Rules of the Dividend Reinvestment Plan

Atlas Iron Limited
ABN 63 110 396 168

2012
DIVIDEND REINVESTMENT PLAN

Atlas Iron Limited ABN 63 110 396 168 ("Atlas")

1. COMMENCEMENT OF DRP

The DRP operates on and from the date decided by the Board and notified to Shareholders.

2. ENTITLEMENT TO PARTICIPATE

2.1 Participation optional

Subject to rules 2.2 and 6, each Shareholder may participate in the DRP at the Shareholder's option.

2.2 Foreign jurisdictions

The Board may resolve that Shareholders whose addresses in the Register are in Ineligible Jurisdictions are not permitted to participate in the DRP.

3. APPLYING TO PARTICIPATE

3.1 Participation

Subject to rule 3.2, a Shareholder may apply to participate in the DRP in respect of some or all of his or her Shares by giving written notice to Atlas in the form prescribed by the Board. Each separate holder or combination of joint holders of Shares whose name appears in the Register is taken to be a separate Shareholder for the purposes of this rule.

3.2 Separate shareholding accounts

If a Shareholder is shown in the Register as holding more than one parcel of Shares and has been allocated a unique shareholder identification number for each of those parcels:

(a) a separate application is required for each of those parcels; and

(b) these rules apply as if each of those parcels were registered in the name of a separate Shareholder (and, in the case where the Shareholder's application in relation to a parcel is approved by the Board under rule 3, a separate DRP Participant).

3.3 Effect of application

By applying to participate in the DRP, the Shareholder agrees to be bound by the Constitution in respect of all Shares issued or transferred to the Shareholder under the DRP.

3.4 Applications

(a) Subject to paragraph (b), applications to participate in the DRP will be effective on receipt by Atlas or the Share Registry subject to approval by the Board (which may be withheld in any case in the absolute discretion of the Board).

(b) A notice of application to participate which is received by Atlas or the Share Registry after the Record Date for an Eligible Dividend is not effective for that Eligible Dividend, but takes effect in respect of the next Eligible Dividend.
c) Atlas has no obligation to correct an invalid application on behalf of any Shareholder.

3.5 **DRP Shares**

Subject to rules 4.7, 4.8 and 6:

(a) if a DRP Participant indicates in his or her application (or most recent notice of variation given under rule 6.1(a)(i)) that:

(i) all the Shares registered in his or her name are to participate in the DRP, all the Shares registered in the name of that DRP Participant at or after the DRP Participant's application was approved by the Board (or receipt by Atlas of the notice of variation) are DRP Shares;

(ii) some only of the Shares registered in his or her name are to participate in the DRP, subject to paragraph (b), the number of Shares specified in the DRP Participant's application (or notice of variation) and any Shares issued or transferred to the DRP Participant under the DRP after the DRP Participant's application was approved by the Board (or receipt by Atlas of the notice of variation), are DRP Shares;

(b) if the number of Shares registered in the name of a DRP Participant on any Record Date for an Eligible Dividend is less than the number of Shares that are DRP Shares of the DRP Participant as determined under rule 3.5(a)(ii), all the Shares registered in the name of the DRP Participant on that Record Date are DRP Shares.

4. **OPERATION OF DRP**

4.1 **Establish and maintain DRP Account**

Atlas must establish and maintain a DRP Account in respect of each DRP Participant.

4.2 **Eligible Dividend**

The DRP applies only in respect of DRP Shares of a DRP Participant on which an Eligible Dividend is payable.

4.3 **Reinvestment procedure**

Subject to this rule 4, in respect of each Eligible Dividend, Atlas must:

(a) calculate the amount of the Eligible Dividend payable to each DRP Participant on the Shareholder's DRP Shares;

(b) calculate (if applicable) the Australian withholding tax payable in respect of that Eligible Dividend in relation to the Shareholder's DRP Shares;

(c) credit the amount calculated under paragraph (a) and debit the applicable withholding tax (if any) calculated under paragraph (b) to the DRP Participant's DRP Account;

(d) calculate the number of fully paid Shares to be issued or transferred to the DRP Participant in accordance with rule 4.5;

(e) on behalf of and in the name of the DRP Participant, subscribe for or agree to be transferred that number of fully paid Shares and debit the DRP Participant's DRP Account with the total Subscription Price for those Shares;
(f) issue or transfer that number of additional Shares to the DRP Participant in accordance with rule 4.6; and

(g) retain in the DRP Account any balance remaining after the debit referred to in paragraph (e).

4.4 Interest not accrued

Amounts standing to the credit of a DRP Account do not accrue any interest.

4.5 Number of shares to be issued or transferred

Subject to the discretion of the Board, the number of Shares to be issued or transferred to each DRP Participant in relation to an Eligible Dividend is the number determined in accordance with the following formula (rounded down to the nearest whole number) \(\text{"WN"}\):

\[
\text{WN} = \frac{\text{AB}}{\text{SP}}
\]

Where:

"\text{AB}" is the amount standing to the credit of the DRP Participant's DRP Account after the steps in paragraphs (a), (b) and (c) of rule 4.3 have been completed (inclusive of any balance standing to the credit of the DRP Participant's DRP Account before those steps were commenced); and

"\text{SP}" is the Subscription Price.

