.3 of the Constitution require that a Director who is elected as an addition to the Board must not hold office (without re-election) past the next annual general meeting of the entity. Rule 3.3 of the Constitution provides that a Director who retires under Rule 3.3 is eligible for re-election.

Messrs Davis, Carr and Harris were appointed Non-Executive Directors of the Company on 6 May 2016. Subsequently, Mr Davis was appointed as Non-Executive Chairman on 6 June 2016. Mr Walsh was appointed as a Director of the Company on 5 August 2016.

### Resolution 2: Mr Eugene I Davis

Mr Davis is the founder, Chairman and Chief Executive Officer of PIRINATE Consulting Group, LLC, a privately held consulting firm specialising in turnaround management, merger and acquisition consulting, hostile and friendly takeovers, proxy contests and strategic planning advisory services for domestic and international public and private business entities.

Since forming PIRINATE in 1999, Mr Davis has advised, managed and served as a Chief Executive Officer, Chief Restructuring Officer, Director, Committee Chairman and Chairman of the board of a number of businesses operating in diverse sectors including metals, energy, oil & gas, import-export, mining and transportation and logistics. Previously, Mr Davis served as President, Vice Chairman and Director of Emerson Radio Corporation and Chief Executive Officer and Vice Chairman of Sport Supply Group, Inc. Mr Davis is also a director of Spectrum Brands, Inc., U.S. Concrete, Inc., WMI Holdings Corp, and Genco Shipping & Trading Ltd. Mr Davis began his career as an attorney and international negotiator with Exxon Corporation and Standard Oil Company (Indiana), and has also been as a partner at two Texas-based law firms, specialising corporate and securities law. Mr Davis holds a bachelor's degree from Columbia College, a master of international affairs degree in international law and organisation from the School of International Affairs of Columbia University, and a Juris Doctor from the Columbia University School of Law, USA.

### Directors' Recommendation

The Board, other than Mr Davis, recommends that Shareholders vote in favour of Resolution 2. Mr Davis does not make a recommendation due to his interest in the outcome of Resolution 2.

### Resolution 3: Mr Alan J Carr

Mr Carr is an investment professional with 20 years' experience with investing in and leading complex financial restructurings globally, as well as serving on boards of directors. He is currently the Chief Executive Officer of Drivetrain LLC, which he founded in 2013. Mr Carr also served as Managing Director at Strategic Value Partners UK LLP from 2003 to 2013. Prior to these positions, Mr Carr worked as an attorney at Skadden, Arps, Slate, Meagher & Flom, and at Ravin, Sarasohn, Baumgarten, Fisch & Rosen, specialising in corporate restructuring. Mr Carr currently serves as a director of Tanker Investments Ltd, Midstates Petroleum Company, Inc., Brookfield DTLA Fund Office Trust Investor Inc, NewPage Corporation and Syncora Holdings Ltd. He also served on the board of directors of LightSquared Inc from 2013 to 2015. Mr Carr has served on various boards of other private companies in North America, Europe and Asia. Mr Carr holds a Juris Doctor, cum laude, from Tulane Law School, New Orleans, USA and a Bachelor of Arts in Economics and Sociology from Brandeis University, Waltham, MA, USA.

### Directors' Recommendation

The Board, other than Mr Carr, recommends that Shareholders vote in favour of Resolution 3. Mr Carr does not make a recommendation due to his interest in the outcome of Resolution 3.

### Resolution 4: Mr Daniel Harris

Mr Harris brings a wealth of mining and resources industry experience to Atlas from a career spanning more than 35 years, having worked previously as Chief Executive Officer and Chief Operating Officer of Atlantic Ltd and Strategic Minerals Corporation's (formerly Union Carbide) vanadium business. Mr Harris has also worked for Evraz in Moscow as Vice President, Vanadium Assets. Mr Harris is currently an independent technical and executive consultant to GSA Environmental Limited in the United Kingdom. Mr Harris holds a Bachelor of Science, Chemical Engineering from the University of Nevada, USA and is a graduate of the Executive Development Program at the Kellogg School of Management at Northwestern University, USA.

### Directors' Recommendation

The Board, other than Mr Harris, recommends that Shareholders vote in favour of Resolution 4. Mr Harris does not make a recommendation due to his interest in the outcome of Resolution 4.

### Resolution 5: Mr Anthony (Tony) Walsh

Mr Walsh re-joined Atlas as Company Secretary and Head of Corporate on 12 October 2015. Mr Walsh was Company Secretary and General Manager Corporate of ASX listed diversified mining producer, Independence Group NL, from July 2013 to October 2015. Prior to this he was Company Secretary of Atlas Iron Limited for 7 years. Mr Walsh has over 30 years' experience in dealing with listed companies, ASX, ASIC and corporate transactions including 14 years with the ASX in Perth where he acted as ASX liaison with the JORC Committee and 4 years as Chairman of an ASX listed mining explorer and director of a London AIM listed mining explorer.

Mr Walsh was until recently a member of the West Australian State Council of Governance Institute of Australia (formerly Chartered Secretaries Australia) and is a member of Newman College school council. Prior to his role at ASX, Mr Walsh worked with Ernst & Young for over 5 years in an audit and compliance capacity. Mr Walsh is a member of the Australian Institute of Company Directors, is Fellow of the Governance Institute of Australia, the Institute of Charter Secretaries and the Institute of Chartered Accountants in Australia.

### Directors' Recommendation

The Board, other than Mr Walsh, recommends that Shareholders vote in favour of Resolution 5. Mr Walsh does not make a recommendation due to his interest in the outcome of Resolution 5.

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## 4. Resolution 6 – Approval to issue Options to Mr Anthony (Tony) Walsh and issue Shares upon exercise of the Options, and to give retirement benefits

### General

Resolution 6 seeks Shareholder approval in accordance with Listing Rule 10.14 and sections 200B and 200E of the Corporations Act, to issue up to 22.5 million Options to Mr Walsh pursuant to his remuneration package and under the Atlas Iron Limited Option Plan ("**Option Plan**") approved by shareholders at the 2015 AGM ("**Options**"), and to issue up to 22.5 million Shares on exercise of any of the Options granted under the Option Plan to Mr Walsh ("**Shares**"). The number of Options to be issued to Mr Walsh has been calculated by using an assumed Share price of \$0.01 (being the 5 day VWAP of Shares from 4 October 2016 to 10 October 2016). The Board recognises the importance of retaining all key personnel in the business and providing the appropriate incentives in order to deliver the Company's objectives. The Board believes Mr Walsh's role as Company Secretary and as a Director will be critical to delivering these objectives.

