



ATLAS IRON LIMITED
ACN 110 396 168

NOTICE OF ANNUAL GENERAL MEETING

The Annual General Meeting of the Company will be held at the Parmelia Hilton Hotel, 14 Mill Street, Perth on Monday, 23 October 2017 at 10:00 AM (WST).

ATLAS IRON LIMITED

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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 Parmelia Hilton Hotel, 14 Mill Street, Perth, on Monday, 23 October 2017 at 10:00 AM (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 2017 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, with or without amendment, 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 2017 Remuneration Report be adopted by the Shareholders on the terms and conditions described in the Explanatory Memorandum."

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

Voting Restrictions

In accordance with section 250R(4) of 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 are included in the 2017 Remuneration Report; or
 - (b) a Closely Related Party of such a member,
- (each an "**Excluded Person**").

This restriction does not apply:

- (a) 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; or
- (b) 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 of the Corporations Act from voting in a manner contrary to the above.

3. Resolution 2 – Re-election of Hon. Cheryl Edwardes as a Director

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

"That Hon. Cheryl Edwardes, who retires in accordance with Rules 3.6(c) and 3.7 of the Constitution and, being eligible, offers herself for re-election, be re-elected as a Director."

4. Resolution 3 – Approval to issue FY2017 Options to Mr Cliff Lawrenson under the Option Plan and to issue Shares upon exercise of the Options, and to give potential retirement benefits

To consider and, if thought fit, to pass, with or without amendment, 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 66,979,000 Options to Mr Cliff Lawrenson (including the issue or transfer of up to 66,979,000 Shares on exercise of those Options) pursuant to his remuneration package and under the Option Plan last approved by shareholders at the 2015 Annual General Meeting, on the terms and conditions described in the Explanatory Memorandum, 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."

Voting Prohibition and Exclusion Statement

The Company will disregard any votes cast on Resolution 3 by Cliff Lawrenson, any other Eligible Director, and any of their associates (and nominees).

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 3 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 3. If you do not wish to appoint the Chair to vote on Resolution 3 in the manner indicated above, the Company encourages you to complete the voting directions in respect of Resolution 3 in Step 2 of the Proxy Form.

Directors (other than the Chair), and executives who are Key Management Personnel of the Company, and their Closely Related Parties, who have been appointed to act as proxies at the meeting must not vote as proxy on Resolution 3 unless the proxy appointment directs them how to vote on the Resolution.

5. Resolution 4 – Approval to issue FY2018 Options to Mr Cliff Lawrenson under the Option Plan and to issue Shares upon exercise of the Options, and to give potential retirement benefits

To consider and, if thought fit, to pass, with or without amendment, 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 47,842,143 Options to Mr Cliff Lawrenson (including the issue or transfer of up to 47,842,143 Shares on exercise of those Options) pursuant to his remuneration package and under the Option Plan last approved by shareholders at the 2015 Annual General Meeting, on the terms and conditions described in the Explanatory Memorandum, 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."

Voting Prohibition and Exclusion Statement

The Company will disregard any votes cast on Resolution 4 by Cliff Lawrenson, any other Eligible Director, and any of their associates (and nominees).

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 4 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 4. If you do not wish to appoint the Chair to vote on Resolution 4 in the manner indicated above, the Company encourages you to complete the voting directions in respect of Resolution 4 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 4 unless the proxy appointment directs them how to vote on the Resolution.

6. Resolution 5 – Approval of 10% Additional Placement Capacity

To consider and, if thought fit, to pass, with or without amendment, the following resolution as a **special** resolution:

"That, for the purposes of Listing Rule 7.1A and for all other purposes, Shareholders approve the 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, on the terms and conditions described in the Explanatory Memorandum."

Voting Exclusion Statement

The Company will disregard any votes cast on Resolution 5 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 5 is passed, and any of their associates.

This restriction does not apply:

- (a) 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; and
- (b) 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 5.

If you do not wish to appoint the Chair to vote on Resolution 5 in the manner indicated above, the Company encourages you to complete the voting directions in respect of Resolution 5 in Step 2 of the Proxy Form.

7. Resolution 6 – Renewal of Proportional Takeover Provisions

To consider and, if thought fit, to pass, with or without amendment, the following resolution as a **special** resolution:

"That, pursuant to and in accordance with section 648G of the Corporations Act and for all other purposes, the proportional takeover provisions in the form of Rule 33 of the Constitution of Atlas Iron Limited (an extract of which is included in the Attachment to the Explanatory Memorandum to this notice) be renewed for a period of three years commencing from the date of this Meeting, on the terms and conditions described in the Explanatory Memorandum."

The Chair intends to vote all available undirected proxies (where permitted) 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.

Dated: 21 September 2017

By Order of the Board

Bronwyn Kerr
General Counsel & 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, 21 October 2017.

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 two 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 and Rule 15.1 of the Company's Constitution, 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 two 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 10.00am (WST) on Saturday, 21 October 2017.

Proxies should be returned as follows:

Online:

At 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 VIC 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

ATLAS IRON LIMITED

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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 City West Receptions, 45 Plaistowe Mews, West Perth on Monday, 23 October 2017 at 10:00 AM ("**Meeting**").

1. Annual Financial Report

The Company has sent to those Shareholders who requested it, the 2017 Annual Report, which includes the Annual Financial Report for the year ended 30 June 2017, a Directors' report in relation to that financial year and the Auditor's report on the Annual Financial Report. A copy of the 2017 Annual Report is available on the Company's website: 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, 16 October 2017 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 (within Australia) or +61 8 6228 8999 (outside Australia).

2. Resolution 1 – Remuneration Report

Pursuant to section 250R(2) of the Corporations Act, the Company is required to put the adoption of the 2017 Remuneration Report to the vote of Shareholders. The 2017 Annual Report contains the 2017 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 2017 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 2017 Remuneration Report which they believe are relevant to Shareholders in considering their vote on the 2017 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 the Company's business as the Company optimises operations and continues to reduce costs.
- (c) For the 2017 Financial Year ("**FY2017**"), the Board resolved to award 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. The Board has resolved to award short term incentive payments, long term incentive payments and very selective awards of increased salaries for FY2017.
- (d) The only long term incentives issued in FY2017 were those approved by Shareholders at the Company's 2015 annual general meeting.
- (e) Late in FY2017, 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 parameters consistent with 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 to ensure executive remuneration packages are aligned with the nature of the Company's 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 2017 Remuneration Report, and at least 25% of the votes cast at the next annual general meeting of the Company ("**2018 AGM**") on a resolution that the 2018 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 2018 AGM a spill resolution ("**Spill Resolution**") to decide whether or not to convene another general meeting within 90 days of the 2018 AGM (the "**Spill Meeting**") where:

- (a) all the Directors of the Company who were directors when the resolution to make the 2018 directors' report considered at the 2018 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.

