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**ATLAS IRON LIMITED**  
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**NOTICE OF ANNUAL GENERAL MEETING**

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The Annual General Meeting of the Company will be held at the Swan Room, Parmelia Hilton Hotel, 14 Mill Street, Perth, Western Australia on Wednesday, 30 October 2013 at 3.00pm (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 the Swan Room, Parmelia Hilton Hotel, 14 Mill Street, Perth, Western Australia on Wednesday, 30 October 2013 at 3.00pm (WST) ("**Meeting**").

The Explanatory Memorandum to this Notice provides additional information on matters to be considered at the Annual General 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 Schedule 1.

### AGENDA

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#### Financial Report

To receive the financial report of the Company for the year ended 30 June 2013 together with a Directors' report in relation to that financial year and the Auditor's report on the financial report.

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#### 1. Resolution 1 – Remuneration Report

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

*"That the Remuneration Report be adopted by the Shareholders."*

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

**Voting restriction:** See the Notes for details of the voting restriction for Resolution 1.

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#### 2. Resolution 2 – Re-election of Ms Tai Sook Yee as a Director

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

*"That Ms Tai Sook Yee, who retires by rotation in accordance with Rule 3.6 of the Constitution and, being eligible, offers herself for re-election, be re-elected as a Director."*

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#### 3. Resolution 3 – Re-election of Dr David Smith as a Director

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

*"That Dr David Smith, who retires by rotation in accordance with Rule 3.6 of the Constitution and, being eligible, offers himself for re-election, be re-elected as a Director."*



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**4. Resolution 4 – Authority to issue Shares to settle the Performance Rights & Share Appreciation Rights vesting in FY2015 issued to Mr Brinsden and to give retirement benefits**

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

*"That, for the purpose of Rule 10.14 of the Listing Rules of ASX Limited and for the purpose of section 200E of the Corporations Act and for all other purposes, the issue of shares by the Company to Mr Brinsden to settle any of the 256,853 Performance Rights and 570,880 Share Appreciation Rights that may vest in FY2015 (Rights) for Mr Brinsden under the Atlas Iron Limited Long Term Incentive Plan (LTIP) on the terms and conditions described in the Explanatory Memorandum to this Notice and any benefit under the LTIP relating to the Rights that may be given to Mr Brinsden in connection with any future retirement from office or employment with the Company, are approved."*

**Short Explanation:** Approval is sought under Listing Rule 10.14 to allow the Company to issue Shares to a Director (Mr Brinsden) to settle these Performance and Share Appreciation Rights under the LTIP. Approval is also sought under the Corporations Act for benefits under the LTIP relating to those Rights that may be given in connection with any future retirement by Mr Brinsden from an office or employment with the Company. Please refer to the Explanatory Memorandum for details.

**Voting Exclusion:** The Company will disregard any votes cast on this resolution by a Director (except a Director who is ineligible to participate in the LTIP), and any associate of such a Director. The Board has determined that non-executive Directors are not eligible to participate in the LTIP.

**Voting restriction:** See the Notes for details of the voting restriction for Resolutions 4 and 5.

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**5. Resolution 5 – Authority to issue Shares to settle the Performance Rights & Share Appreciation Rights vesting in FY2015 issued to Mr Hancock and to give retirement benefits**

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

*"That, for the purpose of Rule 10.14 of the Listing Rules of ASX Limited and for the purpose of section 200E of the Corporations Act and for all other purposes, the issue of Shares to Mr Hancock to settle any of the 77,197 Performance Rights and 171,578 Share Appreciation Rights that may vest in FY2015 (Rights) for Mr Hancock under the Atlas Iron Limited Long Term Incentive Plan (LTIP) on the terms and conditions described in the Explanatory Memorandum to this Notice and any benefit under the LTIP relating to the Rights that may be given to Mr Hancock in connection with his retirement from office or employment with the Company, are approved."*

**Short Explanation:** Approval is sought under Listing Rule 10.14 to allow the Company to issue Shares to a Director (Mr Hancock) to settle these Performance and Share Appreciation Rights under the LTIP. Approval is also sought under the Corporations Act for benefits under the LTIP relating to those Rights that may be given in connection with any future retirement by Mr Hancock from an office or employment with the Company. Please refer to the Explanatory Memorandum for details.

**Voting Exclusion:** The Company will disregard any votes cast on this resolution by a Director (except a Director who is ineligible to participate in the Long Term Incentive Plan), and any associate of such a Director. The Board has determined that non-executive Directors are not eligible to participate in the LTIP.

**Voting restriction:** See the Notes for details of the voting restriction for Resolutions 4 and 5.

Dated 16 September 2013, By Order of the Board

Mark Hancock  
Company Secretary



## NOTES

These Notes form part of the Notice.