Listing Rule 10.14 requires shareholder approval to be obtained where an entity issues, or agrees to issue, securities under an employee incentive scheme to a director of the entity, an associate of a director, or a person whose relationship with the entity, a director or an associate of a director is, in ASX's opinion, such that approval should be obtained. Shareholder approval is required under Listing Rule 10.14 to issue the Options and the Shares to Mr Walsh because Mr Walsh is a Director. Furthermore, if Shareholders approve Resolution 6, Listing Rule 7.2 (Exception 14) provides that an issue of Shares upon conversion of those Options will not reduce the Company's 15% placement capacity under Listing Rule 7.1 and separate approval under this Resolution 6 is not required for the purposes of Listing Rule 7.1.



A summary of sections 200B and 200E of the Corporations Act is included in this Explanatory Memorandum. The Company is seeking Shareholder approval under sections 200B and 200E of the Corporations Act to allow the Board, where appropriate, to exercise its discretion under the Option Plan to determine that some or all of the unvested Options held by Mr Walsh are deemed to have vested on his retirement or that (unvested or vested, but not yet exercised) Options are not automatically forfeited on his retirement.

#### Vesting conditions of Options

Unless the Board otherwise determines, the Options will vest as follows:

- (a) Thirty percent of the Options will vest in thirds on the first three anniversaries of grant based on the grantee remaining in the employment of the Company at the relevant anniversary of grant.
- (b) Thirty percent of the Options will vest on the basis of improvement in the Company's ROIC for FY 2019 equal to or greater than 15 percent over ROIC for FY 2016.
- (c) Forty percent of the Options will vest on the basis of absolute improvement in the Company's TSR in FY 2019 over the prior one year period.
- (d) 100% of all unvested Options vest on a Change of Control Event occurring (as that term is defined in the Option Plan Rules).

The vesting conditions of the Options are designed to vest after the Company's key business objectives are achieved and value is created for Shareholders.

#### Information required by Listing Rule 10.15A

The following information is provided as required by Listing Rule 10.15A:

- (a) The maximum number of Options that may be issued to Mr Walsh is 22.5 million and the maximum number of Shares that may be issued to Mr Walsh (on exercise of the Options) is 22.5 million Shares (if all of the Options vest and are converted into Shares and the Company elects to satisfy its obligations to provide Shares to Mr Walsh on exercise of the Options by way of issue rather than transfer of Shares acquired on market).
- (b) The issue price for each Option to be issued to Mr Walsh is nil and the exercise price of each Option is also nil.
- (c) The Option Plan was previously approved for the purposes of Listing Rule 10.14 by Shareholders at the 2015 AGM.
- (d) The following grants have been made under the Option Plan to persons referred to in Listing Rule 10.14 since it was approved by Shareholders at the Company's 2015 annual general meeting: Former Managing Director, Mr David Flanagan was granted 20,911,333 Options following specific approval by Shareholders at the Company's 2015 annual general meeting. The issue price for each such Option issued to Mr Flanagan was nil, the exercise price of each such Option was also nil and each Option entitled Mr Flanagan to be issued one Share (Mr Flanagan was issued 20,911,333 Shares on exercise of these Options on 6 July 2016).
- (e) Mr Anthony Walsh is the only person referred to in Listing Rule 10.14 who will participate in the Option Plan under this Resolution.
- (f) A voting exclusion statement is included with the Resolution.
- (g) No loan is made in relation to the issue of Options to Mr Walsh or the acquisition of Shares on exercise of any Options.
- (h) Details of any securities issued under the Option Plan will be published in each annual report relating to a period in which securities have been issued under the Option Plan, with a statement that approval for the issue of the securities was obtained under Listing Rule 10.14.
- (i) Any additional persons (to whom Listing Rule 10.14 applies) who become entitled to participate in the Option Plan after approval of this Resolution 6 and who are not named in this Notice will not participate until approval is obtained under Listing Rule 10.14.
- (j) The Company will issue the Options as soon as reasonably practicable after the Meeting and in any event within three years after the Meeting.

#### Dilution

The issue of Shares upon conversion of the Options issued to Mr Walsh has the potential to dilute the percentage interest of existing Shareholders' holdings, should vesting conditions be met.

Options that may be exercised could, subject to the Directors' discretion to settle Option entitlements by way of transfer of Shares acquired on market, lead to the issue of up to 22.5 Million Shares to Mr Walsh, representing approximately 0.24% of the Company's current Share capital.

## Information required for Sections 200B and 200E of the Corporations Act

The Corporations Act provides that the Company may only give a person a benefit in connection with their ceasing to hold a Managerial or Executive Office in the Company or its related bodies corporate if it is approved by Shareholders or an exemption applies (for example, where the benefit together with other benefits does not exceed the payment limits set out in the Corporations Act, including where the aggregate benefits do not exceed one year's average base salary). This restriction will apply to all Key Management Personnel, including Mr Walsh.

The term "benefit" is open to a wide interpretation. Accordingly, Shareholder approval of Resolution 6 will allow the Board, where appropriate, to exercise its discretion under the Option Plan to determine that some or all of the unvested Options held by Mr Walsh are deemed to have vested on his retirement or that (unvested or vested, but not yet exercised) Options are not automatically forfeited on retirement.

If Resolution 6 is not approved, Mr Walsh may not be able to receive the benefit described above, which is otherwise available to all other eligible participants.

The value of the benefit that might be given to Mr Walsh by the exercise of the Board's discretion under the Option Plan will depend on a number of factors. Accordingly, the precise value of the benefit cannot be ascertained at the present time. Apart from the future Share price being unknown, the following matters which will or are likely to affect the value of the benefits are also unknown:

- (a) the number of Options held by Mr Walsh prior to the cessation of his employment;
- (b) reasons for the cessation of employment and Mr Walsh's length of service;
- (c) the term of the Options remaining;
- (d) the extent to which any vesting conditions or other performance or exercise hurdles have been satisfied; and
- (e) the exercise of the Board's discretion at the relevant time.

## Chapter 2E of the Corporations Act

Chapter 2E of the Corporations Act regulates the provision of "financial benefits" to "related parties" by a public company.

For the purposes of Chapter 2E of the Corporations Act, Mr Walsh, being a Director and Company Secretary, is a "related party" of the Company and the grant of Options pursuant to the Option Plan will constitute the giving of "financial benefits".

The Board (other than Mr Walsh) considers that the grant of Options to Mr Walsh is an appropriate and reasonable component of his remuneration, and that the financial benefit represented by the grant of the Options falls within the "reasonable remuneration" exception in section 211 of the Corporations Act. For this reason, the Company is not seeking Shareholder approval of Resolution 6 for the purposes of Chapter 2E of the Corporations Act.

