
IRON ORE HOLDINGS LTD
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NOTICE OF ANNUAL GENERAL MEETING

**The Annual General Meeting will be held
at The Duxton Hotel, 1 St Georges Terrace, Perth, Western Australia
on
25 November 2013 at 2.00 PM (WST).**

The Notice of Annual General Meeting should be read in its entirety. If Shareholders are in doubt as to how they should vote, they should seek advice from their accountant, solicitor or other professional adviser prior to voting.

Shareholders are urged to attend or vote by lodging the proxy form attached to this Notice.

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IRON ORE HOLDINGS LTD

ABN 17 107 492 517

NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that the Annual General Meeting of Shareholders of Iron Ore Holdings Ltd ("**Company**") will be held at The Duxton Hotel, 1 St Georges Terrace, Perth, Western Australia on 25 November 2013 at 2.00 PM (WST) ("**Meeting**").

The Explanatory Memorandum to this Notice provides additional information on matters to be considered at the Meeting. The Explanatory Memorandum and the Proxy Form form part of this Notice.

The Directors have determined pursuant to regulation 7.11.37 of the Corporations Regulations 2001 (Cth) that the persons eligible to vote at the Meeting are those who are registered as Shareholders on 23 November 2013 at 5.00 PM (WST).

Terms and abbreviations used in this Notice and the Explanatory Memorandum are defined in Schedule 1.

AGENDA

Financial, Directors' and Auditor's Report

To receive the Financial Report, Directors' Report and Auditor's Report of the Company and its controlled entities for the financial year ended 30 June 2013.

1. Resolution 1 – Remuneration Report

To consider, and if thought fit, pass as an ordinary resolution with or without amendment the following:

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

Note: The vote on this Resolution is advisory only and does not bind the Directors or the Company. Shareholders are encouraged to read the Explanatory Memorandum for further details on the consequences of voting on this Resolution.

Voting Exclusion

In accordance with section 250R of the Corporations Act, a vote on this Resolution must not be cast by or on behalf of a member of the Key Management Personnel whose remuneration details are included in the Remuneration Report, or a Closely Related Party of such member.

A vote may be cast by such person if the vote is not cast on behalf of a person who is excluded from voting on this Resolution, and:

- (a) the person is appointed as proxy by writing that specifies the way the proxy is to vote on the Resolution; or
- (b) the person is the Chairman and the appointment of the Chairman as proxy does not specify the way the proxy is to vote on this Resolution, but expressly authorises the Chairman to exercise the proxy even if this Resolution is connected with the remuneration of a member of the Key Management Personnel.

2. Resolution 2 – Re-election of Hon. Richard Court AC as a Director

To consider, and if thought fit, pass as an ordinary resolution with or without amendment the following:

"That Hon. Richard Court AC, who retires in accordance with article 11.3 of the Constitution and, being eligible, offers himself for re-election, be re-elected as a Director."

3. Resolution 3 – Approval of 10% Placement Facility

To consider and, if thought fit, to pass with or without amendment, as a **special resolution** the following:

"That in accordance with Listing Rule 7.1A and for all other purposes, Shareholders approve the issue of Equity Securities of up to 10% of the issued capital of the Company (at the time of issue), calculated in accordance with the formula prescribed in Listing Rule 7.1A.2 and on the terms and conditions in the Explanatory Memorandum."

Voting Exclusion

The Company will disregard any votes cast on this Resolution by a person (and any associates of such a person) who may participate in the 10% Placement Facility and a person who might obtain a benefit, except a benefit solely in the capacity of a holder of Shares, if this Resolution is passed.

However, the Company will not disregard a vote if:

- (a) it is cast by the person as proxy for a person who is entitled to vote, in accordance with directions on the Proxy Form; or
- (b) it is cast by the Chairman as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

4. Resolution 4 – Approval of Grant of Options to Mr Alwyn Vorster

To consider, and if thought fit, pass as an ordinary resolution with or without amendment the following:

"That in accordance with Listing Rule 10.11 and section 208 of the Corporations Act and for all other purposes, the Directors be authorised to grant 3,000,000 Options to the Managing Director, Mr Alwyn Vorster or his nominee(s) on the terms and conditions in the Explanatory Memorandum."

Voting Exclusion

The Company will disregard any votes cast on this Resolution by Mr Vorster and any of his associates.

However, the Company need not disregard a vote if:

- (a) it is cast by a person as proxy for a person who is entitled to vote, in accordance with the directions on the proxy form; or
- (b) it is cast by the Chairman as proxy for a person who is entitled to vote, in accordance with a direction on the proxy form to vote as the proxy decides.

Further, a member of the Key Management Personnel and their Closely Related Parties who are appointed as a proxy will not vote on this Resolution unless:

- (a) the appointment specifies the way the proxy is to vote on this Resolution; or

- (b) the proxy is the Chairman and the appointment expressly authorises the Chairman to exercise the proxy even though this Resolution is connected directly or indirectly with the remuneration of a member of the Key Management Personnel.

For the purposes of this voting exclusion statement “associate” shall have the meaning set out in sections 12 and 16 of the Corporations Act. Section 12 of the Corporations Act is to be applied as if it was not confined to associate references occurring in Chapter 6 of the Corporations Act and on the basis that the Company is a “designated body”. “Associate” also includes a related party of Mr Vorster.

Dated 7 October 2013

By Order of the Board

A handwritten signature in black ink that reads "Simon Robertson". The signature is written in a cursive style with a prominent initial 'S'.

Simon Robertson
Company Secretary

How to vote

Shareholders can vote by either:

- attending the meeting and voting in person or by attorney or, in the case of corporate Shareholders, by appointing a corporate representative to attend and vote; or
- appointing a proxy to attend and vote on their behalf using the proxy form accompanying this Notice and by submitting their proxy appointment and voting instructions in person, by post or by facsimile.