4.6 Issue or transfer of Shares

The Shares to be issued or transferred under the DRP must be issued or transferred (as applicable) fully paid up as soon as practical after the relevant dividend payment date. In the case of issued Shares, Atlas must promptly (and, in any event, within the time period required by the ASX Listing Rules) make application for those Shares to be quoted on ASX.

4.7 Constitution prevails

Despite anything contained in these rules, neither Atlas nor the Board has any obligation to issue or transfer Shares to a DRP Participant if to do so would or might (in the opinion of the Board) result in a breach of the Constitution. If this rule applies in relation to a DRP Participant, Atlas must pay the amount standing to the credit of his or her DRP Account, after the steps in paragraphs (a), (b) and (c) of rule 4.3 have been completed, to the DRP Participant on the relevant dividend payment date, and must not issue or transfer (as applicable) any Shares to the DRP Participant under the DRP.

4.8 Shares which may not participate in the DRP

Despite anything contained in these rules, Atlas need not issue or transfer any Shares to a DRP Participant if:

(a) Atlas is, or would be, entitled to retain all or part of the Eligible Dividend which is, or would be, payable in respect of the DRP Participant's DRP Shares; or

(b) Atlas is, or would be, entitled to a charge or lien over any of the DRP Participant's DRP Shares or over any dividend payable in respect of those DRP Shares.
5. SHARES ISSUED OR TRANSFERRED UNDER THE DRP

5.1 Rights attaching to Shares

Shares issued or transferred under the DRP rank from the date of issue or transfer (as applicable) equally in all respects with all other fully paid Shares.

5.2 Holding statements

Atlas must send a holding statement for Shares issued or transferred under the DRP to DRP Participants as soon as practical after the Shares are issued or transferred (and in any event within the period required by the ASX Listing Rules).

5.3 No brokerage or commission

Atlas must not charge brokerage, commission or other transaction costs on Shares issued or transferred under the DRP.

6. VARIATION/WITHDRAWAL FROM DRP

6.1 Variation or withdrawal by notice

(a) A DRP Participant may:

   (i) vary the number of his or her Shares participating in the DRP; or

   (ii) cease participating in the DRP,

   by giving written notice to Atlas or to the Share Registry of his or her decision to do so in the form prescribed by the Board.

(b) Subject to paragraph (c), a notice given under paragraph (a) is effective from the time it is received by Atlas or the Share Registry.

(c) A notice given under paragraph (a) which is received after the Record Date for an Eligible Dividend is not effective for that Eligible Dividend, but takes effect in respect of the next Eligible Dividend.

6.2 Death/bankruptcy of DRP Participants

If a DRP Participant (or any of the joint holders that constitute a DRP Participant) dies or becomes bankrupt, the participation of that DRP Participant ceases when Atlas or the Share Registry receives notice of the death or bankruptcy, as the case requires.

6.3 DRP Accounts

If:

(a) a DRP Participant ceases to be a DRP Participant or a Shareholder; or

(b) the DRP is terminated,

Atlas must pay any balance standing to the credit of the DRP Participant's DRP Account to the DRP Participant in cash.

7. SUSPENSION

7.1 Suspension of the DRP

The Board may suspend operation of the DRP in its absolute discretion.
7.2 **Period of suspension**

Suspension under rule 7.1 takes effect from the date decided by the Board and continues until the Board resolves to recommence the DRP or terminate it. The date of suspension and the date of any recommencement of the DRP must be notified to Shareholders by Atlas.

7.3 **Recommencing operation of the DRP**

The Board may resolve to recommence operation of the DRP following a suspension on terms consistent with these rules.

7.4 **Participation continues**

Subject to rule 6, each Shareholder who was a DRP Participant immediately before the suspension commenced is taken to continue to participate in the DRP when it recommences.

8. **TERMINATION OF THE DRP**

The Board may resolve to terminate the DRP. Atlas must notify Shareholders of the date of termination.

9. **AMENDMENT TO DRP**

9.1 **Amendment**

The Board may vary these rules (including the definition of "Subscription Price" in rule 14.1) as it thinks appropriate. Atlas must notify Shareholders of any variation.

9.2 **Amendment does not affect participation**

Subject to rule 6, each DRP Participant is taken to continue to participate in the DRP as varied.

10. **DISPUTE RESOLUTION**

The Board may settle any difficulties, anomalies or disputes which arise in connection with, or because of, the operation of the DRP, in the manner it thinks expedient either generally or in relation to a particular Shareholder or Share. The decision of the Board is binding on all Shareholders.