However, in the interests of governance and disclosure, valuation of the Options to be granted to Mr Walsh has been included in Schedule 2 to this Notice.

## Directors' recommendation

Subject to the qualification below, the Directors: (1) consider that the Option Plan is an appropriate mechanism to assist in the recruitment, reward, retention and motivation of employees of the Company; and (2) believe that the grant of Options (and issue of Shares on exercise of the Options) to Mr Walsh is in the best interests of the Company, and unanimously recommend that Shareholders vote in favour of Resolution 6.

Mr Walsh does not make a recommendation in relation to Resolution 6 because he has an interest in the outcome of that Resolution.

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## 5. Resolution 7 – Approval of 10% Additional Placement Capacity

The Board confirms that, at the current time, no decision has been made to undertake any issue of securities if Shareholders approve this Resolution 7. This Resolution 7 is being put to Shareholders on the basis that the Board considers it prudent for the Company to have the opportunity to take advantage of the flexibility to be able to issue additional securities provided under Listing Rule 7.1A.

Resolution 7, if passed, would give the Company additional capacity to issue or agree to issue equity securities (up to 10% of the Company's total fully paid ordinary securities on a 12 month look back basis), in addition to the 15% permitted under Listing Rule 7.1, without further member approval ("**Additional Placement Capacity**").

As at the date of this Notice, the Company has on issue 9,138,532,918 Shares. The Company currently has the capacity to issue:

- (a) 1,370,779,937 equity securities under the "15% capacity" allowed by Listing Rule 7.1; and
- (b) subject to Shareholders approving Resolution 7, 913,853,291 equity securities under Listing Rule 7.1A.

The information below provides more background on Listing Rule 7.1A and the disclosure required by Listing Rule 7.3A.

## Additional Placement Capacity

Under Listing Rule 7.1A, an eligible entity may seek approval from members by special resolution at its annual general meeting to have the Additional Placement Capacity.

If approved, the Additional Placement Capacity will allow the Company for a period of 12 months from the date of the Meeting to issue or agree to issue equity securities equal to 10% of the number of total fully paid ordinary securities on issue (on a 12 month look back basis) on a non-pro rata basis (i.e. by placement).

### Eligible entity

Under the Listing Rules, an “eligible entity” is an entity which, as at the date of the relevant resolution, is not included in the S&P/ASX300 Index and has a market capitalisation (excluding restricted securities and securities quoted on a deferred settlement basis) equal to or less than \$300 million. As at the date of this Notice, the Company is an “eligible entity”.

### Special resolution

The Additional Placement Capacity requires Shareholders’ approval by special resolution. This requires at least 75% of the votes to be cast in favour of the resolution by Shareholders entitled to vote on the resolution.

## Securities which may be issued under the Additional Placement Capacity

### Type of securities

Under the Additional Placement Capacity, the Company must issue equity securities belonging to an existing quoted class of the Company’s equity securities. As at the date of this Notice, the Company has on issue three classes of quoted equity securities, being fully paid ordinary shares (ASX Code: AGO) and two classes of listed Options (ASX Codes: AGOO and AGOOA).

### 10% limit

The Additional Placement Capacity allows the Company to issue or agree to issue during the 12 months following receipt of member approval a number of equity securities calculated in accordance with the following formula:

#### **(A × D) – E**

**A** = The number of fully paid ordinary securities on issue 12 months before the date of issue or agreement,

- (i) plus the number of fully paid ordinary securities issued in the 12 months under an exception in Listing Rule 7.2,
- (ii) plus the number of partly paid ordinary securities that became fully paid in the 12 months,
- (iii) plus the number of fully paid ordinary securities issued in the 12 months with approval of holders of ordinary securities under Listing Rule 7.1 or Listing Rule 7.4. This does not include an issue of fully paid shares under the Company’s 15% placement capacity without Shareholder approval,
- (iv) less the number of fully paid ordinary securities cancelled in the 12 months.

**D** = 10%

**E** = The number of equity securities issued or agreed to be issued under Listing Rule 7.1A.2 in the 12 months before the date of issue or agreement to issue that are not issued with the approval of holders of ordinary securities under Listing Rule 7.1 or Listing Rule 7.4.

The amount calculated in accordance with the above formula is in addition to the 15% placement capacity permitted under Listing Rule 7.1.

## Information required under Listing Rule 7.3A

### What is the minimum issue price?

The issue price of each security issued under the Additional Placement Capacity must be no less than 75% of the volume weighted average price (“VWAP”) for the securities in that class.

The VWAP is to be calculated over the 15 trading days on which trades of securities in that class were recorded immediately before:

- (a) the date on which the issue price is agreed for the securities under the Additional Placement Capacity; or
- (b) if the securities are not issued under the Additional Placement Capacity within 5 trading days of the date in paragraph (a) above, the date on which the securities are issued.

The Company will disclose this information if and when equity securities are issued under the Additional Placement Capacity.

### What is the date by which the Company may issue equity securities?

Under Listing Rule 7.1A.1, the approval for the Additional Placement Capacity must be for a period (“**Additional Placement Period**”) commencing on the date of the Meeting and expiring on the earlier of:

- the date that is 12 months after the date of the Meeting (being 21 November 2017); or
- if the Company receives Shareholder approval for a proposed transaction under Listing Rule 11.1.2 (significant change to the nature or scale of activities) or Listing Rule 11.2 (disposal of main undertaking), the date of that approval.

The Company will only issue the equity securities during the Additional Placement Period. The approval under Resolution 7 for the issue of equity securities will cease to be valid in the event that members approve a transaction under Listing Rule 11.1.2 or Listing Rule 11.2.

### Dilution risks

If equity securities are issued under the Additional Placement Capacity, there is a risk of economic and voting dilution of existing Shareholders, including the following risks:

- the market price for equity securities in the class of securities issued under the Additional Placement Capacity may be significantly lower on the issue date than on the date of the approval under Listing Rule 7.1A (i.e. the date of the Meeting, if Resolution 7 is approved); and
- the equity securities may be issued under the Additional Placement Capacity at a discount to the market price for those equity securities on the issue date,

which may have an effect on the amount of funds raised by the issue of the equity securities.

The below table shows the dilution of existing Shareholders on the basis of the current market price of Shares and the current number of ordinary securities for variable “A” calculated in accordance with the formula in Listing Rule 7.1A.2 as at the date of this Notice.

The table also shows:

- two examples where variable “A” has increased, by 50% and 100%. Variable “A” is based on the number of ordinary securities the Company has on issue. The number of ordinary securities on issue may increase as a result of issues of ordinary securities that do not require Shareholder approval (for example, a pro rata entitlement offer or securities issued under a takeover offer) or future specific placements under Listing Rule 7.1 that are approved at a future general meeting; and
- two examples of where the issue price of ordinary securities has decreased by 50% and increased by 100% as against the current market price.