Comments on the 2017 Remuneration Report

The Chair will allow a reasonable opportunity for Shareholders as a whole to ask about, or make comments on, the 2017 Remuneration Report.

As the votes cast against the remuneration report at the Company's 2016 annual general meeting were less than 25%, a Spill Resolution is not relevant for this Meeting.

Directors' Recommendation

The Board, other than Mr Cliff Lawrenson, unanimously recommends that the Shareholders vote in favour of Resolution 1 to adopt the 2017 Remuneration Report. Mr Lawrenson, who is an executive Director and whose remuneration is disclosed in the 2017 Remuneration Report, does not make a recommendation in relation to Resolution 1.

3. Resolution 2 – Re-election of the Hon. Cheryl Edwardes as Director

Listing Rule 14.5 and Rule 3.6(c) of the Constitution require that an election of directors must be held at each annual general meeting of the Company. As no Director is required to retire under Listing Rule 14.4 or Rule 3.6(a) of the Constitution (ie as at the date of the Meeting, no Director would have held office across three consecutive annual general meetings since they were last elected), Rule 3.7 of the Constitution requires the Director who has held office the longest since last being elected to retire. Rule 3.6(e) of the Constitution provides that a Director who retires under Rule 3.6(c) is eligible for re-election.

The Hon. Cheryl Edwardes was last elected at the 2015 annual general meeting, and therefore is the Director who has held office the longest since last being elected. As such, Mrs Edwardes retires at the Meeting in accordance with the Constitution and seeks re-election.

In line with the ASX Corporate Governance Principles and Recommendations (3rd edition), the following information is provided with respect to Mrs Edwardes' re-election.

A solicitor by profession, Mrs Edwardes is a former Minister in the Western Australian Government with extensive experience and knowledge of WA's legal and regulatory framework relating to mining projects, environmental, native title, heritage and land access. Mrs Edwardes assists the clients of FTI Consulting with a range of complex statutory approvals required for resources and infrastructure projects.

During her political career, Mrs Edwardes held positions including WA Attorney General, Minister for the Environment and Minister for Labour Relations. Mrs Edwardes is a Commissioner of the West Australian Football Commission, Non-Executive Chairman of Vimy Resources Limited (ASX: VMY) and a part-time member of the Foreign Investment Review Board.

The Board believes that Mrs Edwardes has performed the duties and responsibilities of a director diligently and professionally, in the best interests of all Shareholders. Mrs Edwardes is a member of the Audit and Risk Committee, Nomination and Governance Committee and Remuneration Committee.

Mrs Edwardes has been a non-executive director since 6 May 2015, serving on the Board for a period of approximately two years and six months (as at the date of the Meeting).

Directors' Recommendation

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

4. Resolution 3 – Approval to issue FY2017 Options to Mr Cliff Lawrenson under the Option Plan, issue Shares upon exercise of the Options, and to give potential retirement benefits

General

Resolution 3 seeks Shareholder approval in accordance with Listing Rule 10.14 and sections 200B and 200E of the Corporations Act, to issue up to 66,979,000 Options ("**FY2017 Options**") to Mr Cliff Lawrenson pursuant to his remuneration package and under the Option Plan (which was last approved by Shareholders at the 2015 Annual General Meeting) and to issue or transfer up to 66,979,000 Shares on exercise of any of the FY2017 Options. The number of Options to be issued to Mr Lawrenson has been calculated by using an assumed Share price of \$0.01 (being the 5 day VWAP of Shares prior to 1 July 2016).

Mr Lawrenson was appointed as Managing Director and CEO of the Company effective from 16 January 2017. In accordance with Mr Lawrenson's Executive Services Agreement, up to 100% of Mr Lawrenson's annual "Total Fixed Remuneration" of \$669,790 ("**TFR**") is available to be paid in equity under the long term incentive component of his remuneration package, subject to:

- (a) Shareholder approval;
- (b) the Option Plan Rules; and
- (c) the discretion of the Board.

The appointment of Mr Lawrenson as Managing Director and CEO of the Company occurred after the dispatch to Shareholders of the notice of the Company's 2016 Annual General Meeting and therefore it was not feasible for the Company to seek Shareholder approval for the grant of the FY2017 Options to Mr Lawrenson at that 2016 Annual General Meeting. Accordingly, the grant was deferred so that it could be considered at the next Annual General Meeting, being the Meeting.

All existing executives of the Company are currently eligible to participate in the Option Plan (which forms part of the long term incentive component of their remuneration packages) and do so on the same basis as Mr Lawrenson (with suitable adjustments). All executives, other than Mr Lawrenson, were granted Options under the Option Plan in respect of the FY2017 allocation.

The Board recognises the importance of retaining key personnel in the business and providing appropriate incentives in order to deliver the Company's objectives. The Board believes Mr Lawrenson's role as Managing Director and CEO is critical to delivering these objectives.

Terms of FY2017 Options

The FY2017 Options will expire five years from their date of grant, are exercisable for nil consideration and have the following vesting conditions:

- (a) Thirty percent of the FY2017 Options will vest in thirds on the first three anniversaries of the issue date (10% each year), on condition that Mr Lawrenson remains in the employment of the Company at the relevant anniversary of the grant.
- (b) Thirty percent of the FY2017 Options will vest at the end of FY2019 on the basis of improvement in the Company's return on invested capital ("**ROIC**") for FY2019 equal to or greater than 15% over the ROIC for FY2016.
- (c) Forty percent of the FY2017 Options will vest at the end of FY2019 on the basis of absolute improvement in the Company's total shareholder return ("**TSR**") in FY2019 over FY2016.
- (d) Any unvested FY2017 Options will vest if a Change of Control Event occurs (as that term is defined in the Glossary and Option Plan Rules).

Under the Option Plan, the Board may exercise its discretion to waive the vesting conditions of any Option issued under the Option Plan, allow a person that ceases to be an Eligible Participant to retain and not forfeit any unvested or vested Options issued under the Option Plan, or determine that some or all of the retained Options issued under the Option Plan are deemed to have vested if a person ceases to be an Eligible Participant.

