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**IRON ORE HOLDINGS LIMITED**  
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**NOTICE OF ANNUAL GENERAL MEETING**

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**The Annual General Meeting will be held  
at the Duxton Hotel, 1 St Georges Terrace, Perth, Western Australia  
on 23 November 2011 at 2.00PM (WST).**

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

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**IRON ORE HOLDINGS LIMITED**  
**ABN 17 107 492 517**

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**NOTICE OF ANNUAL GENERAL MEETING**

Notice is hereby given that the Annual General Meeting of Shareholders of Iron Ore Holdings Limited ("**Company**") will be held at the Duxton Hotel, 1 St Georges Terrace, Perth, Western Australia on 23 November 2011 at 2.00PM (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 Monday, 21 November 2011 at 5.00PM (WST).

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

**AGENDA**

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**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 2011.

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**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 on the terms and conditions in the Explanatory Memorandum."*

**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**

The Company will disregard any votes cast on Resolution 1 by or on behalf of a Restricted Voter. However, the Company need not disregard a vote if:

- (a) it is cast by a person as a proxy appointed by writing that specifies how the proxy is to vote on the proposed resolution; and
- (b) it is not cast on behalf of a Restricted Voter.

Further, the Company will not disregard a vote cast by the Chair of the meeting as a proxy, if the appointment of the Chair expressly authorises the Chair to exercise the proxy even though the Resolution is connected directly or indirectly with the remuneration of a member of the Key Management Personnel. Shareholders should note that the Chair intends to vote any undirected proxies in favour of Resolution 1. Shareholders may also choose to direct the Chair to vote against Resolution 1 or to abstain from voting.

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**2. Resolution 2 – Re-election of Mr Malcolm Randall as a Director**

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

*"That Mr Malcolm Randall, 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."*

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**3. Resolution 3 – Election of Mr Alwyn Vorster as a Director**

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

*"That Shareholders elect as a Director Mr Alwyn Vorster, who, having been appointed by the Board as a Director since the last annual general meeting, retires in accordance with article 11.12 of the Constitution and, being eligible, offers himself for election, be elected as a Director."*

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**4. Resolution 4 – Election of Mr Ryan Stokes as a Director**

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

*"That Shareholders elect as a Director Mr Ryan Stokes, who, having been appointed by the Board as a Director since the last annual general meeting, retires in accordance with article 11.12 of the Constitution and, being eligible, offers himself for election, be elected as a Director."*

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**5. Resolution 5 – 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 the following:*

- (a) *1,000,000 Options each exercisable at the higher of \$1.60 or 1.18 times the five day VWAP of Shares up to and including the date of the Meeting, expiring one year from the date of grant and vesting on 30 November 2011;*
- (b) *1,000,000 Options each exercisable at the higher of \$1.75 or 1.34 times the five day VWAP of Shares up to and including the date of the Meeting, expiring two years from the date of grant and vesting on 30 November 2012; and*
- (c) *1,000,000 Options each exercisable at the higher of \$1.90 or 1.43 times the five day VWAP of Shares up to and including the date of the Meeting, expiring three years from the date of grant and vesting on 30 November 2013,*

*to the Managing Director, Mr Alwyn Vorster or his nominees on the terms and conditions in the Explanatory Memorandum."*

**Voting Exclusion:**

The Company will disregard any votes cast on this Resolution 5 by Mr Vorster or his nominees and any of their associates. However, the Company need not disregard a vote if:

- (a) it is cast by a person as a proxy appointed by writing that specifies how the proxy is to vote on the proposed resolution; and
- (b) it is not cast on behalf of Mr Vorster or his nominees and any of their associates.

Further, a Restricted Voter who is appointed as a proxy will not vote on Resolution 5 unless:

- (a) the appointment specifies the way the proxy is to vote on Resolution 5; or
- (b) the proxy is the Chair of the Meeting and the appointment expressly authorises the Chair to exercise the proxy even though the Resolution is connected directly or indirectly with the remuneration of a member of the Key Management Personnel. Shareholders should note that the Chair intends to vote any undirected proxies in favour of Resolution 5. Shareholders may also choose to direct the Chair to vote against Resolution 5 or to abstain from voting.

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## **6. Resolution 6 – Approval of Grant of Options to Mr Malcolm Randall**

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 the following:*

- (a) *150,000 Options each exercisable at the higher of \$1.75 or 1.34 times the five day VWAP of Shares up to and including the date of the Meeting, expiring two years from the date of grant and vesting on 30 November 2012; and*
- (b) *150,000 Options each exercisable at the higher of \$1.90 or 1.43 times the five day VWAP of Shares up to and including the date of the Meeting, expiring three years from the date of grant and vesting on 30 November 2013,*

*to a Director, Mr Malcolm Randall or his nominees on the terms and conditions in the Explanatory Memorandum."*

### **Voting Exclusion:**

The Company will disregard any votes cast on this Resolution 6 by Mr Randall or his nominees and any of their associates. However, the Company need not disregard a vote if:

- (c) it is cast by a person as a proxy appointed by writing that specifies how the proxy is to vote on the proposed resolution; and
- (d) it is not cast on behalf of Mr Randall or his nominees and any of their associates.

Further, a Restricted Voter who is appointed as a proxy will not vote on Resolution 6 unless:

- (a) the appointment specifies the way the proxy is to vote on Resolution 6; or
- (b) the proxy is the Chair of the Meeting and the appointment expressly authorises the Chair to exercise the proxy even though the Resolution is connected directly or indirectly with the remuneration of a member of the Key Management Personnel. Shareholders should note that the Chair intends to vote any undirected proxies in favour of Resolution 6. Shareholders may also choose to direct the Chair to vote against Resolution 6 or to abstain from voting.

