



S&P upgrades Atlas credit rating to “B-”

Highlights

- **S&P has announced the upgrade of the Atlas corporate and senior secured ratings to “B-” from “CCC”**

Atlas Iron Limited (ASX: AGO) is pleased to advise that Standard & Poors Ratings Services (S&P) has upgraded its corporate and senior secured credit ratings on Atlas to “B-” from “CCC”.

S&P last upgraded Atlas Iron Limited’s ratings in July 2016 following completion of its debt restructure.

Extract from S&P Global ratings upgrade dated January 12, 2017

“Atlas Iron has recently announced that it has prepaid A\$54 million of its debt, reducing its U.S. term loan debt to A\$118 million, from A\$180 million in May 2016.

Benefiting from higher iron ore prices, the company generated strong cash flows during the December quarter, enabling it to reduce its term loan. As such, we are raising our ratings on Atlas Iron and the company's secured debt to 'B-', from 'CCC'.

The outlook is stable, reflecting our expectation that Atlas Iron will maintain adequate liquidity and steady performance.”

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S&P Global Ratings definitions

Category	Definition
BB; B; CCC; CC; and C	Obligations rated 'BB', 'B', 'CCC', 'CC', and 'C' are regarded as having significant speculative characteristics. 'BB' indicates the least degree of speculation and 'C' the highest. While such obligations will likely have some quality and protective characteristics, these may be outweighed by large uncertainties or major exposures to adverse conditions.
BB	An obligation rated 'BB' is less vulnerable to nonpayment than other speculative issues. However, it faces major ongoing uncertainties or exposure to adverse business, financial, or economic conditions which could lead to the obligor's inadequate capacity to meet its financial commitment on the obligation.
B	An obligation rated 'B' is more vulnerable to nonpayment than obligations rated 'BB', but the obligor currently has the capacity to meet its financial commitment on the obligation. Adverse business, financial, or economic conditions will likely impair the obligor's capacity or willingness to meet its financial commitment on the obligation.

CCC	An obligation rated 'CCC' is currently vulnerable to nonpayment, and is dependent upon favorable business, financial, and economic conditions for the obligor to meet its financial commitment on the obligation. In the event of adverse business, financial, or economic conditions, the obligor is not likely to have the capacity to meet its financial commitment on the obligation.
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