### Right to vote

The Directors have determined that, for the purpose of voting at the Meeting, Shareholders are those persons who are the registered holders of Shares at 5.00pm (WST) on Monday, 28 October 2013.

### Voting Restriction for Resolution 1

In accordance with the Corporations Act, the Company will disregard any vote(s) cast on Resolution 1 of this Notice of Meeting by, or on behalf of:

- i. a member of Key Management Personnel detail of whose remuneration is included in the 2013 Remuneration Report, or
  - ii. a Closely Related Party of such a member,
- (each an "Excluded Person").

This restriction does not apply if the person has been appointed as a proxy by writing that specifies how the proxy is to vote on Resolution 1, provided that the Shareholder who appointed the proxy is not themselves a person subject to the restriction on voting on Resolution 1.

Also, the restrictions do not apply to the Chairman of the Meeting where the proxy appointment is not from a person subject to the restriction on voting on Resolution 1 and expressly authorises the Chairman of the Meeting to exercise an undirected proxy even if the resolution is connected directly or indirectly with the remuneration of a member of the Key Management Personnel for the Company.

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

If you do not wish to appoint the Chairman of the Meeting 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 Section B of the Proxy Form.

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

### Voting restriction for Resolutions 4 and 5

The Chairman of the Meeting may vote undirected proxies on Resolutions 4 and 5 if the proxy appointment expressly authorises the Chairman of the Meeting to exercise the proxy even if the resolution is connected directly or indirectly with the remuneration of a member of the key management personnel for the Company.

The Chairman of the Meeting intends to vote all undirected proxies (where the Chairman has been appropriately authorised) in favour of Resolutions 4 and 5.

If you do not wish to appoint the Chairman of the Meeting to vote on Resolutions 4 and 5 in the manner indicated above, the Company encourages you to complete the voting directions in respect of Resolutions 4 and 5 in Section B of the Proxy Form.

Directors (other than the Chairman of the Meeting), 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 any of Resolutions 4 and 5 unless the proxy appointment directs them how to vote on the Resolution.



### **Appointment of proxies**

Each Shareholder entitled to vote at the Meeting may appoint a proxy to attend and vote at the Meeting. 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.

### **Lodgement of proxy documents**

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

- the proxy's appointment; and
- 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 3pm (WST) on Monday 28 October 2013.

Proxies should be returned as follows:

Online:

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

By Mobile:

Scan the QR Code on your Proxy form and follow the prompts

By Mail to:

Computershare Investor Services  
Pty Ltd  
GPO Box 242  
Melbourne Victoria 3001  
Australia

By Facsimile Transmission to:

1800 783 447 (within Australia) or  
+61 3 9473 2555 (outside Australia)

By Hand to:

Computershare Investor Services Pty  
Ltd  
Level 2  
45 St George's Terrace  
Perth, Western Australia 6000



## ATLAS IRON LIMITED

ACN 110 396 168

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### EXPLANATORY MEMORANDUM

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#### Introduction

This Explanatory Memorandum has been prepared for the information of Shareholders in connection with the business to be conducted at the Annual General Meeting to be held at the Swan Room, Parmelia Hilton Hotel, 14 Mill Street, Perth, Western Australia on Wednesday, 30 October 2013 at 3.00pm (WST) ("**Meeting**").

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#### Financial Report

The Company has sent to those Shareholders who requested it, the Annual Report, which includes the financial report for the year ended 30 June 2013, a Directors' report in relation to that financial year and the Auditor's report on the financial report. A copy of the Annual Report is available on the Company's website: [www.atlasiron.com.au](http://www.atlasiron.com.au) or a copy can be obtained by contacting the Company on (08) 6228 8000.

There is no requirement for Shareholders to approve these reports. However, the Chairman 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 Chairman about the management of the Company, or to the Company's Auditor about:

- the content of the Auditor's report;
- the conduct of the audit;

may be submitted no later than 5 business days before the date of the Meeting to the Company Secretary at the Company's registered office at Level 18, Raine Square, 300 Murray Street, Perth WA 6000, or by facsimile on (08) 6228 8999.

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#### 1. Resolution 1 – Remuneration Report

Pursuant to section 250R(2) of the Corporations Act, the Company is required to put the 2013 Remuneration Report to the vote of Shareholders. The Annual Report contains a 2013 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, Resolution 1 need only be 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 in the 2013 Remuneration Report. However, the Board will take the outcome of the vote very seriously when considering the Company's future remuneration policy.