Voting in person (or by attorney)

Shareholders, or their attorneys, who plan to attend the meeting are asked to arrive at the venue 15 minutes prior to the time designated for the meeting, if possible, so that their holding may be checked against the Company's share register and attendance recorded. Attorneys should bring with them an original or certified copy of the power of attorney under which they have been authorised to attend and vote at the meeting.

Voting by a corporation

A Shareholder that is a corporation may appoint an individual to act as its representative and vote in person at the meeting. The appointment must comply with the requirements of section 250D of the Corporations Act. The representative should bring to the meeting evidence of his or her appointment, including any authority under which it is signed.

Voting by proxy

- A Shareholder entitled to attend and vote is entitled to appoint not more than two proxies. Each proxy will have the right to vote on a poll and also to speak at the Meeting.
- The appointment of the proxy may specify the proportion or the number of votes that the proxy may exercise. Where more than one proxy is appointed and the appointment does not specify the proportion or number of the shareholder's votes each proxy may exercise, the votes will be divided equally among the proxies (i.e. where there are two proxies, each proxy may exercise half of the votes).
- A proxy need not be a Shareholder.
- The proxy can be either an individual or a body corporate.
- If a proxy is not directed how to vote on an item of business, the proxy may generally vote, or abstain from voting, as they think fit. However, where a member of the Key Management Personnel or their Closely Related Party is appointed as a proxy, the proxy may only vote on Resolutions 1 and 4 if the proxy is the Chairman and the appointment expressly authorises the Chairman to exercise the proxy even if the Resolution is connected directly or indirectly with the remuneration of a member of the Key Management Personnel.

- Should any resolution, other than those specified in this Notice, be proposed at the Meeting, a proxy may vote on that resolution as they think fit.
- If a proxy is instructed to abstain from voting on an item of business, they are directed not to vote on the Shareholder's behalf on the poll and the shares that are the subject of the proxy appointment will not be counted in calculating the required majority.
- Shareholders who return their proxy forms with a direction how to vote but do not nominate the identity of their proxy will be taken to have appointed the Chairman as their proxy to vote on their behalf. If a proxy form is returned but the nominated proxy does not attend the Meeting, the Chairman will act in place of the nominated proxy and vote in accordance with any instructions. Proxy appointments in favour of the Chairman, the secretary or any Director that do not contain a direction as to how to vote will be used where possible to support each of the resolutions proposed in this Notice, provided they are entitled to cast votes as a proxy under the voting exclusion rules which apply to some of the proposed resolutions. These rules are explained in this Notice.
- To be effective, proxies must be lodged by 2.00 PM (WST) on 23 November 2013. Proxies lodged after this time will be invalid.
- Proxies may be lodged using any of the following methods:
 - by returning a completed proxy form in person to 770 Canning Highway Applecross WA 6135
 - by post using the pre-addressed envelope provided with this Notice to: PO Box 535, Applecross WA 6953
 - by faxing a completed proxy form to + 61 8 9315 2233.The proxy form must be signed by the Shareholder or the Shareholder's attorney. Proxies given by corporations must be executed in accordance with the Corporations Act. Where the appointment of a proxy is signed by the appointer's attorney, a certified copy of the power of attorney, or the power itself, must be received by the Company at the above address, or by facsimile, and by 2.00 PM (WST) on 23 November 2013. If facsimile transmission is used, the power of attorney must be certified.

Shareholders who are entitled to vote

In accordance with Regulations 7.11.37 and 7.11.38 of the Corporations Regulations 2001, the Board has determined that a person's entitlement to vote at the Annual General Meeting will be the entitlement of that person set out in the Register of Shareholders as at 5.00 PM (WST) on 23 November 2013.

IRON ORE HOLDINGS LTD

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EXPLANATORY MEMORANDUM

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 of the Shareholders of Iron Ore Holdings Ltd to be held at The Duxton Hotel, 1 St Georges Terrace, Perth, Western Australia on 25 November 2013 at 2.00 PM (WST).

Financial, Directors' and Auditor's Report

Shareholders will be offered the opportunity to discuss the Financial Report, Directors' Report and Auditor's Report for the financial year ended 30 June 2013 at the Meeting, copies of which can be found on the Iron Ore Holdings Ltd website www.ironoreholdings.com or by contacting the Company's registered office on (08) 9483 2000.

Shareholders will be offered the opportunity to ask questions or make comments on the management of the Company.

The Chairman will also provide Shareholders a reasonable opportunity to ask the auditor questions relevant to:

- (a) the conduct of the audit;
- (b) the preparation and content of the independent audit report;
- (c) the accounting policies adopted by the Company in relation to the preparation of accounts; and
- (d) the independence of the auditor in relation to the conduct of the audit.

The Chairman will also allow a reasonable opportunity for the auditor or their representative to answer any written questions submitted to the auditor under section 250PA of the Corporations Act.

1. Resolution 1 – Remuneration Report

Pursuant to section 250R(2) of the Corporations Act, the Company is required to put the Remuneration Report to the vote of Shareholders. The Directors' Report for the year ended 30 June 2013 contains the Remuneration Report which sets out the Board's policy for determining the nature and amount (or value) of remuneration for the Key Management Personnel of the Company and reports the remuneration arrangements in place for Key Management Personnel, including the executive Directors, specified executives and non-executive Directors. The Remuneration Report is set out in the Company's Annual Report which is available on the Company's website at www.ironoreholdings.com.

Section 250R(3) of the Corporations Act provides that Resolution 1 is advisory only 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 Remuneration Report.

However, the Corporations Act has been amended by the *Corporations Amendment (Improving Accountability on Director and Executive Remuneration) Act 2011 (Director and Executive Remuneration Act)* which received the Royal Assent on 27 June 2011 and came into effect on 1 July 2011.

The Director and Executive Remuneration Act introduced new sections 250U to 250Y, amongst others, into the Corporations Act, giving Shareholders the opportunity to remove the Board if the Remuneration Report receives a 'no' vote of 25% or more at two consecutive annual general meetings (**Two Strikes Rule**).