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## **7. Resolution 7 – Approval to Cancel Options Previously Issued to Mr Alwyn Vorster**

That, subject to Resolution 5 being passed, to consider, and if thought fit, pass as an ordinary resolution with or without amendment the following:

*"That for the purposes of Listing Rule 6.23.2 and for all other purposes, Shareholders approve and authorise the cancellation of 2,000,000 Options granted to Mr Alwyn Vorster exercisable on the dates and at prices set out in the Explanatory Memorandum and otherwise on the terms and conditions set out in the Explanatory Memorandum in consideration for the grant of Options the subject of Resolution 5."*

**Voting Exclusion:**

The Company will disregard any votes cast on this Resolution 7 by Mr Vorster or his nominees and any of their associates. However, the Company need not disregard a vote if:

- (a) it is cast by a person as a proxy appointed by writing that specifies how the proxy is to vote on the proposed resolution; and
- (b) it is not cast on behalf of Mr Vorster or his nominees and any of their associates.

Further, a Restricted Voter who is appointed as a proxy will not vote on Resolution 7 unless:

- (a) the appointment specifies the way the proxy is to vote on Resolution 7; or
- (b) the proxy is the Chair of the Meeting and the appointment expressly authorises the Chair to exercise the proxy even though the Resolution is connected directly or indirectly with the remuneration of a member of the Key Management Personnel. Shareholders should note that the Chair intends to vote any undirected proxies in favour of Resolution 7. Shareholders may also choose to direct the Chair to vote against Resolution 7 or to abstain from voting.

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**8. Resolution 8 – Approval to Cancel Options Previously Issued to Mr Malcolm Randall**

That subject to Resolution 6 being passed, to consider, and if thought fit, pass as an ordinary resolution with or without amendment the following:

*“That for the purposes of Listing Rule 6.23.2 and for all other purposes, Shareholders approve and authorise the cancellation of 300,000 Options granted to Mr Malcolm Randall exercisable on the dates and at prices set out in the Explanatory Memorandum and otherwise on the terms and conditions set out in the Explanatory Memorandum in consideration for the grant of Options the subject of Resolution 6.”*

**Voting Exclusion:**

The Company will disregard any votes cast on this Resolution 8 by Mr Randall or his nominees and any of their associates. However, the Company need not disregard a vote if:

- (a) it is cast by a person as a proxy appointed by writing that specifies how the proxy is to vote on the proposed resolution; and
- (b) it is not cast on behalf of Mr Randall or his nominees and any of their associates.

Further, a Restricted Voter who is appointed as a proxy will not vote on Resolution 8 unless:

- (a) the appointment specifies the way the proxy is to vote on Resolution 8; or
- (b) the proxy is the Chair of the Meeting and the appointment expressly authorises the Chair to exercise the proxy even though the Resolution is connected directly or indirectly with the remuneration of a member of the Key Management Personnel. Shareholders should note that the Chair intends to vote any undirected proxies in favour of Resolution 8. Shareholders may also choose to direct the Chair to vote against Resolution 8 or to abstain from voting.

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**9. Resolution 9 – Approval to Cancel Options Previously Issued to Mr Manohar Ghorpade**

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

*“That for the purposes of Listing Rule 6.23.2 and for all other purposes, Shareholders approve and authorise the cancellation of 500,000 Options granted to Mr Manohar Ghorpade each exercisable at \$2.975 and expiring on 25 February 2014 and otherwise on the terms and conditions set out in the Explanatory Memorandum”*

**Voting Exclusion:**

The Company will disregard any votes cast on this Resolution 9 by Mr Ghorpade or his nominees and any of their associates. However, the Company need not disregard a vote if:

- (a) it is cast by a person as a proxy appointed by writing that specifies how the proxy is to vote on the proposed resolution; and
- (b) it is not cast on behalf of Mr Ghorpade or his nominees and any of their associates.

Further, a Restricted Voter who is appointed as a proxy will not vote on Resolution 9 unless:

- (a) the appointment specifies the way the proxy is to vote on Resolution 9; or
- (b) the proxy is the Chair of the Meeting and the appointment expressly authorises the Chair to exercise the proxy even though the Resolution is connected directly or indirectly with the remuneration of a member of the Key Management Personnel. Shareholders should note that the Chair intends to vote any undirected proxies in favour of Resolution 9. Shareholders may also choose to direct the Chair to vote against Resolution 9 or to abstain from voting.

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**10. Resolution 10 – Appointment of Auditor**

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

*“That, subject to the resignation of the current auditor of the Company, for the purposes of section 327B of the Corporations Act 2001 (Cth) and for all other purposes, Deloitte Touche Tohmatsu, having been nominated by a shareholder of the Company and having consented in writing to act in the capacity of auditor, be appointed as auditor of the Company with effect from the passing of this resolution.”*

Dated 7 October 2011  
By Order of the Board



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 of Meeting 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 Restricted Voter is appointed as a proxy, the proxy may only vote on Resolutions 1,5,6,7,8 and 9 if the proxy is the Chair of the Meeting and the appointment expressly authorises the Chair 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 of the meeting 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 of the meeting will act in place of the nominated proxy and vote in accordance with any instructions. Proxy appointments in favour of the Chairman of the meeting, the secretary or any Director that do not contain a direction 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 5.00PM (WST) on 21 November 2011. 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  
1 Altona Street  
West Perth WA 6005
  - by post using the pre-addressed envelope provided with this Notice to:  
PO Box 1761  
WEST PERTH WA 6872
  - by faxing a completed proxy form to  
+ 61 8 9321 0322.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 5.00PM (WST) on 21 November 2011. 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 5pm on 21 November 2011.