Cash Alternative

In the event that Shareholders do not approve the payment of Mr Lawrenson's remuneration as equity contemplated by Resolution 3, being the grant of the FY2017 Options and the issue or transfer of Shares on exercise, in order to:

- (a) meet the Company's contractual obligations under Mr Lawrenson's Executive Services Agreement; and
- (b) ensure that Mr Lawrenson has in place appropriate incentives to deliver the Company's objectives,

the Board and Mr Lawrenson have agreed an alternative remuneration structure to provide Mr Lawrenson with equivalent contractual entitlements and incentive arrangements.

Accordingly, if Shareholders do not approve Resolution 3 the Board has agreed to pay in cash to Mr Lawrenson the equivalent cash value of the FY2017 Options that would have been capable of being exercised on each applicable vesting date, as if:

- (a) Shareholders had approved the grant of those FY2017 Options;
- (b) Mr Lawrenson had been granted and held those FY2017 Options, and the vesting conditions in respect of those FY2017 Options were tested at each applicable vesting date;
- (c) Mr Lawrenson had exercised all of the vested FY2017 Options on each corresponding, applicable vesting date and been issued or transferred the resulting, underlying Shares; and
- (d) where the cash amount payable at each applicable vesting date is determined by multiplying the resulting Shares that would have been issued to Mr Lawrenson by the market price of the Company's Shares at the relevant vesting date ("**Cash Alternative**").

Assuming, for illustration only, that the market value of the Shares at the vesting date for each applicable tranche of FY2017 Options is the same and is \$0.02 (and assuming that the Board determines this to be reflective of the market value of Shares at the applicable times), the Cash Alternative would amount to \$1,339,580 in total, being the product of 66,979,000 multiplied by \$0.02.

The ultimate value of the Cash Alternative to be paid to Mr Lawrenson at each applicable vesting date will depend on the satisfaction (or otherwise) of the underlying vesting conditions that would otherwise apply to the FY2017 allocation of Options, and the actual market value of Shares at that vesting date.

Dilution

The issue of Shares upon exercise of the FY2017 Options issued to Mr Lawrenson has the potential to dilute the percentage interest of existing Shareholders' holdings, should vesting conditions be met.

FY2017 Options that may be exercised could, subject to the Directors' discretion, be settled by way of transfer of Shares acquired on market, or the issue of up to 66,979,000 Shares. If Shares are issued on exercise of the vested FY2017 Options, the Shares will represent approximately 0.72% and 0.71% of the Company's current Share capital, on an undiluted and fully diluted basis, respectively.

If all of the Options referred to in Resolution 3 and Resolution 4 are issued to Mr Lawrenson, the issue of Shares on vesting and exercise of those Options could lead to the issue of 114,821,143 Shares to Mr Lawrenson, representing approximately 1.22% and 1.20% of the Company's current Share capital, on an undiluted and fully diluted basis, respectively.

Approval under the Listing Rules and Corporations Act

Listing Rule 10.14 requires shareholder approval to be obtained where a director of the entity (or 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) proposes to acquire securities under an employee incentive scheme. Shareholder approval is required under Listing Rule 10.14 to issue the 2017 Options (and to issue or transfer the Shares on exercise of the 2017 Options) to Mr Lawrenson because Mr Lawrenson is a Director. If Shareholders approve Resolution 3, Listing Rule 7.2 (Exception 14) provides that an issue of Shares upon conversion of those 2017 Options will not reduce the Company's 15% placement capacity under Listing Rule 7.1 and separate approval for the purposes of Listing Rule 7.1 is not required.

The Company is also seeking Shareholder approval pursuant to sections 200B and 200E of the Corporations Act, in the event that Mr Lawrenson ceases to be an Eligible Participant under the Option Plan and retires from his position of employment, including by loss of office or resignation from the Company. Such Shareholder approval would allow the Board to deal with the FY2017 Options in accordance with the terms of the Option Plan, which terms permit the exercise of the Board's discretion to:

- (a) waive the vesting conditions of any FY2017 Options;
- (b) allow Mr Lawrenson to retain and not forfeit any unvested or vested FY2017 Options; and
- (c) determine that some or all of the unvested FY2017 Options are deemed to have vested,

without the accelerated vesting of FY2017 Options or the issue (or transfer) of Shares on any resulting exercise of FY2017 Options counting towards the maximum termination amounts that can be paid without Shareholder approval under the Corporations Act.

Information required by Listing Rule 10.15

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

- (a) The maximum number of Options that may be issued to Mr Lawrenson is 66,979,000 and the maximum number of Shares that may be issued to Mr Lawrenson (on vesting and exercise of the Options) is 66,979,000 Shares.
- (b) The FY2017 Options are to be issued for nil consideration and are exercisable for nil consideration.
- (c) 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).

- (d) Mr Lawrenson is the only person referred to in Listing Rule 10.14 who is currently eligible to participate in the Option Plan.
- (e) A voting exclusion statement is included with the Resolution.
- (f) No loan is made in relation to the issue of FY2017 Options to Mr Lawrenson or the acquisition of Shares on exercise of any Options.
- (g) The Company will issue the FY2017 Options as soon as reasonably practicable after the Meeting and in any event within 12 months after the Meeting.

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 retirement from office, or position of employment from a Managerial or Executive Office in the Company or its related bodies corporate if it is approved by Shareholders or an exemption applies. This restriction applies to all those who hold a managerial or executive office with the Company, including Mr Lawrenson.

The term "benefit" is open to a wide interpretation and includes automatic, or accelerated, vesting of share-based payments for a person on, or as a result of, retirement from office, or position of employment in the Company. Accordingly, Shareholder approval of Resolution 3 will permit the Board, where appropriate, to deal with the FY2017 Options in accordance with the terms of the Option Plan, including the exercise of the Board's discretion to:

- (a) waive the vesting conditions of any FY2017 Options;
- (b) allow Mr Lawrenson to retain and not forfeit any unvested or vested FY2017 Options; and
- (c) determine that some or all of the unvested FY2017 Options are deemed to have vested, ("Retirement Benefits").