Under the Two Strikes Rule, where a resolution on the Remuneration Report receives a 'no' vote of 25% or more at two consecutive annual general meetings, the Company will be required to put to Shareholders at the second annual general meeting a resolution on whether another meeting should be held (within 90 days) at which all Directors (other than the managing director) who were in office at the date of approval of the applicable Directors' Report must stand for re-election.

The Company did not receive a first strike at its 2012 Annual General Meeting which was held on 14 November 2012. Therefore, if the Remuneration Report receives a 'no' vote of 25% or more at this Meeting, Shareholders should be aware that if there is a 'no' vote of 25% or more at the next annual general meeting the consequences are that it may result in the re-election of the Board.

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

The Chairman intends to exercise all undirected proxies in favour of Resolution 1. If the Chairman of the Meeting is appointed as your proxy and you do not specify the way the Chairman is to vote on Resolution 1, by signing and returning the Proxy Form, you are considered to have provided the Chairman with an express authorisation for the Chairman to vote the proxy in accordance with the Chairman's intention, even if the Resolution is connected directly or indirectly with the remuneration of a member of the Key Management Personnel.

2. Resolution 2 – Re-election of Hon. Richard Court AC as a Director

It is a requirement of article 11.3 of the Company's Constitution that one third of the Directors (or if the number is not a multiple of three then the number nearest one third) must retire at each annual general meeting.

The Constitution provides that a Director who retires by rotation is eligible for re-election.

Pursuant to the Constitution, Hon. Richard Court AC will retire by rotation and seek re-election.

Hon. Richard Court AC was appointed a director of the Company on 20 November 2007 and is a member of the audit committee. He was last re-elected on 18 November 2010.

Hon. Richard Court AC was Premier and Treasurer of Western Australia from 1993 – 2001. He retired from Parliament after nineteen years as the Member for Nedlands. His Government led the LNG marketing push into new markets, the successful deregulation of the Western Australian gas markets and the successful privatisations of SGIO, BankWest, AlintaGas, Westrail Freight and the Dampier to Bunbury Natural Gas pipeline.

Hon. Richard Court AC is chairman of Resource Investment Strategy Consultants (RISC), a consultant to Australian Capital Equity Pty Ltd; and a trustee of the Channel 7 Telethon Trust.

Appointed Companion in the General Division of the Order of Australia in June 2003 for service to the Western Australian Parliament and to the community, particularly the indigenous community, and in the areas of child health research and cultural heritage and to economic development through negotiating major resource projects including new gas markets furthering the interests of the nation as a whole.

The Board believes that Hon. Richard Court AC has performed the duties and responsibilities of a director diligently and professionally, in the best interests of all Shareholders.

The Board (in the absence of Hon. Richard Court AC) support the re-election of Hon. Richard Court AC.

3. Resolution 3 – Approval of 10% Placement Facility

3.1 General

Listing Rule 7.1A enables eligible entities to issue Equity Securities up to 10% of its issued share capital through placements over a 12 month period after the annual general meeting at which a resolution for the purposes of Listing Rule 7.1A is passed by special resolution (**10% Placement Facility**). The 10% Placement Facility is in addition to the Company's 15% placement capacity under Listing Rule 7.1.

An eligible entity for the purposes of Listing Rule 7.1A is an entity that is not included in the S&P/ASX 300 Index and has a market capitalisation of \$300 million or less. The Company is an eligible entity.

The Company is now seeking Shareholder approval by way of a special resolution to have the ability to issue Equity Securities under the 10% Placement Facility in the 12 months following the Meeting.

The exact number of Equity Securities to be issued under the 10% Placement Facility will be determined in accordance with the formula prescribed in Listing Rule 7.1A.2 (refer to Section 3.2(c) below).

The Directors of the Company believe that Resolution 3 is in the best interests of the Company and unanimously recommend that Shareholders vote in favour of this Resolution.

3.2 Description of Listing Rule 7.1A

(a) Shareholder approval

The ability to issue Equity Securities under the 10% Placement Facility is subject to Shareholder approval by way of a special resolution at an annual general meeting.

(b) Equity Securities

Any Equity Securities issued under the 10% Placement Facility must be in the same class as an existing quoted class of Equity Securities of the Company.

The Company, as at the date of the Notice, has on issue quoted Shares and unquoted Options.

(c) Formula for calculating 10% Placement Facility

Listing Rule 7.1A.2 provides that eligible entities which have obtained Shareholder approval at an annual general meeting may issue or agree to issue, during the 12 month period after the date of the annual general meeting, a number of Equity Securities calculated in accordance with the following formula:

$$(A \times D) - E$$

A is the number of Shares on issue 12 months before the date of issue or agreement:

(A) plus the number of fully paid Shares issued in the 12 months under an exception in Listing Rule 7.2;

(B) plus the number of partly paid Shares that became fully paid in the 12 months;

- (C) plus the number of fully paid Shares issued in the 12 months with approval of holders of Shares under Listing Rule 7.1 and 7.4. This does not include an issue of fully paid Shares under the entity's 15% placement capacity without Shareholder approval;
- (D) less the number of fully paid Shares cancelled in the 12 months.

Note that A is has the same meaning in Listing Rule 7.1 when calculating an entity's 15% placement capacity.

D is 10%.

E is the number of Equity Securities issued or agreed to be issued under Listing Rule 7.1A.2 in the 12 months before the date of the issue or agreement to issue that are not issued with the approval of Shareholders under Listing Rule 7.1 or 7.4.

(d) Listing Rule 7.1 and Listing Rule 7.1A

The ability of an entity to issue Equity Securities under Listing Rule 7.1A is in addition to the entity's 15% placement capacity under Listing Rule 7.1.

At the date of this Notice, the Company has on issue 161,174,005 Shares and has a capacity to issue:

- (i) 24,176,100 Equity Securities under Listing Rule 7.1; and
- (ii) subject to Shareholder approval being granted under Resolution 3, 16,117,400 Equity Securities under Listing Rule 7.1A.

