

Atlas Financial Holdings Inc. has Agreed to Acquire Gateway Insurance Company**Deal Value: Approximately \$23 million****Sandler O'Neill is serving as exclusive financial advisor to Atlas Financial Holdings Inc.****This is the 30th insurance-related M&A deal in which Sandler O'Neill has served as financial advisor since January 1, 2007.**

Atlas Financial Holdings, Inc. (TSX.V: AFH) ("Atlas" or the "Company") announced today that it has entered into a definitive agreement to acquire Camelot Services, Inc. and its sole insurance subsidiary, Gateway Insurance Company ("Gateway"), for approximately \$23 million.

Completion of the transaction is subject to customary closing conditions, including regulatory approval of the change of control of Gateway, and is expected to be completed during the first quarter of 2013.

Founded in 1946, Gateway is an admitted carrier in 46 states plus the District of Columbia, offering specialized commercial insurance products. Gateway is a St. Louis, Missouri-based insurance company with more than 60 years of experience specializing in providing commercial automobile insurance to niche markets such as taxicab, black car and sedan service owners and operators. Gateway currently underwrites approximately \$10 million of annual taxi and limousine net written premiums. The transaction is expected to expand Atlas' commercial auto program to 40 states, including California, the District of Columbia, Hawaii, Montana, Nebraska, North Dakota, South Dakota, Washington and West Virginia.

Atlas will continue to manage Gateway's public auto insurance business utilizing its best practices and intends to provide a seamless transition for existing Gateway customers and agents. Atlas intends to continue to distribute Gateway products under its current brand name, emphasizing the complementary nature of the Company's products relative to those offered by its other insurance subsidiaries. The addition of Gateway's St. Louis-based team will provide incremental value to Atlas' growing organization.

Under the terms of the agreement, Atlas will purchase all outstanding common shares of Camelot Services, Inc. for a combination of cash and Atlas preferred shares, subject to final adjustment based on year-end financial results. The preferred shares will have similar characteristics to those issued in connection with the purchase of Atlas' other operating subsidiaries. As part of the transaction, Atlas will acquire Gateway Insurance Company and will complete a reinsurance transaction with the seller in connection with lines of business that are non-core to Atlas.

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