Although the vote on Resolution 1 is advisory only and does not bind the Directors or the Company, your Directors take the wishes of the Company's Shareholders as a whole at the Annual General Meeting very seriously. Your Directors would like to point out two matters in the 2013 Remuneration Report which they believe are relevant to Shareholders in considering their vote on the 2013 Remuneration Report. These matters are:

1. *"The Remuneration Policy of the 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 results. Your Board and Remuneration Committee believe the Remuneration Policy to be appropriate and effective in its ability to attract and retain the high quality executives to run and manage the Group"*
2. *"In line with ASX Corporate Governance Guidelines and general best practice, long term incentives under the Atlas Iron Limited Long Term Incentive Plan (LTIP) approved by shareholders on*



*31 October 2012 will not be offered to non-executive directors. Only executive directors and other senior management have been offered rights under the LTIP".*

These decisions 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 Company's Shareholders.

#### Consequence of voting against Resolution 1

If more than 25% of the votes cast on Resolution 1 are against the adoption of the 2013 Remuneration Report, and at least 25% of the votes cast at the next annual general meeting of the Company ("**2014 AGM**") on a resolution that the 2014 remuneration report be adopted is against the adoption of the report, then the Company will be required under section 250V of the Corporations Act to put to the vote at the 2014 AGM a spill resolution to decide whether or not to convene another general meeting within 90 days of the 2014 AGM (the "Spill Meeting") where:

- (a) all the Directors of the Company who were directors at the time of the 2014 AGM (other than the Managing Director) will cease to hold office immediately before the end of the Spill Meeting; and
- (b) a resolution to fill the position of each of the Directors referred to in (a) by re-election or otherwise will be put to the vote at the Spill Meeting.

The Chairman of the Meeting will allow a reasonable opportunity for Shareholders as a whole to ask about, or make comments on, the 2013 Remuneration Report.

#### **Directors' Recommendation**

The Board unanimously recommends that the Shareholders adopt the 2013 Remuneration Report and you vote in favour of Resolution 1.

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## **2. Resolution 2 – Re-election of Ms Tai Sook Yee**

Listing Rule 14.4 and Rule 3.6 of the Constitution requires that a Director must retire from office at the third annual general meeting after the Director was last elected or re-elected. Rule 3.6 of the Constitution provides that a Director who retires under Rule 3.6 is eligible for re-election.

Ms Tai Sook Yee was last elected at the 2010 annual general meeting, and therefore retires at the Meeting in accordance with the Constitution and seeks re-election.

A brief biography for Ms Tai is included in the Annual Report.

The Board believes that Ms Tai has performed the duties and responsibilities of a director diligently and professionally, in the best interests of all Shareholders. Ms Tai is a member of the Nomination Committee and Corporate Governance Committee.

#### **Directors' Recommendation**

The Board, other than Ms Tai, unanimously recommends the re-election of Ms Tai.

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## **3. Resolution 3 – Re-election of Dr David Smith**

Listing Rule 14.4 and Rule 3.6 of the Constitution requires that a Director must retire from office at the third annual general meeting after the Director was last elected or re-elected. Rule 3.6 of the Constitution provides that a Director who retires under Rule 3.6 is eligible for re-election.

Dr David Smith was last elected at the 2010 annual general meeting, and therefore retires at the Meeting in accordance with the Constitution and seeks re-election.

A brief biography for Dr Smith is included in the Annual Report.

The Board believes that Dr Smith has performed the duties and responsibilities of a director diligently and professionally, in the best interests of all Shareholders. Mr Smith is the Company's Lead Independent Director, is Chairman of the Remuneration Committee and is a member of the Nomination Committee.



## Directors' Recommendation

The Board, other than Dr Smith, unanimously recommends the re-election of Dr Smith.

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### 4. Resolution 4 – Authority to issue Shares to settle the Performance Rights and Share Appreciation Rights issued to Mr Brinsden and to give retirement benefits

Resolution 4 seeks Shareholder approval in accordance with Listing Rule 10.14 to issue Shares to Mr Brinsden to settle any of the 256,853 Performance Rights and 570,880 Share Appreciation Rights that may vest in the Financial Year 2015 under the LTIP for Mr Brinsden.

Shareholder approval is required under Listing Rule 10.14 to issue Shares to Mr Brinsden because Mr Brinsden is a Director of the Company. Furthermore, the prior Shareholder approval of the LTIP at the 2012 AGM means that, if made before 31 October 2015, these issues will not reduce the Company's 15% placement capacity under Listing Rule 7.1.

The usual position under the LTIP is that Performance Rights and Share Appreciation Rights are to be settled on vesting with Shares. This can be by issuing Shares to the participant (Mr Brinsden's offer being subject to Shareholder approval for such issues) or by causing the transfer of Shares to the participant. Under the Company's present circumstances, the Board considers that the incentive represented by the issue of Rights to be equity settled is a cost effective and appropriate component of Mr Brinsden's remuneration package, and is preferred over settling the rights with cash. However, if Shareholder approval is not obtained for issue of Shares to Mr Brinsden, the Board proposes to elect to settle in cash.