The actual number of Equity Securities that the Company will have capacity to issue under Listing Rule 7.1A will be calculated at the date of issue of the Equity Securities in accordance with the formula prescribed in Listing Rule 7.1A.2 (refer to Section 3.2(c) above).

(e) 10% Placement Period

Shareholder approval of the 10% Placement Facility under Listing Rule 7.1A is valid from the date of the annual general meeting at which the approval is obtained and expires on the earlier to occur of:

- (i) the date that is 12 months after the date of the annual general meeting at which the approval is obtained; or
- (ii) the date of the approval by Shareholders of a transaction under Listing Rules 11.1.2 (a significant change to the nature or scale of activities) or 11.2 (disposal of main undertaking),

or such longer period if allowed by ASX (**10% Placement Period**).

3.3 Listing Rule 7.1A

The effect of Resolution 3 will be to allow the Directors to issue the Equity Securities under Listing Rule 7.1A during the 10% Placement Period without using the Company's 15% placement capacity under Listing Rule 7.1.

Resolution 3 is a special resolution and therefore requires approval of 75% of the votes cast by Shareholders present and eligible to vote (in person, by proxy, by attorney or, in the case of a corporate Shareholder, by a corporate representative).

3.4 Specific information required by Listing Rule 7.3A

Pursuant to and in accordance with Listing Rule 7.3A, information is provided in relation to the approval of the 10% Placement Facility as follows:

- (a) The Equity Securities will be issued at an issue price of not less than 75% of the VWAP for the Company's Equity Securities over the 15 Trading Days immediately before:
 - (i) the date on which the price at which the Equity Securities are to be issued is agreed; or
 - (ii) if the Equity Securities are not issued within 5 Trading Days of the date in paragraph (i) above, the date on which the Equity Securities are issued.
- (b) If Resolution 3 is approved by Shareholders and the Company issues Equity Securities under the 10% Placement Facility, the existing Shareholders' voting power in the Company will be diluted as shown in the below table. There is a risk that:
 - (i) the market price for the Company's Equity Securities may be significantly lower on the date of the issue of the Equity Securities than on the date of the Meeting; and
 - (ii) the Equity Securities may be issued at a price that is at a discount to the market price for the Company's Equity Securities on the issue date or the Equity Securities are issued as part of consideration for the acquisition of a new asset,

which may have an effect on the amount of funds raised by the issue of the Equity Securities.

The table below shows the dilution of existing Shareholders on the basis of the current market price of Shares and the current number of ordinary securities for variable "A" calculated in accordance with the formula in Listing Rule 7.1A(2) as at the date of this Notice.

The table also shows:

- (i) two examples where variable "A" has increased, by 50% and 100%. Variable "A" is based on the number of ordinary securities the Company has on issue. The number of ordinary securities on issue may increase as a result of issues of ordinary securities that do not require Shareholder approval (for example, a pro rata entitlements issue or scrip issued under a takeover offer) or future specific placements under Listing Rule 7.1 that are approved at a future Shareholders' meeting; and

- (ii) two examples of where the issue price of ordinary securities has decreased by 50% and increased by 100% as against the current market price.

| Variable "A" in Listing Rule 7.1A.2 | | Dilution | | |
|--|---------------------|---|-----------------------|--|
| | | \$0.465 50% decrease in Issue Price | \$0.93 Issue Price | \$1.86 100% increase in Issue Price |
| Current Variable "A" 161,174,005 Shares | Shares issued | 16,117,400 Shares | 16,117,400 Shares | 16,117,400 Shares |
| | Funds raised | \$7,494,591 | \$14,989,182 | \$29,978,365 |
| | Dilution effect | 10% | 10% | 10% |
| 50% increase in current Variable "A" 241,761,008 Shares | Shares issued | 24,176,100 Shares | 24,176,100 Shares | 24,176,100 Shares |
| | Funds raised | \$11,241,887 | \$22,483,774 | \$44,967,547 |
| | Dilution effect | 10% | 10% | 10% |
| 100% increase in current Variable "A" 322,348,010 Shares | 10% Voting Dilution | 32,234,801 Shares | 32,234,801 Shares | 32,234,801 Shares |
| | Funds raised | \$14,989,182 | \$29,978,365 | \$59,956,730 |
| | Dilution effect | 10% | 10% | 10% |

The table has been prepared on the following assumptions:

- (i) The Company issues the maximum number of Equity Securities available under the 10% Placement Facility.
- (ii) No Convertible Securities (including any Convertible Securities issued under the 10% Placement Facility) are exercised into Shares before the date of the issue of the Equity Securities.
- (iii) The 10% voting dilution reflects the aggregate percentage dilution against the issued share capital at the time of issue. This is why the voting dilution is shown in each example as 10%.
- (iv) The table does not show an example of dilution that may be caused to a particular Shareholder by reason of placements under the 10% Placement Facility, based on that Shareholder's holding at the date of the Meeting.
- (v) The table shows only the effect of issues of Equity Securities under Listing Rule 7.1A, not under the 15% placement capacity under Listing Rule 7.1.
- (vi) The issue of Equity Securities under the 10% Placement Facility consists only of Shares.
- (vii) The issue price is \$0.93 being the closing price of the Shares on ASX on 4 October 2013.

- (c) The Company will only issue and allot the Equity Securities during the 10% Placement Period. The approval under Resolution 3 for the issue of the Equity Securities will cease to be valid in the event that Shareholders approve a transaction under Listing Rule 11.1.2 (a significant change to the nature or scale of activities) or Listing Rule 11.2 (disposal of main undertaking).
- (d) The Company may seek to issue the Equity Securities for the following purposes:
 - (i) non-cash consideration for the acquisition of the new resources assets and investments. In such circumstances the Company will comply with the minimum issue price limitations and provide a valuation of the non-cash consideration as required by Listing Rule 7.1A.3 and will release the valuation to the market; or
 - (ii) cash consideration. In such circumstances, the Company intends to use the funds raised towards an acquisition of new assets or investments (including expenses associated with such an acquisition), continued exploration and feasibility study expenditure on the Company's current assets and/or general working capital.