Variable “A” in Listing Rule 7.1A.2		Dilution		
		Issue Price: \$0.005 (50% decrease in the issue price)	Issue Price: \$0.01 (closing Share price at 14 September 2015)	Issue Price: \$0.02 (100% increase in the issue price)
<b>Scenario A</b> No change in the number of Shares on issue = 9,137,152,984 Shares	10% Voting Dilution	913,853,291 Shares	913,853,291 Shares	913,853,291 Shares
	Funds raised	\$4,569,266	\$9,138,532	\$18,277,065
<b>Scenario B</b> 50% increase in the number of ordinary securities on issue = 13,707,799,377 Shares	10% Voting Dilution	1,370,779,937 Shares	1,370,779,937 Shares	1,370,779,937 Shares
	Funds raised	\$6,853,899	\$13,707,799	\$27,415,598
<b>Scenario C</b> 100% increase in the number of ordinary securities on issue = 18,277,065, 836 Shares	10% Voting Dilution	1,827,706,583 Shares	1,827,706,583 Shares	1,827,706,583 Shares
	Funds raised	\$9,138,532	\$18,277,065	\$36,554,131

The examples in the table opposite are based on the following assumptions:

- (a) The Company issues Shares for cash under the Additional Placement Capacity and no other types of quoted equity securities.
- (b) The Company issues the maximum number of equity securities allowed under the Additional Placement Capacity (being 10% of the number of Shares on issue).
- (c) The 10% voting dilution reflects the aggregate percentage dilution against the issued share capital at the time of issue. This is why the voting dilution is shown in each example as 10%.
- (d) The Company issues Shares under the Additional Placement Capacity to new investors who have previously held no interests in the Company's securities (i.e. the table does not show an example of dilution that may be caused to a particular Shareholder by reason of placements under the Additional Placement Capacity, based on that Shareholder's holding at the date of the Meeting).
- (e) Other than as indicated in the table, the Company does not issue any additional equity securities during the Additional Placement Period.
- (f) The table shows only the effect of issues of Shares under Listing Rule 7.1A, not under the existing 15% placement capacity under Listing Rule 7.1.
- (g) The table does not show an example of dilution that may be caused to a particular Shareholder by reason of placements under the Additional Placement Capacity based on that Shareholder's holding at the date of the Meeting.
- (h) No listed or unlisted options over Shares are exercised during the Additional Placement Period and before the date of the issue of the equity securities.
- (i) The issue price is \$0.01, being the closing share price of the Shares on ASX on 10 October 2016.

#### **For what purpose will the Company issue equity securities?**

The Company may issue equity securities under the Additional Placement Capacity for the following purposes:

- (a) to provide non-cash consideration for new asset purchases or investments; or
- (b) to raise cash to fund:
  - (i) general working capital expenses;
  - (ii) repayment of debt, including repayments under the Company's existing US dollar loan facility; or
  - (iii) the acquisition of new resource assets and investments (including any expenses associated with such an acquisition).

The Company will comply with the disclosure obligations under Listing Rules 7.1A.4 and 3.10.5A on issue of any equity securities issued pursuant to the approval sought by Resolution 7. If equity securities are issued for non-cash consideration, the Company will at the time of issue of the equity securities provide a valuation of the non-cash consideration that demonstrates that the issue price of the securities are at or above the minimum issue price, in accordance with the Note to Listing Rule 7.1A.3. The Company intends to maintain the ability to issue securities under Listing Rule 7.1A for non-cash consideration.

#### **What is the allocation policy?**

The Company's allocation policy and the identity of the allottees of equity securities issued under the Additional Placement Capacity will be determined on a case-by-case basis at the time of issue and in the Company's discretion.

No decision has been made in relation to an issue of equity securities under the Additional Placement Capacity, including whether the Company will engage with new investors or existing Shareholders of the Company, and if so the identities of any such persons.

However, when determining of the allocation policy and the identity of the allottees, the Company will have regard to the following considerations:

- (a) the purpose for the issue of the equity securities;
- (b) the financial situation and solvency of the Company;
- (c) impacts of the placement on control;
- (d) other methods of raising capital; and
- (e) advice from corporate, financial and broking advisers (if applicable).

Allottees may include existing Shareholders or new investors, but not persons who are related parties or associates of related parties of the Company. If the issue is made in connection with the acquisition of assets, the allottees may be the sellers of those assets.

## Details of approvals under Listing Rule 7.1A previously obtained by the Company

The Company previously obtained Shareholder approval for an Additional Placement Capacity under Listing Rule 7.1A at its 2015 annual general meeting in October 2015.

In the 12 months preceding the date of this Notice, the Company issued a total of 6,468,745,886 Shares and 4,703,789,773 Options, which represents approximately 70% of the total number of equity securities on issue at the start of that 12 month period; with a considerable majority of those securities having been issued with prior Shareholder approval (see further below).

Details of the issue of equity securities are as follows:

Date of issue	Number and class of securities issued	Persons to whom the securities were issued	Price at which the securities were issued	Nature and value of consideration
18 November 2015	189,803,513 unlisted Options	Employees of the Company pursuant to the Option Plan	Nil. Exercisable for nil cash consideration on or before 13 November 2020, subject to certain vesting conditions	<p>Nil cash consideration</p> <p>See Note 3 below</p> <p>The current value of such non-cash consideration is \$1,898,035.13*</p>
6 May 2016	6,229,503,087 Shares	See Note 1 below	Deemed issued price of 2.5919897 cents per Share	<p>Nil cash consideration.</p> <p>Approximately \$161,468,080 in non-cash consideration, but no new cash raised by the Company.</p> <p>Issue was made under the creditors' scheme of arrangement, which effected a debt for equity swap in respect of the Company's Term Loan B debt arrangements.</p> <p>Although no new cash was raised by the Company, the existing Term Loan B debt arrangements were amended and the Company reduced the amount owing to its Term Loan B lenders (from approximately US\$267m, to A\$135m as at implementation of the creditors' scheme of arrangement).</p> <p>The current value of such non-cash consideration is \$62,295,030.87*</p>
6 May 2016	4,513,986,260 Options	See Note 1 below	Nil. Terms and conditions of Options attached to notice of general meeting dated 24 March 2016 (each Option is exercisable for one Share at 7.5 cents per Share)	<p>Nil cash consideration</p> <p>Issue was for non-cash consideration under the creditors' scheme of arrangement, which effected a debt for equity swap in respect of the Company's Term Loan B debt arrangements.</p> <p>No new cash was raised by the Company, but the existing Term Loan B debt arrangements were amended and the Company reduced the amount owing to its Term Loan B lenders (from approximately US\$267m, to A\$135m as at implementation of the creditors' scheme of arrangement).</p> <p>The current value of such non-cash consideration is zero*</p>