Mr Brinsden is Managing Director of the Company. The primary purpose of the grant of the Performance and Share Appreciation Rights to Mr Brinsden is to form the long term incentive part of Mr Brinsden's remuneration package as an executive director of the Company. Recommendation 8.2 of ASX's Corporate Governance Principles and Recommendations encourages ASX listed companies to find a balance between short term and long term performance objectives. In the Board's view, the issue of Performance Rights and Share Appreciation Rights to Mr Brinsden is an appropriate means of meeting these long term performance objectives. The Board also considers that the retention of high quality and well-credentialed executive directors, like Mr Brinsden, is important to the ongoing development and success of the Company and its projects.

The Board has formed the view that remuneration in the form of the LTIP is reasonable given the Company's circumstances and Mr Brinsden's circumstances (including his responsibilities), and that the terms of issue of the Performance Rights and Share Appreciation Rights to Mr Brinsden are reasonable.

#### Performance measures

Performance measures for the Performance Rights and Share Appreciation Rights are based on a TSR Scorecard and an IOS Scorecard. Performance Rights and Share Appreciation Rights not vested on the Vesting Date will automatically lapse and be forfeited in accordance with the Plan Rules.

The TSR Scorecard decides Mr Brinsden's entitlement to up to 152,238 Performance Rights and 291,428 Share Appreciation Rights. The TSR Scorecard for FY2015 will be determined based on the percentile ranking of the Company's TSR results, relative to the TSR of each of the companies in the comparator group comprising selected constituents of the S&P ASX 300 Metals & Mining Index. For a percentile less than the 50th, no Rights vest, between the 50th and 75th Percentile there is partial vesting on a sliding scale (see Schedule 2), and for the 75th percentile or better 152,238 Performance Rights and 291,428 Share Appreciation Rights vest.

The IOS Scorecard decides Mr Brinsden's entitlement to up to 104,615 Performance Rights and up to 279,452 Share Appreciation Rights. The Iron Ore Shipping target for the Rights that may vest in FY2015 is 12.7 million tonnes shipped during the financial year ending 30 June 2015. This compares to current market guidance for FY2015 of 12Mt. For less than 10Mt, no Rights vest, between 10Mt and 12.7Mt there is partial vesting on a sliding scale (see Schedule 2), and for 12.7Mt or better 104,615 Performance Rights and 279,452 Share Appreciation Rights vest.





Each vested Performance Right entitles the participant to receive one Share or its equivalent in cash.

Each vested Share Appreciation Right entitles the participant to receive the SAR Vesting Amount which is the difference between the Market Value of a Share on the last trading day of the Performance Period and the Market Value of a Share on the first trading day of the Performance Period. The amount is to be paid in Shares, or if the Board so elects, in cash. Shares would be valued at the Market Value of a Share on the last day of the Performance Period (see Schedule 2).

### **Financial Implications**

The fair value of the 256,853 Performance Rights and 570,880 Share Appreciation Rights vesting in FY2015 is set out below:

- The fair value of each of the 152,238 Performance Rights subject to the TSR Scorecard is \$1.34.
- The fair value of each of the 104,615 Performance Rights subject to the IOS Scorecard is \$1.95.
- The fair value of each of the 291,428 Share Appreciation Rights subject to the TSR Scorecard is \$0.70.
- The fair value of each of the 279,452 Share Appreciation Rights subject to the IOS Scorecard is \$0.73.

Based on these fair values, the total value of all these Rights is \$816,000.

The Company obtained these fair values from an expert valuer prior to the 2012 LTIP grants and the valuation date is 1 July 2012 which is the first day of the Performance Period.

### **Information required by Listing Rule 10.15A**

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

1. The maximum number of Shares that may be issued to Mr Brinsden is:
  - (a) 256,853 Shares if all Mr Brinsden's Performance Rights for the 2012 LTIP vest in FY2015;
  - (b) If all Mr Brinsden's 570,880 Share Appreciation Rights for the 2012 LTIP that may vest in FY2015 do vest, 570,880 multiplied by the applicable SAR Vesting Amount divided by the Market Value of a Share on 30 June 2015 (the last day of the Performance Period) (see Schedule 2 for details).
2. The price for each Share to be issued to Mr Brinsden under the LTIP is nil.
3. No persons referred to in ASX Listing Rule 10.14 have yet received Shares under the LTIP.
4. The persons referred to in ASX Listing Rule 10.14 entitled to participate in the LTIP are Mr Brinsden, and Mr Hancock (see Resolution 5).
5. A voting exclusion statement is included with the resolution.
6. No loan is made in relation to the issues.
7. Details of any Shares issued under the LTIP will be published in each annual report relating to a period in which Shares have been issued under the LTIP, with a statement that approval for the issue of the Shares was obtained under ASX Listing Rule 10.14.
8. Any additional persons who become entitled to participate in the LTIP after approval of this resolution and who are not named in this notice of meeting will not participate until approval is obtained under ASX Listing Rule 10.14.
9. The Company will, subject to the Directors' discretion to settle LTIP entitlements in cash or in Shares acquired on market, issue the Shares within three years after the meeting.