The Company will comply with the disclosure obligations under Listing Rules 7.1A(4) and 3.10.5A upon issue of any Equity Securities.

The Company's allocation policy is dependent on the prevailing market conditions at the time of any proposed issue pursuant to the 10% Placement Facility. The identity of the allottees of Equity Securities will be determined on a case-by-case basis having regard to factors including but not limited to the following:

- (i) the methods of raising funds that are available to the Company, including but not limited to, rights issue or other issue in which existing security holders can participate;
- (ii) the effect of the issue of the Equity Securities on the control of the Company;
- (iii) the financial situation and solvency of the Company; and
- (iv) advice from corporate, financial and broking advisers (if applicable).

The allottees under the 10% Placement Facility have not been determined as at the date of this Notice but may include existing substantial Shareholders and/or new Shareholders who are not related parties or associates of a related party of the Company.

Further, if the Company is successful in acquiring new resources assets or investments, it is likely that the allottees under the 10% Placement Facility will be the vendors of the new resources assets or investments.

- (e) The Company obtained Shareholder approval under Listing Rule 7.1A at its 2012 Annual General Meeting held on 14 November 2012. The Company has not issued any Equity Securities since 25 November 2012 (being the date 12 months prior to the date of the Meeting), and does not intend to issue any Equity Securities from the date of this Notice to the date of the Meeting.
- (f) A voting exclusion statement is included in the Notice. At the date of the Notice, the Company has not approached any particular existing Shareholder or security holder or an identifiable class of existing security holder to participate in the issue of the Equity Securities. No existing Shareholder's votes will therefore be excluded under the voting exclusion in the Notice.

4. Resolution 4 – Approval of Grant of Options to Mr Alwyn Vorster

4.1 Background to Resolution 4

Resolution 4 seeks Shareholder approval in accordance with Listing Rule 10.11 and section 208 of the Corporations Act for the grant of a total of 3,000,000 Options to Mr Alwyn Vorster (or his nominee(s)).

The Options are unlisted but are transferable and are otherwise subject to the terms and conditions outlined in Schedule 2. No application for quotation of the Options will be made by the Company.

The Company is focused on the exploration and development of its iron ore projects, and the Company's funds are allocated to specific exploration and development activities.

Accordingly, the Board considers that the grant of Options to Mr Vorster as a key component of his remuneration is a cost effective and efficient means for the Company to provide a reward and an incentive, as opposed to alternative forms of incentive such as the payment of additional cash compensation. The Board also considers that the grant of Options is important in order to retain Mr Vorster's services and to provide incentive linked to the performance of the Company.

The exercise price and vesting conditions of the Options is set out in Section 4.3(b) below. The full terms and conditions of the Options are set out in Schedule 2.

The Directors consider that the proposed issue of Options to Mr Vorster will help to align the interests of the Company and Mr Vorster to maximise Shareholder value.

4.2 Reason approval is required

Shareholder approval is required under Listing Rule 10.11 and section 208 of the Corporations Act because Mr Vorster (the Managing Director) is a related party of the Company. Listing Rule 10.11 requires Shareholder approval by ordinary resolution for any issue of securities by a listed company to a related party. Furthermore, Shareholder approval of the issue of Options under Listing Rule 10.11 means that the grant of Options will not reduce the Company's 15% placement capacity under Listing Rule 7.1.

Section 208 is contained within Chapter 2E of the Corporations Act, and prohibits a public company from giving a financial benefit to a related party of the public company unless either:

- (a) the giving of the financial benefits falls within one of the nominated exceptions to the provision; or
- (b) Shareholder approval is obtained prior to the giving of the financial benefit and the benefit is given within 15 months after obtaining such approval.

4.3 Specific information required by section 219 of the Corporations Act

Section 219 of the Corporations Act requires that the following information be provided to Shareholders for the purpose of obtaining Shareholder approval for the grant:

- (a) The related party is Mr Alwyn Vorster who is a related party by virtue of being a Director.

- (b) The full terms of the 3,000,000 Options to be granted to Mr Vorster (or his nominee(s)) are set out in Schedule 2. The key terms of the Options are as follows:

| Tranche | Number of Options | Exercise price | Vesting date | Expiry Date | Name of Option |
|---------|-------------------|---|------------------|----------------------------|------------------|
| A | 1,000,000 | 1.43 times the 5 day VWAP of Shares during the 5 trading days up to and including the date of the Meeting | On Issue | 3 year from date of grant | Tranche A Option |
| B | 1,000,000 | The exercise price of the Tranche A Options plus \$0.25 | 25 November 2014 | 4 years from date of grant | Tranche B Option |
| C | 1,000,000 | The exercise price of the Tranche A Options plus \$0.50 | 25 November 2015 | 5 years from date of grant | Tranche C Option |

- (c) The proposed financial benefit to be given is the grant of Options for no cash consideration to Mr Vorster.
- (d) The dilution effect if all of the Options to be granted are exercised is as follows:

| | |
|--|-------------|
| Current number of Shares on issue | 161,174,005 |
| Current number of Options on issue at the date of this Notice | 8,525,000 |
| Number of Shares on issue if all Options on issue if all Option currently on issue are exercised | 169,699,005 |
| Number of Options to be granted under Resolution 4 | 3,000,000 |
| Dilution effect if all Options to be granted are exercised ¹ | 1.77% |

¹ Assumes all existing Options on issue have been exercised.

The market price of the Company's Shares during the life of the Options will normally determine whether or not the Options will be exercised. At the time any Options are exercised and Shares are issued pursuant to the exercise of the Options, the Company's Shares may be trading at a price which is higher than the price of the Options. If the Options are exercised at a price that is lower than the price at which Shares are trading on ASX, there may be a perceived cost to the Company.