The value of the Retirement Benefits that might be given to Mr Lawrenson 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 Retirement Benefits cannot be ascertained at the present time. However, matters, events and circumstances that will, or are likely to, affect the calculation of that value include:

- (a) the number of FY2017 Options held by Mr Lawrenson prior to his retirement from office, or position of employment;
- (b) reasons for Mr Lawrenson's cessation of employment;
- (c) the length of service with the Company and the performance of Mr Lawrenson over that period of time;
- (d) the remaining vesting conditions of the FY2017 Options;
- (e) the extent to which any vesting conditions or other performance or exercise hurdles have been satisfied;
- (f) any other factors that the Board determines to be relevant when exercising its discretion under the terms of the Option Plan, including to allow the retention and non-forfeiture, or accelerating the vesting condition associated with the FY2017 Options held by Mr Lawrenson at the relevant time;
- (g) the market price of Shares on ASX at the relevant time; and
- (h) the risk free rate of return in Australia and the estimated volatility of Shares on ASX at the relevant time.

If Shareholders do not pass Resolution 3, Mr Lawrenson may not be able to receive benefits that are available to all other participants.

Chapter 2E of the Corporations Act

In accordance with Chapter 2E of the Corporations Act, to give a financial benefit to a related party, the Company must obtain Shareholder approval unless the giving of the financial benefit falls within an exception in sections 210 to 216 of the Corporations Act.

For the purposes of Chapter 2E of the Corporations Act, Mr Lawrenson, being a Director, is a "related party" of the Company and the grant of FY2017 Options pursuant to the Option Plan will constitute the giving of "financial benefits".

The Board (other than Mr Lawrenson) considered that, at the time of entering into Mr Lawrenson's Executive Services Agreement, the grant of the FY2017 Options to Mr Lawrenson would be an appropriate and reasonable component of his remuneration, and that the financial benefit represented by the grant of the FY2017 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 3 for the purposes of Chapter 2E of the Corporations Act.

Directors' recommendation

The Directors, other than Mr Lawrenson: (1) consider that the Option Plan is an appropriate mechanism to assist in the recruitment, reward, retention and motivation of employees of the Company, including Mr Lawrenson; and (2) believe that the grant of FY2017 Options (and issue or transfer of Shares on vesting and exercise of the FY2017 Options) to Mr Lawrenson is in the best interests of the Company, and unanimously recommend that Shareholders vote in favour of Resolution 3.

5. Resolution 4 – Approval to issue FY2018 Options to Mr Cliff Lawrenson under the Option Plan, issue Shares upon exercise of the Options, and to give potential retirement benefits

General

Resolution 4 seeks Shareholder approval in accordance with Listing Rule 10.14 and sections 200B and 200E of the Corporations Act, to issue up to 47,842,143 Options ("**FY2018 Options**") to Mr Cliff Lawrenson pursuant to his remuneration package and under the Option Plan (which was last approved by Shareholders at the 2015 Annual General Meeting), and to issue or transfer up to 47,842,143 Shares on exercise of any of the FY2018 Options. The number of Options to be issued to Mr Lawrenson has been calculated by using an assumed Share price of \$0.014 (being the 5 day VWAP of Shares prior to 1 July 2017).

In accordance with Mr Lawrenson's Executive Services Agreement, up to 100% of Mr Lawrenson's annual TFR of \$669,790 is available to be paid in equity under the long term incentive component of his remuneration package, subject to:

- (a) Shareholder approval;
- (b) the Option Plan Rules; and
- (c) the discretion of the Board.

The FY2018 Options are being offered (and, if Shareholders approve Resolution 4, will be issued) as part of the long term incentive component of Mr Lawrenson's remuneration package for FY2018.

The Board recognises the importance of retaining key personnel in the business and providing appropriate incentives in order to deliver the Company's objectives. The Board believes Mr Lawrenson's role as Managing Director and CEO is critical to delivering these objectives. Again, all of the existing executives of the Company are currently eligible to participate in the Option Plan (which forms part of a long term incentive component of their remuneration package) and do so on the same basis as Mr Lawrenson (with suitable adjustments).

Terms of Options

The FY2018 Options will expire five years from their date of issue, are exercisable for nil consideration and have the following vesting conditions:

- (a) Thirty percent of the FY2018 Options will vest in thirds on the first three anniversaries of the issue date (10% each year) on the condition that Mr Lawrenson remains in the employment of the Company at the relevant anniversary of grant.
- (b) Thirty percent of the FY2018 Options will vest at the end of FY2020 on the basis of improvement in the Company's ROIC for FY2020 equal to or greater than 15% over ROIC for FY2017.
- (c) Forty percent of the FY2018 Options will vest at the end of FY2020 on the basis of absolute improvement in the Company's TSR in FY2020 over FY2017.
- (d) Any unvested FY2018 Options will vest on the occurrence of a Change of Control Event (as that term is defined in the Glossary and Option Plan Rules).

Under the Option Plan, the Board may exercise its discretion to waive the vesting condition of any Option issued under the Option Plan, allow a person that ceases to be an Eligible Participant to retain and not forfeit any unvested or vested Options issued under the Option Plan, or determine that some or all of the retained Options issued under the Option Plan are deemed to have vested if a person ceases to be an Eligible Participant.

Dilution

The issue of Shares upon exercise of Options issued to Mr Lawrenson 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, be settled by way of transfer of Shares acquired on market, or the issue of up to 47,842,143 Shares. If Shares are issued on exercise of the vested FY2018 Options, the Shares will represent approximately 0.51% and 0.51% of the Company's current Share capital, on an undiluted and fully diluted basis, respectively.

If all of the Options referred to in Resolution 3 and Resolution 4 are issued to Mr Lawrenson, the issue of Shares on vesting and exercise of those Options could lead to the issue of 114,821,143 Shares to Mr Lawrenson, representing approximately 1.22% and 1.20% of the Company's current Share capital, on an undiluted and fully diluted basis, respectively.

Approval under the Listing Rules and Corporations Act

Listing Rule 10.14 requires shareholder approval to be obtained where a director of an entity (or 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) proposes to acquire securities under an employee incentive scheme. Shareholder approval is required under Listing Rule 10.14 to issue the 2018 Options (and to issue or transfer the Shares on exercise of the 2018 Options) to Mr Lawrenson because Mr Lawrenson is a Director. If Shareholders approve Resolution 4, 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 for the purposes of Listing Rule 7.1 is not required.