## **Dilution**

The issue of Shares to settle the Share Appreciation and Performance rights issued to Mr Brinsden has the potential to dilute the percentage interest of existing Shareholders' holdings, should LTIP targets be met.

Performance Rights that may vest in FY2015 could, subject to the Directors' discretion to settle LTIP entitlements in cash or in Shares acquired on market, lead to the issue of up to 256,853 Shares to Mr Brinsden, representing approximately 0.03% of the Company's current Share capital.

A further number of Shares calculated as set out in Schedule 2 would issue to settle the 570,880 Share Appreciation Rights that may vest for Mr Brinsden in the Financial Year 2015. As an indication, if the increase in the Market Value of a Share to the end of the FY2015 performance period was 100%, the Company would, subject to the Directors' discretion to settle LTIP entitlements in cash or in Shares acquired on market, issue 570,880 Shares to settle all the Share Appreciation Rights vesting in FY2015 representing approximately 0.06% of the Company's current Share capital.

## **2013 LTIP grants**

At the date of this Notice, the Board has yet to finalise the performance targets, the number of Performance Rights and the number of Share Appreciation Rights under the 2013 LTIP grants, being for the three year period ending 30 June 2016. Should the Board decide to grant any Performance Rights and Share Appreciation rights under the 2013 LTIP to Mr Brinsden, it will seek shareholder approval to allow the Company to issue Shares to Mr Brinsden to settle Performance and Share Appreciation Rights under the 2013 LTIP grants.

## **Information required for Section 200E of the Corporations Act**

Under sections 200B and 200E of the Corporations Act the Company can only give a benefit to a member of Key Management Personnel in connection with retirement from office or employment in the Company with prior shareholder approval or if any of a number of exceptions apply. Accelerated vesting or automatic vesting of share based payments may in some cases be a benefit of this kind.

As a participant in the LTIP, Mr Brinsden may become entitled to accelerated vesting or automatic vesting of Performance Rights or Share Appreciation Rights if there is a change in control of the Company or if the Board exercises a discretion upon cessation of employment. Approval is sought for Mr Brinsden to be given any such benefit in connection with his retirement from office or employment with the Company if that occurs within 3 years of the date of this meeting.

Details of Mr Brinsden's remuneration including termination benefits are set out in the 2013 Remuneration Report.

For Performance Rights, the value of the benefit will depend on the number of Performance Rights that may vest and the market value of Shares at the time of cessation of employment. For Share Appreciation Rights, the value of the benefit will depend on the number of Share Appreciation Rights that may vest and the SAR Vesting Amount (see Schedule 2).

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## **5. Resolution 5 – Authority to issue Shares to settle the Performance Rights and Share Appreciation Rights issued to Mr Hancock and to give retirement benefits**

Resolution 5 seeks Shareholder approval in accordance with Listing Rule 10.14 to issue Shares to Mr Hancock to settle any of the 77,197 Performance Rights and 171,578 Share Appreciation Rights that may vest in the Financial Year 2015 under the LTIP for Mr Hancock.

Shareholder approval is required under Listing Rule 10.14 to issue Shares to Mr Hancock because Mr Hancock is a Director of the Company. Furthermore, the prior Shareholder approval of the LTIP at the 2012 AGM means that, if made before 31 October 2015, these issues will not reduce the Company's 15% placement capacity under Listing Rule 7.1.



The usual position under the LTIP is that Performance Rights and Share Appreciation Rights are to be settled on vesting with Shares. This can be by issuing Shares to the participant (Mr Hancock's offer being subject to Shareholder approval for such issues) or by causing the transfer of Shares to the participant. Under the Company's present circumstances, the Board considers that the incentive represented by the issue of Rights to be equity settled is a cost effective and appropriate component of Mr Hancock's remuneration package, and is preferred over settling the rights with cash. However, if Shareholder approval is not obtained for issue of Shares to Mr Hancock, the Board proposes to elect to settle in cash.

Mr Hancock is Executive Director Commercial of the Company. The primary purpose of the grant of the Performance and Share Appreciation Rights to Mr Hancock is to form the long term incentive part of Mr Hancock's remuneration package as an executive director of the Company. Recommendation 8.2 of ASX's Corporate Governance Principles and Recommendations encourages ASX listed companies to find a balance between short term and long term performance objectives. In the Board's view, the issue of Performance Rights and Share Appreciation Rights to Mr Hancock is an appropriate means of meeting these long term performance objectives. The Board also considers that the retention of high quality and well-credentialed executive directors, like Mr Hancock, is important to the ongoing development and success of the Company and its projects.

The Board has formed the view that remuneration in the form of the LTIP is reasonable given the Company's circumstances and Mr Hancock's circumstances (including his responsibilities), and that the terms of issue of the Performance Rights and Share Appreciation Rights to Mr Hancock are reasonable.

### **Performance measures**

Performance measures for the Performance Rights and Share Appreciation Rights are based on a TSR Scorecard and an IOS Scorecard. Performance Rights and Share Appreciation Rights not vested on the Vesting Date will automatically lapse and be forfeited in accordance with the Plan Rules.

The TSR Scorecard decides Mr Hancock's entitlement to up to 45,755 Performance Rights and 87,589 Share Appreciation Rights. The TSR Scorecard for FY2015 will be determined based on the percentile ranking of the Company's TSR results, relative to the TSR of each of the companies in the comparator group comprising selected constituents of the S&P ASX 300 Metals & Mining Index. For a percentile less than the 50th, no Rights vest, between the 50th and 75th Percentile there is partial vesting on a sliding scale (see Schedule 2), and for the 75th percentile or better 45,755 Performance Rights and 87,589 Share Appreciation Rights vest.

The IOS Scorecard decides Mr Hancock's entitlement to up to 31,442 Performance Rights and up to 83,989 Share Appreciation Rights. The Iron Ore Shipping target for the Rights that may vest in FY2015 is 12.7 million tonnes shipped during the financial year ending 30 June 2015. This compares to current market guidance for FY2015 of 12Mt. For less than 10Mt, no Rights vest, between 10Mt and 12.7Mt there is partial vesting on a sliding scale (see Schedule 2), and for 12.7Mt or better 31,442 Performance Rights and 83,989 Share Appreciation Rights vest.

Each vested Performance Right entitles the participant to receive one Share or its equivalent in cash.

Each vested Share Appreciation Right entitles the participant to receive the SAR Vesting Amount which is the difference between the Market Value of a Share on the last trading day of the Performance Period and the Market Value of a Share on the first trading day of the Performance Period. The amount is to be paid in Shares, or if the Board so elects, in cash. Shares would be valued at the Market Value of a Share on the last day of the Performance Period (see Schedule 2).

### **Financial Implications**

The fair value of the 77,197 Performance Rights and 171,578 Share Appreciation Rights vesting in FY2015 is set out below:

- The fair value of each of the 45,755 Performance Rights subject to the TSR Scorecard is \$1.34.
- The fair value of each of the 31,442 Performance Rights subject to the IOS Scorecard is \$1.95.
- The fair value of each of the 87,589 Share Appreciation Rights subject to the TSR Scorecard is \$0.70.



- The fair value of each of the 83,989 Share Appreciation Rights subject to the IOS Scorecard is \$0.73.

Based on these fair values, the total value of all these Rights is \$245,250.

The Company obtained these fair values from an expert valuer prior to the 2012 LTIP grants and the valuation date is 1 July 2012 which is the first day of the Performance Period.

### **Information required by Listing Rule 10.15A**

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

1. The maximum number of Shares that may be issued to Mr Hancock is:
  - (a) 77,197 Shares if all Mr Hancock's Performance Rights for the 2012 LTIP vest in FY2015;
  - (b) If all Mr Hancock's 171,578 Share Appreciation Rights for the 2012 LTIP that may vest in FY2015 do vest, 171,578 multiplied by the applicable SAR Vesting Amount divided by the Market Value of a Share on 30 June 2015 (the last day of the Performance Period) (see Schedule 2 for details).
2. The price for each Share to be issued to Mr Hancock under the LTIP is nil.
3. No persons referred to in ASX Listing Rule 10.14 have yet received Shares under the LTIP.
4. The persons referred to in ASX Listing Rule 10.14 entitled to participate in the LTIP are Mr Hancock and Mr Brinsden (see Resolution 4).
5. A voting exclusion statement is included with the resolution.
6. No loan is made in relation to the issues.
7. Details of any Shares issued under the LTIP will be published in each annual report relating to a period in which Shares have been issued under the LTIP, with a statement that approval for the issue of the Shares was obtained under ASX Listing Rule 10.14.
8. Any additional persons who become entitled to participate in the LTIP after approval of this resolution and who are not named in this notice of meeting will not participate until approval is obtained under ASX Listing Rule 10.14.
9. The Company will, subject to the Directors' discretion to settle LTIP entitlements in cash or in Shares acquired on market, issue the Shares within three years after the meeting.