# IRON ORE HOLDINGS LIMITED

## ABN 17 107 492 517

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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 Meeting to be held at the Duxton Hotel, 1 St Georges Terrace, Perth, Western Australia on 23 November 2011 at 2.00PM (WST).

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#### 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 2011 at the Meeting, copies of which can be found on the Iron Ore Holdings Limited website [www.ironoreholdings.com](http://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.

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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 Remuneration Report to the vote of Shareholders. The Directors' Report for the year ended 30 June 2011 contains the Remuneration Report which sets out the remuneration policy for the Company and reports the remuneration arrangements in place for the executive Directors, specified executives and non-executive Directors. The Remuneration Report is set out in the Company's Annual Report and is also available on the Company's website at [www.ironoreholdings.com](http://www.ironoreholdings.com).

The provisions of the Corporations Act provide that Resolution 1 need only be an advisory vote of Shareholders. Accordingly, Resolution 1 is advisory only and does not bind the Directors. 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, if at least 25% of the votes cast are against adoption of the Remuneration Report at the 2011 Annual General Meeting, and then again at the 2012 Annual General Meeting, the Company will be required to put a resolution to the 2012 Annual General Meeting, to approve calling an extraordinary general meeting (**spill resolution**). If more than 50% of Shareholders vote in favour of the spill resolution, the Company must convene an extraordinary general meeting (**spill meeting**) within 90 days of the 2012 Annual General Meeting. All of the Directors who were in office when the 2012 Directors' Report was approved, other than the Managing Director, will (if desired) need to stand for re-election 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 Remuneration Report.

#### Voting

Note that a voting exclusion applies to Resolution 1 in the terms set out in the Notice of Meeting. In particular, the Directors and other Restricted Voters may not vote on this Resolution and may not cast a vote as proxy, unless the appointment gives a direction on how to vote or the proxy is given to the Chair and expressly authorises the Chair to exercise your proxy even if the Resolution is connected directly or indirectly with the remuneration of a member of the Key Management Personnel. The Chair will use any such proxies to vote in favour of the Resolution.

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

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## **2. Resolution 2 – Re-election of Mr Malcolm Randall as a Director**

It is a requirement of the Company's Constitution and the ASX Listing Rules that one third of the Directors must retire at each annual general meeting (rounded down to the nearest whole number).

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

Pursuant to the Constitution, Mr Malcolm Randall will retire by rotation and seek re-election.

Mr Randall was appointed a director of the Company on 25 February 2005 and is a member of the audit committee. He was last re-elected on 24 November 2009.

Mr Randall has had extensive experience in corporate, management and marketing in the resource sector including over 25 years with the Rio Tinto group of companies. His iron ore experience has included senior technical and commercial management roles in Hamersley Iron Pty Ltd and a commercial advisor to the Hope Downs Iron Ore project.

The Board believes that Mr Randall has performed the duties and responsibilities of a director diligently and professionally, in the best interests of all Shareholders.

The Board (excluding Mr Randall) unanimously supports the re-election of Mr Randall.

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## **3. Resolution 3 – Election of Mr Alwyn Vorster as a Director**

It is a requirement under the Company's Constitution and the ASX Listing Rules that any Director appointed by the Board during the year (as an additional Director or to fill a casual vacancy) only holds office until the next Annual General Meeting of shareholders, at which time the Director can offer himself for election. On this basis, Mr Alwyn Vorster, who was appointed to the Board on 1 January 2011, offers himself for election as Director.

Mr Vorster joined Iron Ore Holdings in the position of Chief Executive Officer in November 2010 and was appointed Managing Director in January 2011. Mr Vorster has more than 25 years' experience in both technical and commercial roles for some of the world's leading mining houses. He previously held senior geological and business development roles with Kumba Resources (a subsidiary of Anglo American), and was Rio Tinto Iron Ore's Regional Manager for Asia Marketing and Sales. Most recently, Mr Vorster held the position of Director Business Development of Oakajee Port and Rail (OPR), the company tasked to develop a new rail and port infrastructure in the Mid-West of Western Australia. Mr Vorster has a Bachelor (Honours) in Geology, a Masters in Mineral Economics and an MBA degree.

The Board (excluding Mr Vorster) unanimously supports the election of Mr Vorster.

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## **4. Resolution 4 – Election of Mr Ryan Stokes as a Director**

It is a requirement under the Company's Constitution and the ASX Listing Rules that any Director appointed by the Board during the year (as an additional Director or to fill a casual vacancy) only holds office until the next Annual General Meeting of shareholders, at which time the Director can offer himself for election. On this basis, Mr Ryan Stokes, who was appointed to the Board on 1 January 2011, offers himself for election as Director.

Mr Stokes is an Executive Director of Seven Group Holdings Limited (Seven) and Chief Executive Officer of Australian Capital Equity Pty Ltd (ACE). Mr Stokes has been with ACE and the Seven Group for over 10 years, prior to that he worked for an investment bank in New York.

Mr Stokes is also a Director of WesTrac Pty Limited, Seven Media Group Pty Ltd (since December 2006 until May 2011), alternate Director of Seven West Media Limited (formerly West Australian Newspapers Holdings Limited); Chairman of Vividwireless Group Limited, Director of Yahoo7 Pty Ltd, Consolidated Media Holdings Limited, former Chairman of Pacific Magazines, Director of the Australian Institute of Management, the Perth International Arts Festival, the Victor Chang Cardiac Research Institute and the Australian Strategic Policy Institute Council.