- (e) The current interests in security holdings of Mr Vorster at the date of this Notice (not including the Options proposed to be issued subject to Resolution 4) is as follows:

| Shares | Options |
|---------|------------------------|
| 336,473 | 4,000,000 ¹ |

- (1) 500,000 unlisted Options exercisable at \$2.475 each on or before 11 October 2013
1,000,000 unlisted Options exercisable at \$1.75 each on or before 23 November 2013
500,000 unlisted Options exercisable at \$2.725 each on or before 8 April 2014
1,000,000 unlisted Options exercisable at \$1.90 each on or before 23 November 2014 vesting on 30 November 2013
1,000,000 unlisted Options exercisable at \$1.40 each on or before 13 November 2015

- (f) The expected and actual financial benefits received from the Company by Mr Vorster for the current financial year ending 30 June 2014 and previous financial year ended 30 June 2013 are set out below:

| Current Financial Year | | Previous Financial Year | |
|------------------------|----------------------|-------------------------|----------------------|
| Salary/Fees \$ | Superannuation \$ | Salary/Fees \$ | Superannuation \$ |
| 488,032 | 25,000 | 488,032 | 25,000 |

- (1) In addition Mr Vorster received an amount of \$85,000 as a short term incentive payment during the year ended 30 June 2013. Mr Vorster is also entitled to participate in the Company's short term incentive plan for the current financial year. The value of share based payments in respect of Options previously granted is excluded.
- (2) The value of share based payments in respect of Options which have been previously granted and expensed in Financial Year 2013 was \$533,807 and is expected to be \$60,121 in Financial Year 2014 excluding the value of options to be granted if Resolution 4 is passed. These Options have an exercise price ranging from \$1.40 to \$2.725.
- (3) Mr Vorster is also entitled to fringe benefits relating to car parking valued in 2013 at \$4,939.

Further details of remuneration and emoluments for the financial year ending 30 June 2013 are available in the remuneration report contained within the 2013 Annual Report available on the ASX and Iron Ore Holdings Ltd's website.

- (g) The valuation of the Options (prepared by BDO Corporate Finance (WA) Pty Ltd) the subject of Resolution 4, together with the assumptions used to value the Options is set out in the table below:

| | Tranche A Options | Tranche B Options | Tranche C Options |
|---|----------------------|----------------------|----------------------|
| Number to be granted to Mr Vorster | 1,000,000 | 1,000,000 | 1,000,000 |
| Date of valuation | 3 October 2013 | 3 October 2013 | 3 October 2013 |
| Risk Free Interest Rate (based on Australian Government bond yields) | 3.23% | 3.23% | 3.23% |
| Share price at date of valuation | \$0.914 | \$0.914 | \$0.914 |
| Exercise Price (being the 5 day VWAP of Shares during the 5 trading days prior to the valuation date) | \$1.307 | \$1.557 | \$1.807 |
| Volatility rate (based on information extracted from Bloomberg) | 50% | 50% | 50% |
| Value per Option | \$0.231 | \$0.242 | \$0.256 |
| Total value of Options to be granted to Mr Vorster | \$231,000 | \$242,000 | \$256,000 |

The total value of the Options to be granted the subject of Resolution 4 is \$729,000.

The value of the Options granted may go up or down after the valuation date as it will depend on the future price of a Share. The Black & Scholes model has been used, together with the assumptions outlined in the table above.

Any change in the variables applied in the Black & Scholes model between the date of the valuation and the date the Options are granted would have an impact on their value.

- (h) Historical share price information for the last twelve months is as follows:

| | Price \$ | Date |
|----------------|-------------|----------------|
| Highest | 1.26 | 1 March 2013 |
| Lowest | 0.63 | 13 June 2013 |
| Last | 0.93 | 4 October 2013 |

- (i) Under the Australian Equivalent of IFRS, the Company is required to expense the value of the Options in its statement of financial performance for the current financial year. Other than as disclosed in this Explanatory Memorandum, the Directors do not consider that from an economic and commercial point of view, there are any costs or detriments including opportunity costs or taxation consequences for the Company or benefits foregone by the Company in granting the Options pursuant to Resolution 4.
- (j) Other than the information above and otherwise in this Explanatory Memorandum, the Company believes that there is no other information that would be reasonably required by Shareholders to pass Resolution 4.

4.4 Directors' recommendation

All the Directors were available to make a recommendation of Resolution 4.

Messrs Court, Randall, O'Donnell and Stokes (who have no interest in the outcome of Resolution 4) recommend that Shareholders vote in favour of Resolution 4. Mr Vorster declines to make a recommendation about Resolution 4 as he has a material personal interest in the outcome of the Resolution as it relates to the proposed grant of Options to him or his nominee(s).

The Directors providing the recommendations outlined above consider that the value of the financial benefit to be provided through the issue of the Options to Mr Vorster is reasonable based on the following considerations:

- (a) the overall remuneration of Mr Vorster; and
- (b) the Directors' wish to ensure that the remuneration offered is competitive with market standards. The Directors have considered the proposed number of Options to be granted will ensure that Mr Vorster's overall remuneration is in line with market standards.

In addition, the Options granted will generally only be of benefit if Mr Vorster performs to the level whereby the value of the Company increases sufficiently to warrant exercising the Options.

The Directors consider that the proposed issue of Options to Mr Vorster will help to align the interests of the Company and Mr Vorster to maximise Shareholder value.

4.5 Additional Information required by Listing Rule 10.13

Listing Rule 10.11 requires Shareholder approval by ordinary resolution for any issue of securities by a listed company to a related party. Accordingly, Listing Rule 10.11 requires Shareholders to approve the grant of Options to Mr Vorster (or his nominee(s)).

The following information in relation to the Options to be granted pursuant to Resolution 4 is provided to Shareholders for the purposes of Listing Rule 10.13:

- (a) the Options will be granted to Mr Vorster (or his nominee(s)), as noted above;
- (b) the maximum number of Options to be granted is 3,000,000;
- (c) the Options will be allotted and granted on a date which will be no later than 1 month after the date of this Meeting, unless otherwise extended by way of ASX granting a waiver to the Listing Rules;
- (d) the Options will be granted for nil consideration;
- (e) no funds will be raised by the grant of the Options; and
- (f) the terms and conditions of the Options are set out in Schedule 2.