### **Dilution**

The issue of Shares to settle the Share Appreciation and Performance rights issued to Mr Hancock has the potential to dilute the percentage interest of existing Shareholders' holdings, should LTIP targets be met.

Performance Rights that may vest in FY2015 could, subject to the Directors' discretion to settle LTIP entitlements in cash or in Shares acquired on market, lead to the issue of up to 77,197 Shares to Mr Hancock, representing approximately 0.01% of the Company's current Share capital.

A further number of Shares calculated as set out in Schedule 2 would issue to settle the 171,578 Share Appreciation Rights that may vest for Mr Hancock in the Financial Year 2015. As an indication, if the increase in the Market Value of a Share to the end of the FY2015 performance period was 100%, the Company would, subject to the Directors' discretion to settle LTIP entitlements in cash or in Shares acquired on market, issue 171,578 Shares to settle all the Share Appreciation Rights vesting in FY2015 representing approximately 0.02% of the Company's current Share capital.

### **2013 LTIP grants**

At the date of this Notice, the Board has yet to finalise the performance targets, the number of Performance Rights and the number of Share Appreciation Rights under the 2013 LTIP grants, being for the three year period ending 30 June 2016. Should the Board decide to grant any Performance Rights and Share Appreciation rights under the 2013 LTIP to Mr Hancock, it will seek shareholder approval to allow the Company to issue Shares to Mr Hancock to settle Performance and Share Appreciation Rights under the 2013 LTIP grants.



## **Information required for Section 200E of the Corporations Act**

Under sections 200B and 200E of the Corporations Act the Company can only give a benefit to a member of Key Management Personnel in connection with retirement from office or employment in the Company with prior shareholder approval or if any of a number of exceptions apply. Accelerated vesting or automatic vesting of share based payments may in some cases be a benefit of this kind.

As a participant in the LTIP, Mr Hancock may become entitled to accelerated vesting or automatic vesting of Performance Rights or Share Appreciation Rights if there is a change in control of the Company or if the Board exercises a discretion upon cessation of employment. Approval is sought for Mr Hancock to be given any such benefit in connection with his retirement from office or employment with the Company if that occurs within 3 years of the date of this meeting.

Details of Mr Hancock's remuneration including termination benefits are set out in the 2013 Remuneration Report.

For Performance Rights, the value of the benefit will depend on the number of Performance Rights that may vest and the market value of Shares at the time of cessation of employment. For Share Appreciation Rights, the value of the benefit will depend on the number of Share Appreciation Rights that may vest and the SAR Vesting Amount (see Schedule 2).

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## **6. Action to be taken by Shareholders**

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



## Schedule 1 - Definitions

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

**"Annual Report"** means the Annual Report of the Company for the year ended 30 June 2013.

**"ASIC"** means the Australian Securities and Investments Commission.

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

**"Board"** means the board of Directors.

**"Closely Related Party"** means for a member of the Key Management Personnel:

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

**"Company"** means Atlas Iron Limited ABN 63 110 396 168.

**"Constitution"** means the constitution of the Company.

**"Corporations Act"** means the *Corporations Act 2001* (Cth).

**"Director"** means a director of the Company.

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

**"Iron Ore Shipping"** or **"IOS"** target is explained in Schedule 2.

**"Key Management Personnel"** 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.

**"Listing Rules"** means the listing rules of ASX.

**"LTIP"** means the long term incentive plan of the Company as approved by shareholders on 31 October 2012. The terms of the LTIP were summarised in the notice for that meeting.

**"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.

**"Performance Rights"** is explained in Schedule 2.

**"Proxy Form"** means the proxy form enclosed with the Notice.

**"2013 Remuneration Report"** means the remuneration report contained in the 2013 Annual Report.

**"Resolution"** means a resolution contained in this Notice.

**"Right"** means a Performance Right or a Share Appreciation Right.

**"Rule"** means a rule of the Constitution.

**"Schedule"** means a schedule to this Notice.

**"Share"** means an ordinary share in the Company.

**"Share Appreciation Right"** is explained in Schedule 2.

**"Share Registry"** means Computershare Investor Services Pty Ltd.

**"Shareholder"** means a holder of a Share.

**"Total Shareholder Return"** or **"TSR"** is explained in Schedule 2.

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



## Schedule 2 – Performance Measures of the LTIP

Performance measures for the Performance Rights and Share Appreciation Rights are based on a TSR Scorecard and an IOS Scorecard.

### TSR

TSR measures the return received by Shareholders from holding Shares over the relevant Performance Period, calculated as follows:

$$\text{TSR} = \frac{(B - A) + C}{A}$$

Where:

A = the Market Value of the Share at the start of the Performance Period. The market value price to be used is the 30 days volume weighted average price (VWAP) up to and including the start of the LTIP Performance Period.

B = the Market Value of the Share at the end of the Performance Period. The market value price to be used is the 30 days volume weighted average price (VWAP) up to and including the end of the LTIP Performance Period.

C = the aggregate dividend amount reinvested during the Performance Period.

### TSR Scorecard

The TSR Scorecard will be determined based on the percentile ranking of the Company's TSR results, relative to the TSR of each of the companies in the comparator group over the same Performance Period. The comparator group currently comprises selected constituents of the S&P ASX 300 Metals & Mining Index.

The vesting schedule for the incentives subject to relative TSR testing is as follows:

Relative TSR performance	TSR Scorecard
< 50th Percentile	Nil
Between 50th and 75th Percentile	Pro rata between 50% and 100%, ie between 0.5 and 1
≥ 75th Percentile	100%, ie 1

The IOS Scorecard will be determined based on the number of tonnes of iron ore shipped or exported by the Company during the Performance Period.

The Iron Ore Shipping target for FY2012 LTIP grants is 12.7 million tonnes shipped during the financial year ending 30 June 2015.



The vesting schedule for Rights for FY2012 LTIP grants subject to IOS testing is as follows:

<b>% of Iron Ore Shipping target reached</b>	<b>IOS Scorecard</b>
< 10Mt shipped in FY2015	Nil
10Mt to 12.7Mt shipping in FY2015	Pro rata vesting 20% at 10Mt and 100% at 12.7Mt, ie between 0.2 and 1
12.7Mt shipping or greater in FY2015	100%, ie 1

The number of Performance Rights and Share Appreciation Rights that vest is subject to performance hurdles being met and will be calculated using the following formula:

$$\text{Number of Performance Rights vested} = \text{Number of Performance Rights granted} \times \frac{\text{TSR Scorecard} + \text{IOS Scorecard}}{2}$$

$$\text{Number of Share Appreciation Rights vested} = \text{Number of Share Appreciation Rights granted} \times \frac{\text{TSR Scorecard} + \text{IOS Scorecard}}{2}$$

Each vested Performance Right entitles the participant to receive one Share or its equivalent in cash.

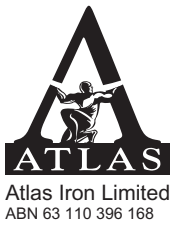
Each vested Share Appreciation Right entitles the participant to receive the SAR Vesting Amount which is the difference between the Market Value of a Share on the last trading day of the Performance Period and the Market Value of a Share on the first trading day of the Performance Period. The amount is to be paid in Shares, or if the Board so elects in its absolute discretion, in cash. Shares would be valued at the Market Value of a Share on the last day of the Performance Period.

Performance Rights and Share Appreciation Rights not vested on the Vesting Date will automatically lapse and be forfeited in accordance with the Plan Rules.

At the date of this Notice, the Board has yet to finalise the performance targets, the number of Performance Rights and the number of Share Appreciation Rights under the 2013 LTIP grants, being for the three year period ending 30 June 2016.


Should the Board decide to grant any Performance Rights and Share Appreciation rights under the 2013 LTIP to executive directors, it will seek shareholder approval to allow the Company to issue Shares to executive directors to settle Performance and Share Appreciation Rights under the 2013 LTIP.





Atlas Iron Limited  
ABN 63 110 396 168

## Lodge your vote:

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

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

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

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

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

## Proxy Form



### Vote and view the annual report online

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



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

**Control Number:**

**SRN/HIN:**

**PIN:**

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 3.00pm (WST) Monday, 28 October 2013**

### How to Vote on Items of Business

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

#### Appointment of Proxy

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

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

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

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

### Signing Instructions for Postal Forms

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

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

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

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

### Attending the Meeting

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

**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.

# Proxy Form

Please mark  to indicate your directions

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

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 Swan Room, Parmelia Hilton Hotel, 14 Mill Street, Perth, Western Australia on Wednesday, 30 October 2013 at 3.00pm (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, 4 and 5 (except where I/we have indicated a different voting intention below) even though Resolutions 1, 4 and 5 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, 4 and 5 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 Ms Tai Sook Yee as a Director	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 3	Re-election of Dr David Smith as a Director	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 4	Authority to issue Shares to settle the Performance Rights & Share Appreciation Rights vesting in FY2015 issued to Mr Brinsden and to give retirement benefits	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 5	Authority to issue Shares to settle the Performance Rights & Share Appreciation Rights vesting in FY2015 issued to Mr Hancock and to give retirement benefits	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

The Chairman of the Meeting intends to vote all available proxies in favour of each item of business.

## 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 \_\_\_\_ / \_\_\_\_ / \_\_\_\_