Date of issue	Number and class of securities issued	Persons to whom the securities were issued	Price at which the securities were issued	Nature and value of consideration
13 May 2016	53,252,848 Shares	See Note 2 below	Nil	Nil cash consideration See Note 3 below The current value of such non-cash consideration is \$532,528.48*
18 May 2016	21,660,053 Shares	See Note 2 below	Nil	Nil cash consideration See Note 3 below The current value of such non-cash consideration is \$216,600.53*
24 May 2016	15,458,302 Shares	See Note 2 below	Nil	Nil cash consideration See Note 3 below The current value of such non-cash consideration is \$154,583.02*
2 June 2016	3,085,347 Shares	See Note 2 below	Nil	Nil cash consideration See Note 3 below The current value of such non-cash consideration is \$30,853.47*
15 June 2016	3,398,156 Shares	See Note 2 below	Nil	Nil cash consideration See Note 3 below The current value of such non-cash consideration is \$33,981.56*
6 July 2016	28,337,680 Shares	See Note 2 below	Nil	Nil cash consideration See Note 3 below The current value of such non-cash consideration is \$283,376.80*
12 July 2016	6,206,593 Shares	See Note 2 below	Nil	Nil cash consideration See Note 3 below The current value of such non-cash consideration is \$62,065.93*
20 July 2016	3,914,375 Shares	See Note 2 below	Nil	Nil cash consideration See Note 3 below The current value of such non-cash consideration is \$39,143.75*

Date of issue	Number and class of securities issued	Persons to whom the securities were issued	Price at which the securities were issued	Nature and value of consideration
1 August 2016	94,670,301 Shares	94,670,301 Shares issued to Gondwana Resources	1.056 cents per Share	<p>Nil cash consideration.</p> <p>\$1,000,000 in non-cash consideration, but no new cash was raised by the Company.</p> <p>Issue was made under the terms of an agreement with Gondwana Resources to terminate the previous obligation on the Company to pay certain royalties.</p> <p>The current value of such non-cash consideration is \$946,703.01*</p>
1 August 2016	7,579,190 Shares	See Note 2 below	Nil	<p>Nil cash consideration</p> <p>See Note 3 below</p> <p>The current value of such non-cash consideration is \$75,791.90*</p>
20 September 2016	1,679,934 Shares	See Note 2 below	Nil	<p>Nil cash consideration</p> <p>See Note 3 below</p> <p>The current value of such non-cash consideration is \$16,799.34*</p>

**Note 1:** Issued to various creditors of Atlas in connection with the creditors' scheme of arrangement, with such issue of Shares and Options having been approved by Shareholders under Listing Rule 7.1

**Note 2:** Issued to employees on exercise of unlisted Options granted under the Option Plan, which was previously approved by Shareholders, at nil issue price, in accordance with the terms of the Option Plan

**Note 3:** Issue was for non-cash consideration as part of the overall remuneration and reward package for eligible employees.

\* Current value of the non-cash consideration calculated by multiplying the number of Shares issued (or underlying the Options issued) with the closing Share price on the Last Practicable Date, and subtracting (where applicable in the case of Options the subject of Note 1 above) any exercise price payable.

#### Voting exclusion

A voting exclusion statement is included in the Notice. At the date of the Notice, the Company has not approached any existing Shareholder or other security holder or an identifiable class of existing security holders to participate in the issue of equity securities under Listing Rule 7.1A. Accordingly, it is expected that no existing Shareholders' votes will be excluded under the voting exclusion in the Notice.

#### Directors' recommendation

The Board considers it prudent for the Company to have the opportunity to take advantage of the flexibility to be able to issue additional securities provided under Listing Rule 7.1A. No decision has been made by the Board to undertake any issue of securities if Shareholders approve Resolution 7. The Board believes that Resolution 7 is in the best interests of the Company and unanimously recommend that Shareholders vote in favour of Resolution 7.

## 6. Action to be taken by Shareholders

Shareholders should read this Explanatory Memorandum carefully before deciding how to vote on the Resolutions. A Proxy Form is enclosed with the Notice. This is to be used by Shareholders if they wish to appoint a representative (a "proxy") to vote in their place. All Shareholders are invited and encouraged to attend the Meeting or, if they are unable to attend in person, to sign and return the Proxy Form to the Share Registry in accordance with the instructions provided. Lodgement of a Proxy Form will not preclude a Shareholder from attending and voting at the Meeting in person.



# GLOSSARY

In this Explanatory Memorandum, the Notes, the Notice and the Proxy Form:

“**2016 Remuneration Report**” means the remuneration report contained in the 2016 Annual Report.

“**2016 Annual Report**” means the Annual Report of the Company for the year ended 30 June 2016.

“**ASX**” means Australian Securities Exchange or ASX Limited (ACN 008 624 691), as the context requires.

“**Board**” means the board of Directors.

“**Chair**” means the chair of the Meeting.

“**Closely Related Party**” or “**Closely Related Parties**” means for a member of the Key Management Personnel:

- a spouse or child of the member;
- a child of the member’s spouse;
- a dependant of the member or of the member’s spouse;
- anyone else who is one of the member’s family and may be expected to influence the member, or be influenced by the member, in the member’s dealings with the Company; or
- a company the member controls.

“**Company**” means Atlas Iron Limited (ABN 63 110 396 168).

“**Constitution**” means the constitution of the Company.

“**Corporations Act**” means the *Corporations Act 2001* (Cth).

“**Director**” means a director of the Company.

“**Eligible Director**” means a Director who is eligible to participate in the Option Plan.

“**Explanatory Memorandum**” means the explanatory memorandum to the Notice.

“**Key Management Personnel**” or “**KMP**” means those people having authority and responsibility for planning, directing, and controlling the activities of the Company, either directly or indirectly. Key Management Personnel includes the Company’s executive and non-executive Directors.

“**Last Practicable Date**” means 10 October 2016, being the last practicable date before finalising this Notice for printing.

“**Listing Rules**” means the listing rules of ASX.

“**Managerial or Executive Office**” has the meaning given in section 200AA(1) of the Corporations Act.

“**Meeting**” means the annual general meeting of Shareholders convened by the Notice, and for the avoidance of doubt, any meeting arising from the adjournment or postponement of the Meeting.

“**Notes**” means the notes accompanying and forming part of the Notice.

“**Notice**” means this notice of annual general meeting.

“**Option**” means an option granted under the Option Plan Rules to acquire one or more Shares by transfer or issue, as set out in the relevant “Invitation” (as defined in the Option Plan Rules).

“**Option Plan**” means the Atlas Iron Limited Option Plan.

“**Option Plan Rules**” means the rules of the Option Plan, the key terms of which are summarised in Schedule 1.

“**Plan Share**” means a Share issued on conversion of an Option issued under the Option Plan.

“**Proxy Form**” means the proxy form enclosed with the Notice.

“**Resolution**” means a resolution contained in this Notice.

“**ROIC**” means return on invested capital.

“**Rule**” means a rule of the Constitution.

“**Schedule**” means a schedule to this Notice.

“**Share**” means a fully paid ordinary share in the Company.

“**Shareholder**” means a registered holder of a Share.

“**Share Registry**” means Computershare Investor Services Pty Ltd.

“**TSR**” means total shareholder return.

“**VWAP**” means volume weighted average price.

“**WST**” means Western Standard Time, being the time in Perth, Western Australia.

## SCHEDULE 1– SUMMARY OF THE OPTION PLAN RULES

Purpose	<p>The purpose of the Option Plan is to:</p> <ul style="list-style-type: none"> <li>(a) assist in the reward, retention and motivation of Eligible Participants;</li> <li>(b) link the reward of Eligible Participants to Shareholder value creation;</li> <li>(c) provide non-cash incentive to Eligible Participants, with is consistent with Atlas maximising its cash position; and</li> <li>(d) align the interests of Eligible Participants with shareholders of the Group.</li> </ul>
Option Plan approval and commencement	<p>The Option Plan was approved by the Board on 26 August 2015 and approved by shareholders at the 2015 AGM.</p> <p>As at the date of this Notice, 189,803,513 Options have been issued under the Option Plan.</p>
Administration of the Option Plan	<p>The Option Plan will be administered by the Board. The Board may exercise any power or discretion conferred on it by the Option Plan Rules in its sole and absolute discretion. The Board may delegate its powers and discretion.</p>
Eligible Participant	<p>Eligible Participant means a person that:</p> <ul style="list-style-type: none"> <li>(a) is an “eligible participant” (as that term is defined in ASIC Class Order 14/1000) in relation to the Company or an Associated Body Corporate; and</li> <li>(b) has been determined by the Board to be eligible to participate in the Option Plan from time to time.</li> </ul>
Eligibility, Invitation and Application	<p>The Board may from time to time determine that an Eligible Participant may participate in the Option Plan.</p> <p>The Board may at any time and from time to time make an Invitation to an Eligible Participant. An Invitation to an Eligible Participant to apply for Options may be made on such terms and conditions as the Board decides from time to time.</p> <p>On receipt of an Invitation, an Eligible Participant may submit a completed Application Form to the Company. The Board may accept an Application from an Eligible Participant in whole or in part.</p> <p>If an Eligible Participant is permitted in the Invitation, an Eligible Participant may nominate a Nominated Party in whose favour the Eligible Participant wishes to renounce the Invitation in order for the Nominated Party to be granted the Options the subject of the Invitation. The Board may resolve to allow or not allow a renunciation in favour of a Nominated Party without giving any reason for that decision.</p>
Grant of Options	<p>The Company will, to the extent it has accepted an Application, grant the Eligible Participant the relevant number of Options, subject to terms and conditions set out in the Invitation, the Option Plan Rules and the Ancillary Documentation.</p>
Terms of Options	<p>Each Option represents a right to receive one (1) Share, subject to the terms and conditions of the Option Plan.</p> <p>Prior to an Option being exercised, a Participant does not have any interest (legal, equitable or otherwise) in any Share the subject of the Option by virtue of holding the Option. A Participant may not sell, assign, transfer, grant a Security Interest over or otherwise deal with an Option that has been granted to them. A Participant must not enter into any arrangement for the purpose of hedging their economic exposure to an Option that has been granted to them.</p>
Vesting	<p>An Option will vest when a Vesting Notice in respect of that Option is given to the Participant.</p> <p>Any Vesting Conditions applicable to the grant of Options will be described in the Invitation. If all of the Vesting Conditions are satisfied and/or otherwise waived by the Board, a Vesting Notice will be sent to the Participant by the Company informing them that the relevant Options have vested. Unless and until the Vesting Notice is issued by the Company, the Options will not be considered to have vested.</p> <p>For the avoidance of doubt, if the Vesting Conditions relevant to an Option are not satisfied and/or otherwise waived by the Board, that Option will lapse.</p>

Exercise of Options and cashless exercise	<p>To exercise an Option, the Participant must:</p> <ul style="list-style-type: none"> <li>(a) deliver a signed Notice of Exercise; and</li> <li>(b) subject to a cashless exercise of options (see below), pay the Option Exercise Price (if any) to or as directed by the Company,</li> </ul> <p>at any time prior to the earlier of:</p> <ul style="list-style-type: none"> <li>(a) any date specified in the Vesting Notice; and</li> <li>(b) the Expiry Date.</li> </ul> <p>An Invitation may specify that at the time of exercise of the Options subject of the Invitation, the Participant may elect not to be required to provide payment of the Option Exercise Price for the number of Options specified in a Notice of Exercise, but that on exercise of those Options the Company will transfer or issue to the Participant that number of Shares equal in value to the positive difference between the Market Value of the Shares at the time of exercise and the Option Exercise Price that would otherwise be payable to exercise those Options.</p> <p><b>Market Value</b> means, at any given date, the volume weighted average price per Share traded on the ASX over the 5 trading days immediately preceding that given date, unless otherwise specified in an Invitation.</p> <p>An Option may not be exercised unless and until that Option has vested in accordance with the Option Plan Rules, or such earlier date as set out in the Option Plan Rules.</p>
Expiry date	The Options will expire 5 years after the Grant Date.
Delivery of Shares on exercise of Options	As soon as practicable after the valid exercise of an Option by a Participant, the Company will issue or cause to be transferred to that Participant the number of Shares to which the Participant is entitled under these Option Plan Rules and issue a substitute Certificate for any remaining unexercised Options held by that Participant.
Forfeiture of Options – Good Leaver	<p>Within 20 Business Days of the Participant becoming a Good Leaver, the Board shall notify the Participant that the following Options shall not be forfeited:</p> <ul style="list-style-type: none"> <li>(a) those vested but unexercised Options held by the Participant; and</li> <li>(b) those unvested Options held by the Participant to the extent determined by the Board in its absolute discretion.</li> </ul> <p>All Options held by a Participant that is a Good Leaver other than those the subject of the Option Retention Notice will be forfeited.</p> <p>Subject to the Corporations Act, the Listing Rules (where applicable) and any other Applicable Laws, the Board may determine that some or all of the Options retained by a Good Leaver are deemed to have vested.</p> <p>A <b>Good Leaver</b> means a Participant who ceases to be an Eligible Participant and:</p> <ul style="list-style-type: none"> <li>(a) who does not meet the Bad Leaver criteria; or</li> <li>(b) who meets the Bad Leaver criteria but the Board has determined in writing that they be treated as a Good Leaver.</li> </ul>