11. **NOTICES FROM ATLAS**

A notice required by these rules to be given to Shareholders by Atlas may be given by:

(a) publishing the notice in a daily newspaper circulating in each Australian State and Territory and giving the notice to ASX for release to the market (in which case the notice is taken to be given on the date on which it is first given to ASX); or

(b) sending the notice to the registered addresses of the Shareholders in accordance with the Constitution (in which case the notice is taken to be given on the date determined in accordance with the Constitution); or

(a) both methods specified in paragraphs (a) and (b) (in which case the notice is taken to be given on the date on which it is first given to ASX).
12. **TRADING RULES**

12.1 **Consistency with Trading Rules**

For so long as Atlas remains admitted to the official list of ASX, despite anything else contained in these rules:

(a) if the Trading Rules prohibit an act being done by Atlas, the act shall not be done;

(b) nothing contained in these rules prevents an act being done by Atlas that the Trading Rules require to be done;

(c) if the Trading Rules require an act to be done or not to be done, authority is given for that act to be done or not to be done (as the case may be);

(d) if the Trading Rules require these rules to contain a provision and they do not contain that provision, these rules are taken to contain that provision;

(e) if the Trading Rules require these rules not to contain a provision and they contain that provision, these rules are deemed not to contain that provision; and

(f) if any of these rules are or become inconsistent with the Trading Rules, these rules are to be taken not to contain that provision to the extent of the inconsistency.

12.2 **Definition of Trading Rules**

In rule 12.1, "Trading Rules" means:

(a) the ASX Listing Rules; and

(b) the ASX Settlement Operating Rules (or other operating rules of a clearing and settlement facility that is a prescribed CS facility under the Corporations Act 2001 (Cth)),

as they apply to Atlas for the time being.

13. **GENERAL**

13.1 **Governing Law**

The DRP, its operation and these rules are governed by the laws of Western Australia.

13.2 **Accidental omissions**

The accidental omission to give a notice of variation, suspension or termination, or the non-receipt of any notice by any Shareholder, does not invalidate the variation, suspension or termination (as the case may be).

13.3 **Waiver**

Atlas reserves the right to waive strict compliance with any of these rules.

13.4 **Taxation**

Atlas takes no responsibility for the taxation liabilities of any DRP Participant. DRP Participants should obtain their own separate taxation advice, if required.
14. INTERPRETATION

14.1 Definitions

The following definitions apply in this document:

"ASX" means ASX Limited or the stock market operated by ASX Limited (as the context requires).

"ASX Listing Rules" means the Listing Rules of ASX as they apply to Atlas for the time being.

"Board" means the directors of Atlas acting collectively under the Constitution or the committee or person to whom the Board has delegated a relevant power in accordance with the Constitution or the Corporations Act 2001 (Cth) (or both).

"Constitution" means the constitution of Atlas.

"Daily Volume Weighted Average Price" means the daily volume weighted average price of all Shares sold on ASX and/or any other relevant exchange determined by the Board, excluding transactions which are not made in the ordinary course of trading on that exchange (such as special crossings, crossings outside normal trading hours, national best bid/offers trades, overseas trades or trades pursuant to the exercise of options over Shares) and any other transactions that the Board considers may not be reflective of genuine supply and demand for Shares.

"DRP" means the dividend reinvestment plan of Atlas constituted by these rules.

"DRP Account" means an account established and maintained under rule 4.

"DRP Participant" means a Shareholder:

(a) whose application to participate in the DRP has been approved by the Board under rule 3; and

(b) who has not ceased to participate by force of rule 6.

"DRP Share" means a Share that is a DRP Share under rule 3.4 or 3.5.

"Eligible Dividend" means each dividend declared by the Board in respect of Shares which the Board declares to be an eligible dividend for the purposes of the DRP.

"Ineligible Jurisdiction" means a country or jurisdiction (other than Australia or a jurisdiction within Australia) that the Board resolves is an Ineligible Jurisdiction for the purposes of these rules and includes the United States of America and Canada unless and until the Board otherwise determines.

"Record Date", in relation to an Eligible Dividend, means 5.00 pm (Perth time) on the date on which entitlements for the Eligible Dividend are calculated.

"Register" means the register of Shareholders of Atlas.

"Share" means a fully paid ordinary share in Atlas.

"Share Registry" means Security Transfer Registrars Pty Limited or any other entity appointed by Atlas as its share registry.

"Shareholder" means a member of Atlas.
"Subscription Price", in relation to a Record Date for an Eligible Dividend, means the average of the Daily Volume Weighted Average Price of all Shares sold on ASX and/or any other relevant exchange determined by the Board during the five trading days immediately after the Record Date for the Eligible Dividend (or other period determined by the Board in its discretion), less a discount (if any) determined by the Board from time to time, and rounded to four decimal places. The Subscription Price is to be determined by Atlas from information obtained from ASX or its subsidiaries.

14.2 Rules for interpreting this document

Headings are for convenience only, and do not affect interpretation. The following rules also apply in interpreting this document, except where the context makes it clear that a rule is not intended to apply.

(a) A reference to "trading day" has the same meaning as in the ASX Listing Rules.

(b) A singular word includes the plural, and vice versa.

(c) A word which suggests one gender includes the other genders.

(d) If a word or phrase is defined, any other grammatical form of that word or phrase has a corresponding meaning.

(e) If an example is given of anything (including a right, obligation or concept), for example by saying it includes something else, the example does not limit the scope of that thing.