As Shareholder approval is sought under Listing Rule 10.11, approval under Listing Rule 7.1 is not required.

4.6 Voting

The Chairman intends to exercise all undirected proxies in favour of Resolution 4. If the Chairman of the Meeting is appointed as your proxy and you do not specify the way the Chairman is to vote on Resolution 4, by signing and returning the Proxy Form, you are considered to have provided the Chairman with an express authorisation for the Chairman to vote the proxy in accordance with the Chairman's intention, even if the Resolution is connected directly or indirectly with the remuneration of a member for the Key Management Personnel.

Shareholders are urged to carefully read the proxy form and provide a direction to the proxy on how to vote on these Resolutions.

5. 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 attached to 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, sign and return the Proxy Form to the Company 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 the Notice, words importing the singular include the plural and vice versa.

\$ means Australian Dollars.

10% Placement Facility has the meaning given in Section 3.

10% Placement Period has the meaning given in Section 3.

Annual Report means the Directors' Report, the Financial Report and Auditor's Report, in respect to the year ended 30 June 2013.

ASX means the ASX Limited ABN 98 008 624 691 and where the context permits the Australian Securities Exchange operated by ASX Limited.

Auditor's Report means the auditor's report on the Financial Report.

Board means the board of Directors of the Company.

Chairman means the person appointed to chair the Meeting of the Company convened by the Notice.

Closely Related Party means:

- (a) a spouse or child of the member; or
- (b) has the meaning given in section 9 of the Corporations Act.

Company means Iron Ore Holdings Ltd ABN 17 107 492 517.

Constitution means the constitution of the Company as at the date of the Meeting.

Convertible Security means a security of the Company which is convertible into Shares.

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

Director means a director of the Company.

Directors' Report means the annual directors' report prepared under chapter 2M of the Corporations Act for the Company and its controlled entities for the year ended 30 June 2013.

Equity Security has the same meaning as in the Listing Rules.

Explanatory Memorandum means the explanatory memorandum which forms part of the Notice.

Financial Report means the annual financial report prepared under Chapter 2M of the Corporations Act for the Company and its controlled entities for the year ended 30 June 2013.

Key Management Personnel means persons having authority and responsibility for planning, directing and controlling the activities of the Company, directly or indirectly, including any Director (whether executive or otherwise) of the Company.

Listing Rules means the listing rules of ASX.

Meeting has the meaning given in the introductory paragraph on page 1 of the Notice.

Notice means this notice of annual general meeting.

Option means an option to acquire a Share.

Proxy Form means the proxy form attached to the Notice.

Remuneration Report means the remuneration report of the Company contained in the Directors' Report.

Resolution means a resolution referred to in the Notice.

Schedule means a schedule to the Notice.

Section means a section of the Explanatory Memorandum.

Share means a fully paid ordinary share in the capital of the Company.

Shareholder means a shareholder of the Company.

Trading Day means a day determined by ASX to be a trading day in accordance with the Listing Rules.

VWAP means volume weighted average price.

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

Schedule 2 - Terms and conditions of Options

(a) Entitlement

Subject to these terms and conditions, the Options entitle the holder to subscribe for one fully paid ordinary share in the capital of Iron Ore Holdings Ltd ABN 17 107 492 517 (Company) (Share) upon the exercise of each Option.

(b) Exercise Price

Tranche A Options

The exercise price of each Option will be 1.43 times the five day VWAP of Shares up to and including the date of the Meeting.

Tranche B Options

The exercise price of each Option will be the sum of the exercise price of the Tranche A Options plus \$0.25.

Tranche C Options

The exercise price of each Option will be the sum of the exercise price of the Tranche A Options plus \$0.50.

(c) Expiry Date

Tranche A Options

3 years from date of grant.

Tranche B Options

4 years from date of grant.

Tranche C Options

5 years from date of grant

(d) Vesting Date and Exercise Period

Tranche A Options

Vest on issue and are exercisable any time after the vesting date to the Expiry Date.

Tranche B Options

Vest on 25/11/2014 and are exercisable any time after the vesting date to the Expiry Date.

Tranche C Options

Vest on 25/11/2015 and are exercisable any time after the vesting date to the Expiry Date.

(e) Expiry of unvested Options

Unless otherwise agreed by the Company, all unvested Options will expire on the earlier of the Expiry Date and the day which Mr Vorster ceases to be an employee or a Director of the Company.

(f) Trigger Events

Any Options that have been issued but have not yet vested will automatically vest upon one or more of the following events occurring:

- i. the despatch of a notice of meeting to consider a scheme of arrangement between the Company and its creditors or members or any class thereof pursuant to section 411 of the Corporations Act 2001 (Cth);
- ii. the service of a bidder's statement or a like document on the Company by any party to acquire shares in the Company;
- iii. the date upon which a person or a group of associated person becomes entitled, subsequent to the date of issue of the Options, to sufficient Shares to give it or them the ability, in general meeting to replace all, or allow a majority, of Directors in circumstances where such ability was not already held by a person associated with such person or group of associated persons.

(g) Notice of Exercise

The Options may be exercised by notice in writing to the Company and payment of the Exercise Price for each Option being exercised. Any notice of exercise of an Option received by the Company will be deemed to be a notice of the exercise of that Option as at the date of receipt.

(h) Shares Issued on Exercise

Shares issued on exercise of the Options rank equally with the Shares of the Company.

(i) Quotation of Shares on Exercise

Application will be made by the Company to ASX for official quotation of the Shares issued upon the exercise of the Options.

(j) Timing of issue of Shares

After an Option is validly exercised, the Company must as soon as possible:

- (i) issue the Share; and
- (ii) seek quotation of the Shares on ASX.

(k) Participation in New Issues

There are no participation rights or entitlements inherent in the Options and holder will not be entitled to participate in new issues of capital offered to Shareholders during the term of the Options.