<b>Forfeiture of Options – Bad Leaver</b>	<p>Unless otherwise stated in the Invitation or determined by the Board in its absolute discretion, an Option held by a Participant will be forfeited immediately on the date that the Participant becomes a Bad Leaver.</p>
	<p>Where the Board determines that a Participant has:</p> <ul style="list-style-type: none"> <li>(a) acted fraudulently or dishonestly; or</li> <li>(b) wilfully breached his or her duties to the Group,</li> </ul> <p>the Board may in its discretion deem all unvested Options held by that Participant to have been forfeited.</p> <p>A <b>Bad Leaver</b> means a Participant who ceases to be an Eligible Participant in any of the following circumstances:</p> <ul style="list-style-type: none"> <li>(a) the Participant’s Engagement Arrangement is terminated due to: <ul style="list-style-type: none"> <li>(i) the Participant’s serious and wilful misconduct (including, without limitation, fraud or dishonesty);</li> <li>(ii) the Participant’s material breach of their Engagement Arrangement;</li> <li>(iii) the Participant’s gross negligence in the performance of their duties;</li> <li>(iv) the Participant having committed an act, whether at work or otherwise, which brings a member of the Group into disrepute;</li> <li>(v) the Participant having been convicted of an offence punishable by imprisonment; or</li> <li>(vi) other conduct justifying termination of the Participant’s Engagement Arrangement without notice, or at common law;</li> </ul> </li> <li>(b) the Participant terminates their Engagement Arrangement of their own volition; or</li> <li>(c) the Participant is ineligible to hold his or her office for the purposes of Part 2D.6 of the Corporations Act,</li> </ul> <p>and the Board has not determined in writing that they be treated as a Good Leaver..</p>
<b>Change of Control</b>	<p>If a Change of Control Event occurs, or the Board determines that such an event is likely to occur, the Board may in its discretion determine the manner in which any or all of the Participant’s Options will be dealt with, including, without limitation, in a manner that allows the Participant to participate in and/or benefit from any transaction arising from or in connection with the Change of Control Event.</p>
<b>Rights attaching to Plan Shares</b>	<p>All Plan Shares will rank <i>pari passu</i> in all respects with the Shares of the same class. Plan Shares will apply for quotation on the ASX. A Participant will be entitled to any dividends declared and distributed by the Company on the Plan Shares. A Participant may participate in any dividend reinvestment plan operated by the Company in respect of Plan Shares. A Participant may exercise any voting rights attaching to Plan Shares</p>
<b>Disposal Restrictions on Plan Shares</b>	<p>If the Invitation provides that any Plan Shares are subject to any restrictions as to the disposal or other dealing by a Participant for a period, the Board may implement any procedure it deems appropriate to ensure the compliance by the Participant with this restriction.</p> <p>For so long as a Plan Share is subject to any disposal restrictions under this Plan, the Participant will not:</p> <ul style="list-style-type: none"> <li>(a) transfer, encumber or otherwise dispose of, or have a Security Interest granted over that Plan Share; or</li> <li>(b) take any action or permit another person to take any action to remove or circumvent the disposal restrictions without the express written consent of the Company.</li> </ul>

<b>Adjustment of Options</b>	<p>If there is a reorganisation of the issued share capital of the Company (including any subdivision, consolidation, reduction, return or cancellation of such issued capital of the Company), the rights of each Participant holding Options will be changed to the extent necessary to comply with the Listing Rules applicable to a reorganisation of capital at the time of the reorganisation.</p> <p>If Shares are issued by the Company by way of a bonus issue, the holder of Options is entitled, upon exercise of the Options, to receive additional Shares as would be issued to the holder if the holder held Shares equal in number to the Shares in respect of which the Options are exercised.</p> <p>Unless otherwise stated in an Invitation, if there is a Pro Rata Issue (except a bonus issue) to the holders of Shares, the Exercise Price (if any) of each Option may be reduced according to a formula set out in Listing Rule 6.22.2.</p>
<b>Participation in new issues</b>	<p>There are no participation rights or entitlements inherent in the Options and holders will not be entitled to participate in new issues of capital offered to Shareholders during the currency of the Options without exercising the Options.</p>
<b>Amendment of Plan</b>	<p>Subject to the following paragraph, the Board may at any time amend any provisions of these Option Plan Rules, including (without limitation) the terms and conditions upon which any Options have been granted under the Plan and determine that any amendments to these Option Plan Rules be given retrospective effect, immediate effect or future effect.</p> <p>No amendment to any provision of these Option Plan Rules may be made if the amendment materially reduces the rights of any Participant as they existed before the date of the amendment, other than an amendment introduced primarily for the purpose of complying with legislation or to correct manifest error or mistake, amongst other things, or is agreed to in writing by all Participants.</p>
<b>Duration of Option Plan</b>	<p>The Plan continues in operation until the Board decides to end it. The Board may from time to time suspend the operation of the Plan for a fixed period or indefinitely, and may end any suspension. If the Plan is terminated or suspended for any reason, that termination or suspension must not prejudice the accrued rights of the Participants.</p> <p>If a Participant and the Company (acting by the Board) agree in writing that some or all of the Options granted to that Participant are to be cancelled on a specified date or on the occurrence of a particular event, then those Options may be cancelled in the manner agreed between the Company and the Participant.</p>

## **SCHEDULE 2 – VALUATION OF OPTIONS**

- the Options to be issued to Mr Walsh pursuant to Resolution 6 have been independently valued.

The Options have a zero exercise price and a service based vesting condition, as described in the Explanatory Memorandum to this Notice. Assuming that no dividends are paid by Atlas during the vesting period (on the basis there is a degree of uncertainty about future dividends payable on Atlas shares during the vesting period), the market value of each Option at the grant date is equal to the market value of an Atlas fully paid ordinary share on the grant date.

Using an assumed Option grant date of 10 October 2016, the market value of each Option is equal to closing price of Shares (being \$0.01 per Option), and the total maximum value of the Options proposed to be issued to Mr Walsh is \$225,000.

**NOTES**



[atlasiron.com.au](http://atlasiron.com.au)







Atlas Iron Limited  
ABN 63 110 396 168

AGO

MR SAM SAMPLE  
FLAT 123  
123 SAMPLE STREET  
THE SAMPLE HILL  
SAMPLE ESTATE  
SAMPLEVILLE VIC 3030

## Lodge your vote:

  **Online:**  
[www.investorvote.com.au](http://www.investorvote.com.au)

 **By Mail:**  
Computershare Investor Services Pty Limited  
GPO Box 242 Melbourne  
Victoria 3001 Australia

Alternatively you can fax your form to  
(within Australia) 1800 783 447  
(outside Australia) +61 3 9473 2555

For Intermediary Online subscribers only  
(custodians) [www.intermediaryonline.com](http://www.intermediaryonline.com)

**For all enquiries call:**  
(within Australia) 1300 850 505  
(outside Australia) +61 3 9415 4000

## Proxy Form

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### Vote and view the annual report online

- Go to [www.investorvote.com.au](http://www.investorvote.com.au) or scan the QR Code with your mobile device.
- Follow the instructions on the secure website to vote.

### Your access information that you will need to vote:

Control Number: 999999

SRN/HIN: I9999999999 PIN: 99999

PLEASE NOTE: For security reasons it is important that you keep your SRN/HIN confidential.



 **For your vote to be effective it must be received by 9:00am (WST) Saturday, 19 November 2016**

### How to Vote on Items of Business

All your securities will be voted in accordance with your directions.

#### Appointment of Proxy

**Voting 100% of your holding:** Direct your proxy how to vote by marking one of the boxes opposite each item of business. If you do not mark a box your proxy may vote or abstain as they choose (to the extent permitted by law). If you mark more than one box on an item your vote will be invalid on that item.

**Voting a portion of your holding:** Indicate a portion of your voting rights by inserting the percentage or number of securities you wish to vote in the For, Against or Abstain box or boxes. The sum of the votes cast must not exceed your voting entitlement or 100%.

**Appointing a second proxy:** You are entitled to appoint up to two proxies to attend the meeting and vote on a poll. If you appoint two proxies you must specify the percentage of votes or number of securities for each proxy, otherwise each proxy may exercise half of the votes. When appointing a second proxy write both names and the percentage of votes or number of securities for each in Step 1 overleaf.

**A proxy need not be a securityholder of the Company.**

### Signing Instructions for Postal Forms

**Individual:** Where the holding is in one name, the securityholder must sign.

**Joint Holding:** Where the holding is in more than one name, all of the securityholders should sign.

**Power of Attorney:** If you have not already lodged the Power of Attorney with the registry, please attach a certified photocopy of the Power of Attorney to this form when you return it.

**Companies:** Where the company has a Sole Director who is also the Sole Company Secretary, this form must be signed by that person. If the company (pursuant to section 204A of the Corporations Act 2001) does not have a Company Secretary, a Sole Director can also sign alone. Otherwise this form must be signed by a Director jointly with either another Director or a Company Secretary. Please sign in the appropriate place to indicate the office held. Delete titles as applicable.

### Attending the Meeting

Bring this form to assist registration. If a representative of a corporate securityholder or proxy is to attend the meeting you will need to provide the appropriate "Certificate of Appointment of Corporate Representative" prior to admission. A form of the certificate may be obtained from Computershare or online at [www.investorcentre.com](http://www.investorcentre.com) under the help tab, "Printable Forms".

**Comments & Questions:** If you have any comments or questions for the company, please write them on a separate sheet of paper and return with this form.

**GO ONLINE TO VOTE,  
or turn over to complete the form** →

MR SAM SAMPLE  
 FLAT 123  
 123 SAMPLE STREET  
 THE SAMPLE HILL  
 SAMPLE ESTATE  
 SAMPLEVILLE VIC 3030

**Change of address.** If incorrect, mark this box and make the correction in the space to the left. Securityholders sponsored by a broker (reference number commences with 'X') should advise your broker of any changes.



I 9999999999

I ND

# Proxy Form

Please mark  to indicate your directions

## STEP 1 Appoint a Proxy to Vote on Your Behalf

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I/We being a member/s of Atlas Iron Limited hereby appoint

the Chairman of the Meeting **OR**

**PLEASE NOTE:** Leave this box blank if you have selected the Chairman of the Meeting. Do not insert your own name(s).

or failing the individual or body corporate named, or if no individual or body corporate is named, the Chairman of the Meeting, as my/our proxy to act generally at the Meeting on my/our behalf and to vote in accordance with the following directions (or if no directions have been given, and to the extent permitted by law, as the proxy sees fit) at the Annual General Meeting of Atlas Iron Limited to be held at The Duxton Hotel, 1 St Georges Terrace, Perth, Western Australia on Monday, 21 November 2016 at 9:00am (WST) and at any adjournment or postponement of that Meeting.

**Chairman authorised to exercise undirected proxies on remuneration related resolutions:** Where I/we have appointed the Chairman of the Meeting as my/our proxy (or the Chairman becomes my/our proxy by default), I/we expressly authorise the Chairman to exercise my/our proxy on Resolutions 1 and 6 (except where I/we have indicated a different voting intention below) even though Resolutions 1 and 6 are connected directly or indirectly with the remuneration of a member of key management personnel, which includes the Chairman.

**Important Note:** If the Chairman of the Meeting is (or becomes) your proxy you can direct the Chairman to vote for or against or abstain from voting on Resolutions 1 and 6 by marking the appropriate box in step 2 below.

## STEP 2 Items of Business

**PLEASE NOTE:** If you mark the **Abstain** box for an item, you are directing your proxy not to vote on your behalf on a show of hands or a poll and your votes will not be counted in computing the required majority.

### ORDINARY BUSINESS

- Resolution 1 Remuneration Report
- Resolution 2 Re-election of Mr Eugene I Davis as a Director
- Resolution 3 Re-election of Mr Alan J Carr as a Director
- Resolution 4 Re-election of Mr Daniel C Harris as a Director
- Resolution 5 Re-election of Mr Anthony (Tony) Walsh as a Director
- Resolution 6 Approval to issue Options to Mr Anthony (Tony) Walsh and issue Shares upon exercise of the Options, and to give potential retirement benefits
- Resolution 7 Approval of 10% Additional Placement Capacity

	For	Against	Abstain
Resolution 1	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 2	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 3	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 4	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 5	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 6	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 7	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

The Chairman of the Meeting (where appropriately authorised) intends to vote undirected proxies in favour of each item of business. In exceptional circumstances, the Chairman of the Meeting may change his/her voting intention on any Resolution, in which case an ASX announcement will be made.

## SIGN Signature of Securityholder(s) *This section must be completed.*

Individual or Securityholder 1

Sole Director and Sole Company Secretary

Securityholder 2

Director

Securityholder 3

Director/Company Secretary

Contact Name

Contact Daytime Telephone

Date

 /  / 

AGO

999999A

Computershare +