The Board (excluding Mr Stokes) unanimously supports the election of Mr Stokes.

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## **5. Resolutions 5 & 6 – Approve Grant of Options to Mr Alwyn Vorster and Mr Malcolm Randall**

### **5.1 Background to Resolutions 5 & 6**

Resolution 5 and 6 seek Shareholder approval in accordance with Listing Rule 10.11 and section 208 of the Corporations Act for the grant of a total of:

- (a) 3,000,000 Options to Mr Alwyn Vorster (or his nominees); and
- (b) 300,000 Options to Mr Malcolm Randall (or his nominees),

on the terms specified in section 5.3 below and Schedule 2.

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 a small listed company, which is focused on the exploration and development of its iron ore projects. The Company's funds are allocated to specific exploration and development activities. The Board has chosen to grant Options to Messrs Vorster and Randall as a key component of their remuneration in order to retain their services and to provide incentive linked to the performance of the Company.

It is intended that the Options proposed to be issued to Messrs Vorster and Randall will be issued in consideration for those Options proposed to be cancelled pursuant to Resolutions 7 and 8, respectively. Throughout the 2011 calendar year the Company's Share price has been the subject of a steady decline, similar to that experienced by its ASX listed peers and in line with broader equity market conditions. The Options subject to cancellation pursuant to Resolutions 7 and 8 are now materially 'out of the money' in that their exercise price is significantly higher (\$2.975) than the Company's share price (\$1.05) as at the date of this Notice. As a result of this decline and subsequent disconnect between the exercise price of the Options and prevailing Share price of the Company, the Options granted to Messrs Vorster and Randall do not deliver the value and incentive that they provided at the time they were issued.

Accordingly, it is proposed to grant the Options the subject of Resolutions 5 and 6 to Messrs Vorster and Randall to restore the value and incentive intended to be provided through the issue of those Options proposed to be cancelled pursuant to Resolutions 7 and 8.

There are no performance criteria on the Options as given the speculative nature of the Company's activities and the small management team responsible for its running, it is considered the performance of Messrs Vorster and Randall and the performance and value of the Company are closely related. As such, the Options granted will generally only be of benefit if Messrs Vorster and Randall perform 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 Messrs Vorster and Randall will realign the interests of the Company and Messrs Vorster and Randall to maximise Shareholder value.

The number of Options to be granted to Messrs Vorster and Randall has been determined based upon a consideration of:

- the value of the incentive intended to be delivered through the issue of the Options subject to cancellation pursuant to Resolutions 7 and 8;
- the remuneration of Messrs Vorster and Randall;
- 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 Messrs Vorster and Randall's overall remuneration is in line with market standards; and

- Incentives to attract and ensure continuity of service of Directors who have appropriate knowledge and expertise.

## 5.2 Reason approval required

Shareholder approval is required under Listing Rule 10.11 and section 208 of the Corporations Act because the Directors are related parties of the Company.

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:

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

Furthermore, Shareholder approval of the issue of Options means that the grant will not reduce the Company's 15% placement capacity under Listing Rule 7.1.

Listing Rule 10.11 requires shareholder approval by ordinary resolution for any issue of securities by a listed company to a related party.

## 5.3 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:

the related parties are Mr Alwyn Vorster and Mr Malcolm Randall who are related parties by virtue of being Directors;

3,000,000 Options will be granted to Mr Vorster (or his nominees) on the following terms and the terms and conditions set out in Schedule 2:

Number of Options	Exercise price	Vesting date	Expiry Date	Name of Option
1,000,000	The higher of \$1.60 or 1.18 times the 5 day VWAP of Shares up to and including the date of the Meeting	30 November 2011	1 year from date of grant	\$1.60 Option
1,000,000	The higher of \$1.75 or 1.34 times the 5 day VWAP of Shares up to and including the date of the Meeting	30 November 2012	2 years from date of grant	\$1.75 Option
1,000,000	The higher of \$1.90 or 1.43 times the 5 day VWAP of Shares up to and including the date of the Meeting	30 November 2013	3 years from date of grant	\$1.90 Option

300,000 Options will be granted to Mr Randall (or his nominees) on the following terms and the terms and conditions set out in Schedule 2:

Number of Options	Exercise price	Vesting date	Expiry Date	Name of Option
150,000	The higher of \$1.75 or 1.34 times the 5 day VWAP of Shares up to and including the date of the Meeting	30 November 2012	2 years from date of grant	\$1.75 Option
150,000	The higher of \$1.90 or 1.43 times the 5 day VWAP of Shares up to and including the date of the Meeting	30 November 2013	3 years from date of grant	\$1.90 Option

- (a) The proposed financial benefit to be given is the grant of Options for no consideration to Messrs Vorster and Randall.
- (b) The dilution effect if all of the Options granted are exercised is as follows:

Current number of Shares on issue	166,087,005
Current number of Options on issue	8,550,000
Number of Options to be granted under Resolutions 5 & 6	3,300,000
Dilution effect if all Options granted are exercised	1.89%

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.