However, the Company will ensure that for the purposes of determining entitlements to any such issue, the record date will be at least six business days after the issue is announced. This will give the holder of Options the opportunity to exercise their Options prior to the date for determining entitlements to participate in any such issue.

(l) Adjustment for Bonus Issues of Shares

If the Company makes a bonus issue of Shares or other securities to existing Shareholders (other than an issue in lieu or in satisfaction of dividends or by way of dividend reinvestment):

- (i) the number of Shares which must be issued on the exercise of an Option will be increased by the number of Shares which the Option holder would have received if the Option holder had exercised the Option before the record date for the bonus issue; and
- (ii) no change will be made to the Exercise Price.

(m) Adjustment for Rights Issue

If the Company makes an issue of Shares pro rata to existing Shareholders (other than an issue in lieu of or in satisfaction of dividends or by way of dividend reinvestment) the Exercise Price of an Option will be reduced according to the following formula:

$$\text{New exercise price} = O - \frac{E [P - (S+D)]}{N+1}$$

O = the old Exercise Price of the Option.

E = the number of underlying Shares into which one (1) Option is exercisable.

P = average market price per Share weighted by reference to volume of the underlying Shares during the 5 trading days ending on the day before the ex-rights date or ex entitlements date.

S = the subscription price of a Share under the pro rata issue.

D = the dividend due but not yet paid on the existing underlying Shares (except those to be issued under the pro rata issue).

N = the number of Shares with rights or entitlements that must be held to receive a right to one (1) new share.

(n) Adjustments for Reorganisation

If there is any reconstruction of the issued share capital of the Company, the rights of the Option holder may be varied to comply with the Listing Rules which apply to the reconstruction at the time of the reconstruction.

(o) Quotation of Options

The Options will be unlisted Options. No application for quotation of the Options will be made by the Company.

(p) Transfer of Options and Shares issued upon exercise of Options

The Option holder must not offer any of the Options, or the Shares issued on exercise of the Options, for sale to any person (**Secondary Offer**) within 12 months from the respective date of issue of those Options or Shares (as applicable) unless:

- (i) the Secondary Offer does not require disclosure as a result of sections 707 or 708 of the Corporations Act (excluding section 708(1) of the Corporations Act);
- (ii) the Secondary Offer does not require disclosure as a result of section 708A or ASIC Class Order 04/671 or any variation or replacement of such Class Order;
- (iii) the Secondary Offer is made pursuant to a disclosure document in accordance with the Corporations Act; or
- (iv) the Secondary Offer is received by a person outside Australia.

(q) Lodgement Instructions

Cheques shall be in Australian currency made payable to the Company and crossed "Not Negotiable". The application for shares on exercise of the Options with the appropriate remittance should be lodged at the Company's share registry.

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PROXY FORM

THIS DOCUMENT IS IMPORTANT. IF YOU ARE IN DOUBT AS TO HOW TO DEAL WITH IT, PLEASE CONTACT YOUR STOCK BROKER OR LICENSED PROFESSIONAL ADVISOR.

REGISTERED OFFICE:
Level 1, 1 Altona Street
WEST PERTH WA 6005
AUSTRALIA

IRON ORE HOLDINGS LTD
ABN: 17 107 492 517

SHARE REGISTRY:
Security Transfer Registrars Pty Ltd
All Correspondence to:
PO BOX 535,
APPLECROSS WA 6953 AUSTRALIA
770 Canning Highway,
APPLECROSS WA 6153 AUSTRALIA
T: +61 8 9315 2333 F: +61 8 9315 2233
E: registrar@securitytransfer.com.au
W: www.securitytransfer.com.au

Code:

Holder Number:

SECTION A: Appointment of Proxy

I/We, the above named, being registered holders of the Company and entitled to attend and vote hereby appoint:

OR

The meeting Chairperson
(mark with an "X")

The name of the person you are appointing
(if this person is someone other than the Chairperson of the meeting).

or failing the person named, or if no person is named, the Chairperson 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, as the Proxy sees fit) at the Annual General Meeting of the Company to be held at 2.00pm on 25 November 2013 at The Duxton Hotel, 1 St Georges Terrace, Perth WA and at any adjournment of that meeting.

Important for Resolutions 1 and 4 - If the Chair of the Meeting is your proxy or is appointed as your proxy by default, I/we expressly authorise the Chair of the Meeting as my/our proxy to exercise my/our proxy on Items 1 and 4 (except where I/we have indicated a different voting intention below) even though each of those Items are connected directly or indirectly with the remuneration of one or more members of Key Management Personnel. The Chairman intends to vote undirected proxies in favour of all items of business.

SECTION B: Voting Directions to your Proxy

Please mark "X" in the box to indicate your voting directions to your Proxy.

Resolution

For Against Abstain*

| | | | |
|---|--------------------------|--------------------------|--------------------------|
| 1. Remuneration Report | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| 2. Re-election of Hon. Richard Court AC as a Director | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| 3. Approval of 10% Placement Facility | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| 4. Approval of Grant of Options to Mr Alwyn Vorster | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |

If no directions are given my proxy may vote as the proxy thinks fit or may abstain.

* If you mark the Abstain box for a particular item, you are directing your Proxy not to vote on your behalf on a show of hands or on a poll and your votes will not be counted in computing the required majority on a poll.

SECTION C: Please Sign Below

This section must be signed in accordance with the instructions overleaf to enable your directions to be implemented.

Individual or Security Holder

Security Holder 2

Security Holder 3

Sole Director and Sole Company Secretary

Director

Director / Company Secretary

Proxies must be received by Security Transfer Registrars Pty Ltd no later than 2.00pm on 23 November 2013.

ONLINE PROXY SERVICE

You can lodge your proxy online at www.securitytransfer.com.au

- Log into the Investor Centre using your holding details.
- Click on "Proxy Voting" and provide your Online Proxy ID to access the voting area.

Online Proxy ID:

