

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 | N/A. There is no issue of securities as the request for quotation refers to the release of securities held in escrow. |
| 2 | Number of +securities issued or to be issued (if known) or maximum number which may be issued | N/A |
| 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) | N/A |

+ 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? 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 	N/A	
5	Issue price or consideration	N/A	
6	Purpose of the issue (If issued as consideration for the acquisition of assets, clearly identify those assets)	N/A	
6a	Is the entity an +eligible entity that has obtained security holder approval under rule 7.1A? 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	N/A	
7	Dates of entering +securities into uncertificated holdings or despatch of certificates	Not applicable	
8	Number and +class of all +securities quoted on ASX (including the securities in section 2 if applicable)	Number	+Class
		9,261,133,336	Fully paid ordinary shares.
		1,744,762,043	Options (AGOO)
		4,513,986,260	Options (AGOOA)
9	Number and +class of all +securities not quoted on ASX (including the securities in section 2 if applicable)	Number	+Class
		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	4,411,079								
39	+Class of +securities for which quotation is sought	Fully paid ordinary shares.								
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 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>Release of securities from escrow at the end of 12-month restriction period.</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 1653">9,261,133,336</td> <td data-bbox="1013 1585 1300 1653">Fully paid ordinary shares</td> </tr> <tr> <td data-bbox="710 1653 1013 1720">1,744,762,043</td> <td data-bbox="1013 1653 1300 1720">Options (AGOO)</td> </tr> <tr> <td data-bbox="710 1720 1013 1805">4,513,986,260</td> <td data-bbox="1013 1720 1300 1805">Options (AGOOA)</td> </tr> </tbody> </table>	Number	+Class	9,261,133,336	Fully paid ordinary shares	1,744,762,043	Options (AGOO)	4,513,986,260	Options (AGOOA)
Number	+Class									
9,261,133,336	Fully paid ordinary shares									
1,744,762,043	Options (AGOO)									
4,513,986,260	Options (AGOOA)									

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: 22 May 2017
Company Secretary

Print name: Bronwyn Kerr

+ See chapter 19 for defined terms.

Annexure 1 – Unquoted securities

Number	Class
UNLISTED OPTIONS	
27,500,370	Nil cash exercise unlisted ESOP options expiring 13/11/2020 - vested on 6 May 2016
138,341,188	Nil cash exercise unlisted ESOP options expiring 23/11/2021 subject to vesting conditions Vesting Conditions (i) 30% of the Option will vest in thirds on the first 3 anniversaries of grant (10% each year) on condition the employee remains in the employment of the Company at the vesting date; (ii) 30% of the Option will vest at the end of FY2019 on the basis of improvement in Atlas' return on invested capital (ROIC) for FY2019 equal to or greater than 15% over ROIC for FY2016; (iii) 40% of the Option will vest at the end of FY2019 on the basis of an absolute improvement in Atlas' total shareholder return (TSR) in FY2019 over FY2016