The Company is also seeking Shareholder approval pursuant to sections 200B and 200E of the Corporations Act in the event that Mr Lawrenson ceases to be an Eligible Participant under the Option Plan and retires from his position of employment, including by loss of office or resignation from the Company. Such Shareholder approval would allow the Board to deal with the FY2018 Options in accordance with the terms of the Option Plan, which terms permit the exercise of the Board's discretion to:

- (a) waive the vesting conditions of any FY2018 Options;
- (b) allow Mr Lawrenson to retain and not forfeit any unvested or vested FY2018 Options; and
- (c) determine that some or all of the unvested FY2018 Options are deemed to have vested,

without the accelerated vesting of FY2018 Options or the issue (or transfer) of Shares on any resulting exercise of FY2018 Options counting towards the maximum termination amounts that can be paid without Shareholder approval under the Corporations Act.

Information required by Listing Rule 10.15

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

- (a) The maximum number of Options that may be issued to Mr Lawrenson is 47,842,143 and the maximum number of Shares that may be issued to Mr Lawrenson (on vesting and exercise of the Options) is 47,842,143 Shares.
- (b) The FY2018 Options are to be issued for nil consideration and are exercisable for nil consideration.
- (c) 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).

To avoid doubt, if Shareholders approve Resolution 3, the FY2017 Options will also be granted under the Option Plan to Mr Lawrenson, who is a Director and is therefore a person referred to in Listing Rule 10.14.

- (d) Mr Lawrenson is the only person referred to in Listing Rule 10.14 who is currently eligible to participate in the Option Plan.
- (e) A voting exclusion statement is included with the Resolution.
- (f) No loan is made in relation to the issue of FY2018 Options to Mr Lawrenson or the acquisition of Shares on exercise of any Options.
- (g) The Company will issue the FY2018 Options as soon as reasonably practicable after the Meeting and in any event within 12 months after the Meeting.

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 retirement from office, or position of employment from a Managerial or Executive Office in the Company or its related bodies corporate if it is approved by Shareholders or an exemption applies. This restriction applies to all those who hold a managerial or executive office with the Company, including Mr Lawrenson.

The term "benefit" is open to a wide interpretation and includes automatic, or accelerated, vesting of share-based payments for a person on, or as a result of, retirement from office, or position of employment in the Company. Accordingly, Shareholder approval of Resolution 4 will permit the Board, where appropriate, to deal with the FY2018 Options in accordance with the terms of the Option Plan, including the exercise of the Board's discretion to:

- (a) waive the vesting conditions of any FY2018 Options;
- (b) allow Mr Lawrenson to retain and not forfeit any unvested or vested FY2018 Options; and
- (c) determine that some or all of the unvested FY2018 Options are deemed to have vested,

("Retirement Benefits").

The value of the Retirement Benefits that might be given to Mr Lawrenson 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 Retirement Benefits cannot be ascertained at the present time. However, matters, events and circumstances that will, or are likely to, affect the calculation of that value include:

- (a) the number of FY2018 Options held by Mr Lawrenson prior to his retirement from office, or position of employment;
- (b) reasons for Mr Lawrenson's cessation of employment;
- (c) the length of service with the Company and the performance of Mr Lawrenson over that period of time;
- (d) the remaining vesting conditions of the FY2018 Options;
- (e) the extent to which any vesting conditions or other performance or exercise hurdles have been satisfied;
- (f) any other factors that the Board determines to be relevant when exercising its discretion under the terms of the Option Plan, including to allow the retention and non-forfeiture, or accelerating the vesting condition associated with the FY2018 Options held by Mr Lawrenson at the relevant time;
- (g) the market price of Shares on ASX at the relevant time; and
- (h) the risk free rate of return in Australia and the estimated volatility of Shares on ASX at the relevant time.

If Shareholders do not pass Resolution 4, Mr Lawrenson may not be able to receive benefits that are available to all other participants.

Chapter 2E of the Corporations Act

In accordance with Chapter 2E of the Corporations Act, to give a financial benefit to a related party, the Company must obtain Shareholder approval unless the giving of the financial benefit falls within an exception in sections 210 to 216 of the Corporations Act.

For the purposes of Chapter 2E of the Corporations Act, Mr Lawrenson, being a Director, is a "related party" of the Company and the grant of FY2018 Options pursuant to the Option Plan will constitute the giving of "financial benefits".

The Board (other than Mr Lawrenson) considered that, at the time of entering into Mr Lawrenson's Executive Services Agreement, the grant of the FY2018 Options to Mr Lawrenson would be an appropriate and reasonable component of his remuneration, and that the financial benefit represented by the grant of the FY2018 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 3 for the purposes of Chapter 2E of the Corporations Act.

Directors' recommendation

The Directors, other than Mr Lawrenson: (1) consider that the Option Plan is an appropriate mechanism to assist in the recruitment, reward, retention and motivation of employees of the Company, including Mr Lawrenson; and (2) believe that the grant of FY2018 Options (and issue or transfer of Shares on vesting and exercise of the FY2018 Options) to Mr Lawrenson is in the best interests of the Company, and unanimously recommend that Shareholders vote in favour of Resolution 4.

6. Resolution 5 – 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 5. This Resolution 5 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 5, 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 9,264,173,336 Shares. The Company currently has the capacity to issue:

- (a) 1,281,634,665 equity securities under the "15% capacity" allowed by Listing Rule 7.1; and
- (b) subject to Shareholders approving Resolution 5, 915,618,200 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 (ie 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 one class of quoted equity securities, being fully paid ordinary shares (ASX Code: AGO).

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:

$(A \times D) - E$

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:

- (a) the date that is 12 months after the date of the Meeting; or
- (b) 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 5 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:

- (a) 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 (ie the date of the Meeting, if Resolution 5 is approved); and
- (b) 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:

- (a) 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
- (b) 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: \$0.009 (50% decrease in the issue price)	Issue Price: \$0.018 (closing Share price at 12 September 2017, being the Last Practicable Date)	Issue Price: \$0.036 (100% increase in the issue price)
Scenario A No change in the number of Shares on issue = 9,264,173,336 Shares	10% Voting Dilution	915,618,200 Shares	915,618,200 Shares	915,618,200 Shares
	Funds raised	\$8,240,564	\$16,481,128	\$32,962,255
Scenario B 50% increase in the number of ordinary securities on issue = 13,896,260,004 Shares**	10% Voting Dilution	1,378,826,867 Shares	1,378,826,867 Shares	1,378,826,867 Shares
	Funds raised	\$12,409,442	\$24,818,884	\$49,637,767
Scenario C 100% increase in the number of ordinary securities on issue = 18,528,346,672 Shares	10% Voting Dilution	1,842,035,534 Shares	1,842,035,534 Shares	1,842,035,534 Shares
	Funds raised	\$16,578,320	\$33,156,640	\$66,313,279

The examples in the above table 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 (ie 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 \$0.018, being the closing share price of the Shares on ASX on 12 September 2017.

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) the development of the Company's Corunna Downs Project;
 - (ii) general working capital expenses;
 - (iii) repayment of debt, including repayments under the Company's existing US dollar loan facility; or
 - (iv) 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 5. 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 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 and at its 2016 annual general meeting in November 2016.

In the 12 months preceding the Last Practicable Date, the Company issued a total of 125,640,418 Shares and 145,599,188 Options, which represents approximately 1.8% of the total number of equity securities on issue at the start of that 12-month period.

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, and use of consideration (where issued for cash consideration)
26 & 27 October 2016	7,076,880 Shares	See Note 1 below	Nil	Nil cash consideration. See Note 2 below. The current value of such non-cash consideration is \$127,384
15 & 16 November 2016	2,535,761 Shares	See Note 1 below	Nil	Nil cash consideration. See Note 2 below. The current value of such non-cash consideration is \$45,644
23 November 2016	138,341,188 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	Nil cash consideration. See Note 2 below. The current value of such non-cash consideration is \$2,490,141
20 December 2016	709,373 Shares	See Note 1 below	Nil	Nil cash consideration. See Note 2 below. The current value of such non-cash consideration is \$12,769
17 January 2017	1,235,848 Shares	See Note 1 below	Nil	Nil cash consideration. See Note 2 below. The current value of such non-cash consideration is \$22,245
21 February 2017	2,051,201 Shares	See Note 1 below	Nil	Nil cash consideration. See Note 2 below. The current value of such non-cash consideration is \$36,922
29 March 2017	107,991,355 Shares	See Note 3 below	Nil	Nil cash consideration. See Note 3 below. The current value of such non-cash consideration is \$1,943,844
30 March 2017	1,000,000 Shares	See Note 1 below	Nil	Nil cash consideration. See Note 2 below. The current value of such non-cash consideration is \$18,000
3 July 2017	3,000,000 Shares	See Note 1 below	Nil	Nil cash consideration. See Note 2 below. The current value of such non-cash consideration is \$54,000
5 July 2017	40,000 Shares	Exercise by option holder of options issued under Prospectus dated 11 June 2015	\$0.075 per share	\$3,000 This non-material amount has been applied (in full) by the Company to the funding of general working capital requirements and the payment of expenses associated with administering the options.
1 August 2017	7,258,000 Options	See Note 1 below	Nil	Nil cash consideration. See Note 2 below. The current value of such non-cash consideration is \$130,644

Note 1: 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 2: 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.

Note 3: Issued to certain lenders as consideration for amendments to the Term Loan B Syndicated Facility Agreement which allow development of the Corunna Downs Project to be funded from operating cash flow.

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 5. The Board believes that Resolution 5 is in the best interests of the Company and unanimously recommend that Shareholders vote in favour of Resolution 5.

7. Resolution 6 – Renewal of Proportional Takeover Provisions

The proportional takeover provisions are contained in Rule 33 of the Constitution. Pursuant to Rule 33.2 of the Company Constitution and section 648G of the Corporations Act, the proportional takeover provisions cease to have effect at the end of three years since the proportional takeover provisions were last renewed. The current provisions were last adopted at the 2014 AGM. If renewed, Rule 33 will operate on the same basis as the existing Rule 33 for a period of three years from the date of the Meeting. A complete extract of Rule 33 is included in the Attachment to this document.

Information required by section 648G of the Corporations Act

Section 648G of the Corporations Act requires that the following information is provided to Shareholders in the Notice of Annual General Meeting, when they are considering the renewal of proportional takeover provisions in a constitution:

(a) Proportional takeover bid

A proportional takeover bid is a takeover bid where the offer made to each Shareholder is only for a proportion of that Shareholder's shares. Accordingly, if a Shareholder accepts in full the offer under a proportional takeover bid, the shareholder will dispose of the specified portion of their Shares in the Company and retain the balance of the Shares.

The provisions are designed to assist Shareholders to receive proper value for their Shares if a proportional takeover bid is made for the Company.

(b) Effect of the proposed takeover provisions

Where offers have been made under a proportional takeover bid in respect of a class of securities in a company, the registration of a transfer giving effect to a contract resulting from the acceptance of an offer made under such a proportional takeover bid is prohibited unless and until a resolution to approve the proportional takeover bid is passed by Shareholders.

In more detail, the effect of the proportional takeover provisions is as follows:

- (i) If Resolution 6 is approved and a proportional takeover bid is made for securities of the Company, the Directors will call a meeting of holders of bid class securities to vote on a resolution to approve that bid ("**Approving Resolution**").
- (ii) Each security holder affected will be entitled to vote (except for the bidder and persons associated with the bidder, who may not vote).
- (iii) Approval of the bid will require a simple majority of the votes cast.
- (iv) This meeting must be held before the day that is 14 days before the last day of the bid period of the proportional takeover bid ("**Resolution Deadline**"), so that holders should know the result of the voting before they have to make up their minds whether or not to accept for their own securities.
- (v) If the Approving Resolution is rejected before the Resolution Deadline, the bid cannot proceed and any transfers giving effect to takeover contracts for the bid will not be registered.
- (vi) The bid will be deemed to have been approved if, as at the end of the day before the Resolution Deadline, the Approving Resolution has not been voted on.
- (vii) If the Approving Resolution is passed (or deemed to have been passed), the transfers must be registered (subject to other provisions of the Corporations Act and the Constitution).

The proportional takeover provisions do not apply to full takeover bids. If the proportional takeover provisions are renewed, they will cease to apply at the end of three years after being renewed unless renewed by a special resolution of Shareholders.

(c) Reasons for proportional takeover provisions

A proportional takeover bid may result in control of the Company changing without Shareholders having the opportunity to dispose of all of their Shares. By making a partial bid, a bidder can obtain practical control of the Company by acquiring less than a majority interest. Shareholders are exposed to the risk of being left as a minority in the Company and the risk of the bidder being able to acquire control of the Company without payment of an adequate control premium.

These provisions deal with this possibility by providing that if a proportional takeover bid is made for Shares, Shareholders must vote on whether or not a proportional takeover bid should be permitted to proceed.

The benefit of these proportional takeover provisions is that Shareholders are able to decide, collectively, whether a proportional takeover bid is acceptable in principle, and assist in ensuring that any partial bid is appropriately priced.

(d) Potential advantages and disadvantages

The Directors consider that the proportional takeover provisions have no potential advantages or disadvantages for them and that they remain free to make a recommendation on whether an offer under a proportional takeover bid should be accepted.

Under the proportional takeover provisions, if a proportional takeover bid is commenced, the Directors must call a meeting to seek Shareholders' views. They must do so even though the Directors may believe, for example, that a proportional takeover bid is fair and reasonable to Shareholders and ought to be accepted.

At present, it is only the Directors who would be required to express on behalf of the Company any formal view or recommendation about the adequacy or otherwise of a proportional takeover bid. Under the contemplated proportional takeover provisions, the vote of Shareholders at the relevant meeting will determine whether or not the proportional bid is ultimately put to Shareholders and is capable of being accepted.

The potential advantages for Shareholders of the proportional takeover provisions include the following:

- (i) having the right to decide by majority vote whether an offer under a proportional takeover bid should proceed;
- (ii) potentially assisting to prevent Shareholders from being locked in as a minority;
- (iii) potentially increasing the bargaining power of Shareholders, such that it may be more likely that any proportional takeover bid is adequately priced; and
- (iv) potentially allowing individual Shareholders to better assess the likely outcome of the proportional takeover bid, by knowing the view of the majority of Shareholders before having to decide whether to accept or reject it.

The potential disadvantages for Shareholders include the following:

- (i) potentially discouraging proportional takeover bids;
- (ii) potentially losing an opportunity to sell some of their Shares at a premium; and
- (iii) potentially reducing the likelihood of a proportional takeover bid ultimately succeeding.

(e) Knowledge of any acquisition proposals

As at the date on which this Notice was prepared, no Director of the Company is aware of any proposal by any person to acquire or to increase the extent of a substantial interest in the Company.

(f) Recommendation of the Board

The Directors do not believe the potential disadvantages outweigh the potential advantages of renewing the proportional takeover provisions in Rule 33 of the Constitution, and as a result consider that the renewal and reinsertion of Rule 33 in the Constitution is in the best interests of the Company and unanimously recommend that Shareholders vote in favour of Resolution 6.

8. 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:

"2017 Annual Report" means the Annual Report of the Company for the year ended 30 June 2017.

"2017 Options" means the 66,979,000 Options to be issued under the Option Plan pursuant to Resolution 3.

"2017 Remuneration Report" means the remuneration report contained in the 2017 Annual Report.

"2018 Options" means the 47,842,143 Options to be issued under the Option Plan pursuant to Resolution 4.

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

"Board" means the board of Directors.

"Cash Alternative" has the meaning given to that term in the Explanatory Memorandum in respect of Resolution 3.

"Chair" means the chair of the Meeting.

"Change of Control Event" means:

- a change in Control of the Company;
- where members of the Company approve any compromise or arrangement for the purpose for or in connection with, a scheme for the reconstruction of the Company or its amalgamation with any other body corporate or bodies corporate (other than a scheme that does not involve change in the ultimate beneficial ownership of the company), which will, upon becoming effective, result in any person (either alone or together with its Associates) owning more than fifty per cent (50%) of Issued Capital;
- where a person becomes the legal or the beneficial owner of, or has Relevant Interest in, more than fifty per cent (50%) of Issued Capital;
- where a person becomes entitled to acquire, hold or has an equitable interest in more than fifty per cent (50%) of Issued Capital; and
- where a Takeover Bid is made to acquire more than fifty per cent (50%) of the Issued Capital (or such lesser number of Shares that when combined with the Shares that the bidder (together with its Associates) already owns will amount to more than 50% of Issued Capital) and the Takeover Bid becomes unconditional and the bidder (together with its Associates) has a Relevant Interest in more than 50% of Issued Capital, but for the avoidance of doubt, does not include any internal reorganisation of the structure, business and/or assets of the Group.

"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.

"Control" has the same meaning as in Section 50AA of the Corporations Act.

"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.

"Eligible Participant" means a participant who is eligible to participate in the Option Plan.

"Explanatory Memorandum" means the explanatory memorandum to the Notice.

"Group" means the Company and each of its subsidiaries from time to time.

"Issued Capital" means issued Shares from time to time.

"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 12 September 2017, 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 the Schedule to this document.

"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.

"Retirement Benefits" has the meaning given to that term in the Explanatory Memorandum in respect of Resolutions 3 and 4.

"ROIC" means return on invested capital. ROIC is calculated by dividing net profit after tax by invested capital, where invested capital is the sum of the Company's debt and shareholders' equity less cash and cash equivalents.

"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.

"Takeover Bid" has the meaning given to that term in the Corporation Act.

"TFR" means total fixed remuneration.

"TSR" means total shareholder return.

"VWAP" means volume weighted average price.

"WST" means Western Standard Time, being the time in Perth, Western Australia.

Schedule – Summary of the Option Plan Rules

Purpose	<p>The purpose of the Option Plan is to:</p> <ul style="list-style-type: none">(a) assist in the reward, retention and motivation of Eligible Participants;(b) link the reward of Eligible Participants to Shareholder value creation;(c) provide non-cash incentive to Eligible Participants, which is consistent with Atlas maximising its cash position; and(d) align the interests of Eligible Participants with shareholders of the Group.
Option Plan approval and commencement	<p>The Option Plan was approved by the Board on 26 August 2015 and approved by shareholders at Company's 2015 annual general meeting.</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">(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 (as that term is defined in ASIC Class Order 14/1000); and(b) has been determined by the Board to be eligible to participate in the Option Plan from time to time.
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"> (a) deliver a signed Notice of Exercise; and (b) subject to a cashless exercise of options (see below), pay the Option Exercise Price (if any) to or as directed by the Company, <p>at any time prior to the earlier of:</p> <ul style="list-style-type: none"> (a) any date specified in the Vesting Notice; and (b) the Expiry Date. <p>An Invitation may specify that at the time of exercise of the Options the 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>Market Value 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	<p>The Options will expire 5 years after the Grant Date.</p>
Delivery of Shares on exercise of Options	<p>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.</p>
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"> (a) those vested but unexercised Options held by the Participant; and (b) those unvested Options held by the Participant to the extent determined by the Board in its absolute discretion. <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 Good Leaver means a Participant who ceases to be an Eligible Participant and:</p> <ul style="list-style-type: none"> (a) who does not meet the Bad Leaver criteria; or (b) who meets the Bad Leaver criteria but the Board has determined in writing that they be treated as a Good Leaver.

**Forfeiture of Options –
Bad Leaver**

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.

Where the Board determines that a Participant has:

- (a) acted fraudulently or dishonestly; or
- (b) wilfully breached his or her duties to the Group,

the Board may in its discretion deem all unvested Options held by that Participant to have been forfeited.

A **Bad Leaver** means a Participant who ceases to be an Eligible Participant in any of the following circumstances:

- (a) the Participant's Engagement Arrangement is terminated due to:
 - (i) the Participant's serious and wilful misconduct (including, without limitation, fraud or dishonesty);
 - (ii) the Participant's material breach of their Engagement Arrangement;
 - (iii) the Participant's gross negligence in the performance of their duties;
 - (iv) the Participant having committed an act, whether at work or otherwise, which brings a member of the Group into disrepute;
 - (v) the Participant having been convicted of an offence punishable by imprisonment; or
 - (vi) other conduct justifying termination of the Participant's Engagement Arrangement without notice, or at common law;
- (b) the Participant terminates their Engagement Arrangement of their own volition; or
- (c) the Participant is ineligible to hold his or her office for the purposes of Part 2D.6 of the Corporations Act,

and the Board has not determined in writing that they be treated as a Good Leaver.

Change of Control

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.

**Rights attaching to Plan
Shares**

All Plan Shares will rank pari passu 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

**Disposal Restrictions
on Plan Shares**

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.

For so long as a Plan Share is subject to any disposal restrictions under this Plan, the Participant will not:

- (a) transfer, encumber or otherwise dispose of, or have a Security Interest granted over that Plan Share; or
 - (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.
-

Adjustment of Options	<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>
Participation in new issues	<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>
Amendment of Plan	<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>
Duration of Option Plan	<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>

33. PROPORTIONAL TAKEOVER APPROVAL

33.1 Special definitions

The following definitions apply in this rule.

Accepted Offer means an offer under a proportional takeover bid that has been accepted and from the acceptance of which a binding contract has not resulted as at the end of the Resolution Deadline.

Approving Resolution means a resolution to approve the proportional takeover bid passed in accordance with rule 33.4.

Resolution Deadline means the day that is 14 days before the last day of the bid period of the proportional takeover bid.

A reference to an **associate** of another person is a reference to a person who is an associate of the first person because of sections 11, 12 or 15 of the Corporations Act.

33.2 Limited life of rule

This rule ceases to apply by force of section 648G(1) at the end of three years starting when this rule was inserted in the constitution or starting when this rule was last renewed in accordance with that section.

33.3 Restriction on registration of transfers

The Company must not register a transfer giving effect to a contract resulting from the acceptance of an offer made under a proportional takeover bid until an Approving Resolution is passed.

33.4 Approving Resolution

If offers have been made under a proportional takeover bid for securities in a class issued by the Company:

- (a) an Approving Resolution must be voted on at a meeting, convened and conducted by the Company, of the persons entitled to vote on the Approving Resolution;
- (b) the Board must ensure that an Approving Resolution is voted on in accordance with this rule before the Resolution Deadline for the bid;
- (c) a person (other than the bidder or an associate of the bidder) who, as at the end of the day on which the first offer under the bid was made, held securities included in that class is entitled to vote on an Approving Resolution;
- (d) the bidder or an associate of the bidder is not entitled to vote on an Approving Resolution; and
- (e) an Approving Resolution that has been voted on is taken to have been passed if the proportion that the number of votes in favour of the resolution bears to the total number of votes on the resolution is greater than 50%, and otherwise is taken to have been rejected.

33.5 General meeting provisions apply

The rules in this constitution relating to general meetings apply, modified as necessary, to any meeting convened under this rule, except that:

- (a) a meeting may be convened on less than 28 days' notice and on at least 14 days' notice if the Board considers that should be done to ensure that the meeting is held before the Resolution Deadline; and
- (b) the holder of a security that carries no right to vote at a general meeting of the Company has one vote for each security held at a meeting convened under this rule.

33.6 Notice of meeting outcome

If an Approving Resolution is voted on in accordance with this rule before the Resolution Deadline for the proportional takeover bid, the Company must, on or before the Resolution Deadline give a written notice stating that an Approving Resolution has been voted on and that the resolution has been passed or rejected to:

- (a) the bidder; and
- (b) ASX and any other relevant financial market.

33.7 Failure to propose resolution

If, as at the end of the day before the Resolution Deadline for a proportional takeover bid, no Approving Resolution has been voted on in accordance with this rule, an Approving Resolution is taken to have been passed in accordance with this rule.

33.8 Rejected resolution

If an Approving Resolution is voted on, in accordance with this rule, before the Resolution Deadline for the proportional takeover bid and is rejected:

- (a) despite section 652A, all offers under the bid that have not, as at the end of the Resolution Deadline, been accepted, and all Accepted Offers are taken to be withdrawn at the end of the Resolution Deadline;
- (b) as soon as practical after the Resolution Deadline, the bidder must return to each person who accepted an Accepted Offer any documents that were sent by the person to the bidder with the acceptance of the offer;
- (c) the bidder may rescind, and must rescind, as soon as practical after the Resolution Deadline, each contract resulting from the acceptance of an offer made under the bid; and
- (d) person who has accepted an offer made under the bid may rescind the contract (if any) resulting from that acceptance.





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

 **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

For all enquiries call:
(within Australia) 1300 350 505
(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 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 10:00am (WST) Saturday, 21 October 2017**

How to Vote on Items of Business

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

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 for 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 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

IND

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 Parmelia Hilton Hotel, 14 Mill Street, Perth, Western Australia on Monday, 23 October 2017 at 10:00am (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, 3 and 4 (except where I/we have indicated a different voting intention below) even though Resolutions 1, 3 and 4 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, 3 and 4 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.

		For	Against	Abstain
Resolution 1	Remuneration Report	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 2	Re-election of Hon. Cheryl Edwardes as a Director	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 3	Approval to issue FY2017 Options to Mr Cliff Lawrenson under the Option Plan and to issue Shares upon exercise of the Options, and to give potential retirement benefits	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 4	Approval to issue FY2018 Options to Mr Cliff Lawrenson under the Option Plan and to issue Shares upon exercise of the Options, and to give potential retirement benefits	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 5	Approval of 10% Additional Placement Capacity	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 6	Renewal of Proposed Takeover Provisions	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

The Chairman of the Meeting 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 / /