



ASX Announcement

11 June 2015

Capital Raising to Strengthen Balance Sheet

Atlas Iron Limited (ASX: AGO) is pleased to announce that it has today lodged with the Australian Securities and Investment Commission and the Australian Securities Exchange a prospectus (**Prospectus**) pursuant to which Atlas will undertake a capital raising.

Atlas has recently restarted mining at its Abydos and Wodgina mines and mining will resume at Mt Webber in July. Atlas' year-end targeted rate of production from its three Pilbara iron ore mines is 14-15Mtpa.

The Company now is focusing on the next step in its restructuring and growth strategy. This involves a capital raising with the funds raised strengthening Atlas' balance sheet and assisting the Company in managing periods of volatility in market conditions.

The capital raising provides Atlas' eligible shareholders the opportunity to participate in a way that is unfettered by traditional rights issue and share purchase plan structures.

The capital raising will comprise:

- a placement to key Atlas contractors for up to A\$30 million worth of new shares at the same issue price as the broader capital raising (approximately A\$23.9 million already committed) (**Contractor Issue**)
- a placement to new and existing shareholders (including the general public) to raise up to A\$50 million (**Placement**); and
- a Shareholder Participation Offer to eligible Atlas shareholders to raise up to A\$100 million (**SPO**) (together **the Capital Raising**).

The Company will also issue to BGC Contracting up to approximately A\$17.4 million in shares across the Contractor Issue and the Placement as part of an agreement for an option to acquire the Mt Webber Plant and other costs associated with mining operations (refer ASX announcement 2 June 2015).

The capital raising is being undertaken at an issue price of A\$0.05 per share. Based on the last closing price prior to trading suspension of A\$0.12 per share, the price represents a discount of 58% (before accounting for a free attaching option described below), an issue price which is significantly lower than Atlas shares have ever traded. Hartleys Limited is Sole Lead Manager.

For every share subscribed in the Capital Raising, investors will receive one free attaching option exercisable at A\$0.075 and expiring on 30 June 2017 (**Option**). Atlas will apply for the listing of the Options on the ASX where if listed, they are anticipated to trade as ASX: AGOO.

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The Option provides investors with what will likely be a once-off opportunity to acquire a listed option in Atlas through the Capital Raising and maximises the leverage that investors in the Capital Raising have to the success of Atlas and to any increase in the iron ore price.

Subject to shareholder approval, several of Atlas' Directors will participate in the Capital Raising.

The indicative timetable for the Capital Raising below has been amended as a consequence of the time taken to finalise agreements for the re-start of Mt Webber (see ASX announcement dated 2 June 2015) and to better allow for Atlas shareholder participation in the Capital Raising. The Capital Raising is subject to Atlas shareholder approval (see notice of meeting lodged with the ASX on 15 May 2015) at a general meeting which will now be held on 25 June 2015. Shareholders should note that the shareholder meeting has been postponed from 19 June 2015 to 25 June 2015 (refer ASX announcement 11 June 2015).

Event	Date
Record Date for SPO	14 May 2015
Prospectus lodged with ASIC and ASX	11 June 2015
Atlas General Meeting	25 June 2015
Closing Date for the Contractor Issue Closing Date for the SPO, Placement and Shortfall Placement (other than Targeted Places)	5:00pm WST 13 July 2015
Targeted Places allocation process	16 and 17 July 2015
Closing Date for the SPO, Placement and Shortfall Placement (Targeted Places)	5:00pm WST 17 July 2015
Issue Date for New Securities	24 July 2015
Dispatch Holding Statements for New Securities	27 July 2015
Expected reinstatement to quotation of Shares on ASX and commencement of trading for New Shares	27 July 2015

Capitalised terms above and in this paragraph have the same meaning ascribed to them in the Prospectus. Dates and times in this timetable are indicative only and subject to change. The Company reserves the right, subject to the Corporations Act, ASX Listing Rules and other applicable laws to vary the dates and times of this indicative timetable without notice, and in particular to bring forward or extend the Closing Date and/or Issue Date of one or more components of the Capital Raising. Any shortening or extension of a Closing Date and/or Issue Date may have a consequential effect on the date for the issue of the New Securities. In particular, the Company reserves the right to bring forward the Issue Date of the issue of New Securities for all or part of the Committed Amount.



The Company reserves the right to issue New Securities progressively, before or after the scheduled issue date for the other New Securities.

Atlas Managing Director David Flanagan said that completion of the Capital Raising along with the Company's cost cutting program, including the innovative arrangements with contractors, meant Atlas would be positioned to be able to generate sustainable cash flows in an improving iron ore pricing environment.

"With the contractor collaboration agreements in place, Atlas is now turning its attention to strengthening its balance sheet through the Capital Raising" Mr Flanagan said.

"This is aimed at ensuring that Atlas has strong foundations which can withstand future iron ore price volatility. At the same time, Atlas shareholders can secure an exposure to these cash flows and any increase in the iron ore price on the attractive terms offered by the capital raising."

"With the outstanding support of our key contractors, suppliers and the WA Government, our business is in increasingly better shape."

"The capital raising, which has been structured to allow for maximum shareholder participation, combined with these cost saving initiatives, will significantly improve Atlas' operating position for the benefit of all shareholders."

Further detail in relation to the Capital Raising is provided in the Prospectus. A copy of the Prospectus will be mailed to eligible Atlas shareholders. A copy of the Prospectus can be viewed on Atlas' website www.atlasiron.com.au and on ASX. Additional copies of the Prospectus can be obtained from Atlas. Invitations to subscribe for Atlas shares are being made in the Prospectus, and investors should consider the Prospectus very carefully before deciding whether to acquire securities in Atlas. Anyone wishing to subscribe for shares in Atlas will need to complete the application form that will be in or will accompany the Prospectus.

The Company will remain in suspension until completion of the Capital Raising.