- (c) The current relevant interests in security holdings of Messrs Vorster and Randall (not including the Options proposed to be issued subject to Resolutions 5 & 6) is as follows:

Name of Director	Shares	Options
Alwyn Vorster <sup>1</sup>	55,000	3,000,000 <sup>2</sup>
Malcolm Randall <sup>3</sup>	2,125,000	1,300,000 <sup>4</sup>

- Held directly by Mr Vorster
- 500,000 unlisted Options exercisable at \$2.475 each on or before 11 October 2013  
500,000 unlisted Options exercisable at \$2.725 each on or before 8 April 2014, subject to vesting conditions  
2,000,000<sup>5</sup> unlisted Options exercisable at \$2.975 each on or before 8 April 2014, subject to vesting conditions
- Held indirectly by Renique Holdings Pty Ltd ATF the Randall Superannuation Fund.
- 1,000,000 unlisted Options exercisable at \$1.125 each on or before 30 September 2012  
300,000<sup>5</sup> unlisted Options exercisable at \$2.975 each on or before 8 April 2014 subject to vesting conditions

5. Subject to cancellation pursuant to Resolutions 7 and 8

- (d) Amounts paid to and the total financial benefits received by Messrs Vorster and Randall in the twelve months to 30 June 2011 are as follows:

	<b>Salary and Fees</b>	<b>Superannuation</b>	<b>Other</b>	<b>Share based Payments</b>	<b>Total</b>
	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>
Alwyn Vorster	280,900	25,156	44,718	890,957	1,241,731
Malcolm Randall	60,000	5,400	101,955	29,965	197,320

Further details of remuneration and emoluments for the financial year ending 30 June 2011 are available in the remuneration report contained within the 2011 Annual Report available on the ASX and Iron Ore Holdings Limited's website.

- (e) Amounts paid to and the total financial benefits received by Messrs Vorster and Randall in the 4 months to 31 October 2011, including the value of the Options proposed to be issued the subject of this Resolution is as follows:

	<b>Salary and Fees</b>	<b>Superannuation</b>	<b>Share / Option based Payments</b> (including Resolution 5 & 6 Options)	<b>Total</b>
	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>
Alwyn Vorster	154,930	8,333	879,000	1,042,263
Malcolm Randall	18,000	3,870	103,890	125,760

In addition the Board has approved a cash bonus of up to a maximum \$400,000 to Mr Vorster within the year ended 30 June 2012 subject to agreed milestones in relation to the Satellite commercialisation process being successfully concluded.

- (f) The valuation of the Options together with the assumptions used to value the Options is set out in the table below:

	<b>\$1.60 Option</b>	<b>\$1.75 Option</b>	<b>\$1.90 Option</b>
Number to be granted to Mr Vorster	1,000,000	1,000,000	1,000,000
Number to be granted to Mr Randall	-	150,000	150,000
Date of valuation	28/9/2011	28/9/2011	28/9/2011
Risk Free Interest Rate	3.47%	3.47%	3.47%
Share price at date of valuation	\$1.07	\$1.07	\$1.07
Exercise Price	\$1.60	\$1.75	\$1.90
Volatility rate	75%	75%	75%
Value per Option	\$0.187	\$0.303	\$0.389
Total value of Options to be granted to Mr Vorster	\$187,000	\$303,000	\$389,000
Total value of Options to be granted to Mr Randall	-	\$45,450	\$58,350

The total value of the three tranches of Options to be granted the subject of Resolutions 5 and 6 is \$982,800.

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. Black & Scholes methodology has been used, together with the assumptions outlined in the table above.

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

(g) The market price of Shares would normally determine whether Messrs Vorster or Randall will exercise the Options or not. 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.

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

	Price	Date
<b>Highest</b>	<b>\$2.40</b>	<b>19 January 2011</b>
<b>Lowest</b>	<b>\$0.85</b>	<b>26 September 2011</b>
<b>Last</b>	<b>\$1.05</b>	<b>7 October 2011</b>

(a) 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 Resolutions 5 and 6.

(b) 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 Resolutions 5 and 6.

#### **5.4 Directors' recommendation**

All the Directors were available to make a recommendation of Resolutions 5 and 6.

Messrs Court, Randall, O'Donnell and Stokes (who have no interest in the outcome of Resolution 5) recommend that Shareholders vote in favour of Resolution 5. Mr Vorster declines to make a recommendation about Resolution 5 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)).

Messrs Court, Vorster, O'Donnell and Stokes (who have no interest in the outcome of Resolution 6) recommend that Shareholders vote in favour of Resolution 6. Mr Randall declines to make a recommendation about Resolution 6 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 Messrs Vorster and Randall is reasonable in light of the reasons outlined in Section 5.1 above.

#### **5.5 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 Messrs Vorster and Randall (or their nominee/s).

The following information in relation to the Options to be granted pursuant to Resolution 5 and 6 is provided to Shareholders for the purposes of Listing Rule 10.13:

- (a) the Options will be granted to Messrs Vorster and Randall (or their nominee/s), as noted above;
- (b) the maximum number of Options to be granted is 3,300,000, being 3,000,000 to Mr Vorster and 300,000 to Mr Randall;
- (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.

## 5.6 Voting

Note that a voting exclusion applies to Resolutions 5 and 6 in the terms set out in the Notice of Meeting. In particular, Messrs Vorster and Randall and other Restricted Voters may not vote on Resolutions 5 & 6 and may not cast a vote as proxy, unless the appointment gives a direction on how to vote or the proxy is given to the Chair and expressly authorises the Chair to exercise the proxy even if the Resolution is connected directly or indirectly with the remuneration of a member of the Key Management Personnel. The Chair will use any such proxies to vote in favour of the Resolutions.

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

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## 6. Resolutions 7, 8 and 9 - Approval to cancel Options previously issued to Mr Alwyn Vorster, Mr Malcolm Randall and Mr Manohar Ghorpade

Mr Vorster currently holds, amongst other Options, 2,000,000<sup>1</sup> Options, with the following material terms:

Exercise Price	Expiry Date
\$2.975	8 April 2014

Mr Randall currently holds, amongst other Options, 300,000<sup>1</sup> Options, with the following material terms:

Exercise Price	Expiry Date
\$2.975	8 April 2014

Mr Ghorpade currently holds, amongst other Options, 500,000<sup>2</sup> Options, with the following material terms

Exercise Price	Expiry Date
\$2.975	The earlier of 25 February 2014 and cessation of employment.

1. Subject to vesting conditions. The full terms of these Options are set out in Schedule 3

2. The full terms of these Options are set out in Schedule 3.

Messrs Vorster, Randall and Ghorpade have each agreed to the cancellation of the Options as contemplated by Resolutions 7, 8 and 9 subject to the issue of the Options in their place.

The Directors (other than Messrs Vorster and Randall) consider that the Options the subject of Resolutions 5 and 6 provide greater performance incentives to Messrs Vorster and Randall than those Options currently held by them that are the subject of Resolutions 7 and 8 respectively, and accordingly propose to cancel the Options held by Messrs Vorster and Randall set out in the table above, subject to Shareholder approval.

It is proposed to issue to Mr Ghorpade 250,000 Options each exercisable at the higher of \$1.75 or 1.34 times the five day VWAP of Shares up to and including the date of the Meeting on or before 2 years from the date of grant and 250,000 Options each exercisable at the higher of \$1.90 or 1.43 times the five day VWAP of Shares up to and including the date of the Meeting on or before 3 years from the date of grant and pursuant to the Company's Share Option Plan. The Directors consider that the Options proposed to be issued pursuant to the Company's Share Option Plan will provide greater performance incentives to Mr Ghorpade than those Options currently held by him that are subject to the cancellation contemplated by Resolution 9. The Directors propose to cancel the Options held by Mr Ghorpade and issue to him additional Options pursuant to the Company's Share Option Plan.

Listing Rule 6.23.2 provides that Options can be cancelled for consideration provided Shareholder approval has been obtained. The Company considers that the issue of Options to:

- (a) Messrs Vorster and Randall the subject of Resolutions 5 and 6 and subsequent cancellation of the Options held by Messrs Vorster and Randall the subject of Resolutions 7 and 8 respectively; and
- (b) Mr Ghorpade pursuant to the Company's Share Option Plan and subsequent cancellation of the Options held by Mr Ghorpade the subject of Resolution 9,

has the effect of cancelling Options for consideration. Accordingly the Company is seeking Shareholder approval for the cancellation of these Options.

Listing Rule 6.23.3 provides, amongst other things, that a change to the terms of Options which has the effect of reducing the exercise price or increasing the period for exercise cannot be made. Listing Rule 6.23.5 allows ASX to consider separate transactions as part of the same commercial transaction if, amongst other things, those transactions have the effect of reducing the exercise price or increasing the period of exercise of the Options.

The Company has sought a waiver from Listing Rule 6.23.3. The waiver is intended to allow the Company to seek Shareholder approval to cancel the Options currently held by Messrs Vorster, Randall and Ghorpade and to grant them the Options the subject of Resolution 5 and 6 and under the Company's Share Option Plan.

Shareholders will not be asked to vote on Resolutions 7 and 8 if Resolutions 5 and 6 respectively and not passed (i.e. if the Options the subject of Resolutions 5 are not granted to Mr Vorster, then Shareholders will not be asked to vote on Resolution 7 to cancel those Options currently held by Mr Vorster, with the same applying to those Options relating to Mr Randall the subject of Resolutions 6 and 8).

A voting exclusion applies to Resolutions 7, 8 and 9 in the terms set out in the Notice of Meeting. In particular, Messrs Vorster, Randall and Ghorpade and other Restricted Voters may not vote on Resolutions 7, 8 and 9 and may not cast a vote as proxy, unless the appointment gives a direction on how to vote or the proxy is given to the Chair and expressly authorises the Chair to exercise the proxy even if the Resolution is connected directly or indirectly with the remuneration of a member of the Key Management Personnel. The Chair will use any such proxies to vote in favour of the Resolutions.

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

Your Directors:

- (a) other than Mr Vorster, recommend that you vote in favour of Resolution 7;
- (b) other than Mr Randall, recommend that you vote in favour of Resolution 8; and
- (c) recommend that you vote in favour of Resolution 9.

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## **7. Resolution 10 - Appointment of Auditor**

Stantons International Audit and Consulting Pty Ltd has, subject to ASIC approval, tendered its resignation as auditor to the Company and the Company has agreed that Deloitte Touche Tohmatsu be appointed auditor of the Company. This change is due to the Company having conducted a tender process for the provision of audit services and have agreed to appoint Deloitte Touche Tohmatsu as auditor subject to ASIC approval of Stantons International Audit and Consulting Pty Ltd's resignation. The appointment of Deloitte Touche Tohmatsu is valid until the resolution to appoint Deloitte Touche Tohmatsu is placed before Shareholders at this Meeting.

The Company propose to appoint Deloitte Touche Tohmatsu as the auditor of the Company. In accordance with section 328B(1) of the Corporations Act, notice in writing nominating Deloitte Touche Tohmatsu as auditor has been given to the Company by a Shareholder. A copy of this notice is shown in Schedule 5 to this Explanatory Memorandum.

The appointment is conditional on ASIC agreeing to the resignation of Stantons International Audit and Consulting Pty Ltd as the Company's auditors. The ASIC consent is expected to be forthcoming before shareholders vote on the resolution. Deloitte Touche Tohmatsu has consented in writing to its appointment.

Accordingly, Resolution 10 seeks Shareholder approval to the appointment of Deloitte Touche Tohmatsu, of Level 14, 240 St Georges Terrace, Perth Western Australia 6000 to the office of auditor of the Company. If this Resolution is passed, the appointment of Deloitte Touche Tohmatsu as the Company's auditor will take effect at the close of the Meeting.

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## **8. 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 this Explanatory Memorandum, Notice and Proxy Form:

"**Annual Report**" means the 2011 annual report of the Company and its controlled entities a copy of which was lodged with ASX.

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

"**ASX**" means 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.

"**Closely Related Party**" has the meaning given in the Corporations Act.

"**Company**" means Iron Ore Holdings Limited ABN 17 107 492 517.

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

"**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.

"**Employee Share Option Plan**" means the Iron Ore Holdings Limited Employee Share Option Plan approved by Shareholders on 24 November 2009.

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

"**Financial Report**" means the 2011 annual financial report prepared under chapter 2M of the Corporations Act of the Company and its controlled entities.

"**Key Management Personnel**" has the meaning given in the accounting standards.

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

"**Meeting**" has the meaning given in the introductory paragraph of the Notice.

"**Notice**" means this notice of 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 contained in this Notice.

"**Restricted Voter**" means Key Management Personnel and their Closely Related Parties.

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

"**Share**" means a fully paid ordinary share in the Company.

"**Shareholder**" means a shareholder of the Company.

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

## Schedule 2- Terms and conditions of Options

- (a) Entitlement  
The Options entitle the holder to subscribe for one (1) Share upon the exercise of each Option.
- (b) Exercise Price  
\$1.60 Options  
The exercise price of each Option will be the greater of \$1.60 and 1.18 times the five day VWAP of Shares up to and including the date of the Meeting.  
\$1.75 Options  
The exercise price of each Option will be the greater of \$1.75 and 1.34 times the five day VWAP of Shares up to and including the date of the Meeting.  
\$1.90 Options  
The exercise price of each Option will be the greater of \$1.90 and 1.43 times the five day VWAP of Shares up to and including the date of the Meeting.
- (c) Expiry Date  
\$1.60 Options  
1 year from date of grant.  
\$1.75 Options  
2 years from date of grant.  
\$1.90 Options  
3 years from date of grant.
- (d) Vesting Date and Exercise Period  
\$1.60 Options  
Vest on 30/11/2011 and are exercisable any time after the vesting date to the Expiry Date.  
\$1.75 Options  
Vest on 30/11/2012 and are exercisable any time after the vesting date to the Expiry Date.  
\$1.90 Options  
Vest on 30/11/2013 and are exercisable any time after the vesting date to the Expiry Date.
- (e) Cessation of Directorship or Employment  
Unless otherwise agreed by the Company, if Mr Vorster ceases to be an employee or a Director of the Company prior to the vesting dates then the Options which have not yet vested will automatically expire.  
Unless otherwise agreed by the Company, if Mr Randall ceases to be a director of the Company prior to the vesting dates then the Options which have not yet vested will automatically expire.
- (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; or
  - iii. the date upon which a person or a group of associated person becomes entitled, subsequent to the date of issue of the Option, 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) do all such acts matters and things to obtain
    - (A) the grant of quotation for the Share on ASX no later than 5 days from the date of exercise of the Option; and
    - (B) receipt of cleared funds equal to the sum payable on the exercise of the Options.
- (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 ten 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:  
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) Options transferable  
The Options are transferable.

(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.

### Schedule 3 - Terms and conditions of Options currently held by Mr Vorster and Mr Randall

- (a) Entitlement  
The Options entitle the holder to subscribe for one (1) Share upon the exercise of each Option.
- (b) Exercise Price  
The exercise price of each Option is \$2.975.
- (c) Expiry Date  
Each Option expires on 8/4/2014.
- (d) Vesting Date and Exercise Period  
Alwyn Vorster  
1,000,000 \$2.975 Options vest on 15 November 2011 and are exercisable any time after the vesting date to the Expiry Date.  
1,000,000 \$2.975 Options vest on 15 November 2012 and are exercisable at any time after the vesting date to the Expiry Date.  
Malcolm Randall  
150,000 \$2.975 Options vest one year from grant and are exercisable any time after the vesting date to the Expiry Date.  
150,000 \$2.975 Options vest two years from grant and are exercisable any time after the vesting date to the Expiry Date.  
Unless otherwise agreed by the Company, if the Optionholder ceases to be a director or employee of the Company prior to the expiry of the vesting date then the Options which have not yet vested will automatically expire.
- (e) 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.
- (f) Shares Issued on Exercise  
Shares issued on exercise of the Options rank equally with the Shares of the Company.
- (g) 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.
- (h) Timing of issue of Shares  
After an Option is validly exercised, the Company must as soon as possible:
- (i) issue the Share; and
  - (ii) do all such acts matters and things to obtain
    - (A) the grant of quotation for the Share on ASX no later than 5 days from the date of exercise of the Option; and
    - (B) receipt of cleared funds equal to the sum payable on the exercise of the Options.
- (i) 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 ten 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.
- (j) 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.

(k) 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.

(l) 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.

(m) Quotation of Options

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

(n) Options transferable

The Options are transferable.

(o) 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.

#### **Schedule 4 – Terms and conditions of Options currently held by Mr Ghorpade**

- (a) Entitlement  
The Options entitle the holder to subscribe for one (1) Share upon the exercise of each Option.
- (b) Exercise Price  
The exercise price of each Option is \$2.975.
- (c) Expiry Date  
Each Option expires the earlier of 25 February 2014 or 90 days after the cessation of the Employment contract with the Company.  
  
If the employee or Consultant elects to receive the options in a nominee entity, the nominee entity will also be subject to the same expiry terms, the earlier of 25 February 2014 or 90 days after the cessation of the Employment contract with the Company or the date the employee ceases to be an Eligible Employee under the terms of the Iron Ore Holdings Limited Employee Option Scheme, as if the employee had received the options in their own names.
- (d) Exercise Period  
The Options are exercisable at any time after vesting but prior to the Expiry Date.
- (e) 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. A holder must exercise the options in multiples of 1,000.
- (f) Shares issued on exercise  
Shares issued on exercise of the Options rank equally with the Shares of the Company.
- (g) 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.
- (h) Timing of issue of Shares  
After an Option is validly exercised, the Company must as soon as possible:
- (i) issue the Share; and
  - (ii) do all such acts matters and things to obtain
    - (A) the grant of quotation for the Share on ASX no later than 5 days from the date of exercise of the Option; and
    - (B) receipt of cleared funds equal to the sum payable on the exercise of the Options.
- (i) 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 currency 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 seven 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.
- (j) 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.

(k) 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.

(l) 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.

(m) Quotation of Options

The Options will be unlisted Options. No application for quotation of the Options will be made by the Company until such time as the Company in its absolute discretion determines otherwise. Should the Company make an application for quotation of the Options and the ASX accepts the application for quotation of the options then the options will be listed Options from time to time that the ASX accepts such application.

(n) Options transferable

The Options may not be transferred or assigned except that a legal personal representative of the a holder of an Option who has died or whose estate is liable to be dealt with under laws relating to mental health will be entitled to be registered as the holder of that Option after the production to the Directors of such documents or other evidence as the Directors may reasonably require to establish that entitlement.

(o) IOH Employee Option Scheme

The terms of the \$2.975 options are subject to the terms and conditions of the IOH Employee Option Scheme.

(p) 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.

**Schedule 5 – Nomination of Auditor**

Mr Simon Robertson  
Company Secretary  
Iron Ore Holdings Limited  
1/1 Altona Street  
West Perth, WA, 6005

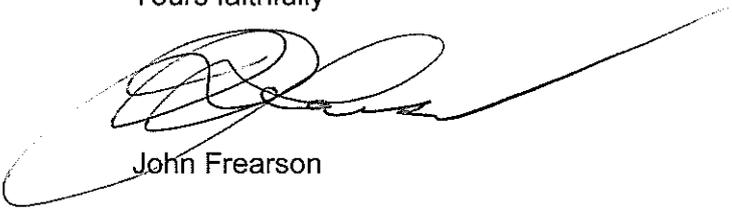
6 October 2011

Dear Sir,

Notice of nomination of proposed auditor

Pursuant to Section 328B(1) of the Corporations Act 2001, I John Desmond Frearson, being a member of Iron Ore Holdings Limited, hereby give you notice of the nomination of Deloitte Touche Tohmatsu of 240 St George's Terrace Perth, as auditor of Iron Ore Holdings Limited.

Yours faithfully

A handwritten signature in black ink, appearing to be 'John Frearson', written over a horizontal line. The signature is stylized and extends to the right.

John Frearson

# IRON ORE HOLDINGS LIMITED

ABN 17 107 492 517

## PROXY FORM

The Company Secretary  
Iron Ore Holdings Limited

**For information on returning this proxy form please see instructions over the page.**

I/We <sup>1</sup> \_\_\_\_\_

of \_\_\_\_\_

being a Shareholder/Shareholders of the Company and entitled to \_\_\_\_\_

votes in the Company, hereby appoint <sup>2</sup> \_\_\_\_\_

or failing such appointment the chairman of the annual general meeting as my/our proxy to vote for me/us on my/our behalf at the Annual General Meeting of the Company to be held at the Duxton Hotel, 1 St Georges Terrace, Perth, Western Australia on Wednesday 23rd November 2011 at 2pm (WST) and at any adjournment thereof in the manner indicated below or, in the absence of indication, as he thinks fit. If 2 proxies are appointed, the proportion or number of votes of this proxy is authorised to exercise is \* [ ] % of the Shareholder's votes\*/ [ ] of the Shareholder's votes.

**Important for Resolutions 1, 5, 6, 7, 8 and 9 - If the Chair of the Meeting is your proxy or is appointed as your proxy by default**

By marking this box, you are directing the Chair of the Meeting to vote in accordance with the Chair's voting intentions on Resolutions 1, 5, 6, 7, 8 and 9 as set out in the Notice of Meeting. If you do not mark this box, and you have not directed your proxy how to vote on Resolutions 1, 5, 6, 7, 8 and 9, the Chair of the Meeting will not cast your votes on Resolutions 1, 5, 6, 7, 8 and 9 and your votes will not be counted in computing the required majority if a poll is called on these items. If you appoint the Chair of the Meeting as your proxy you can direct the Chair how to vote by either marking the boxes below (for example if you wish to vote against or abstain from voting) or by marking this box (in which case the Chair of the Meeting will vote in favour of Resolutions 1, 5, 6, 7, 8 and 9).

The Chair of the Meeting intends to vote all available proxies in favour of Resolutions 1, 5, 6, 7, 8 and 9.

I/We direct the Chair of the Meeting to vote in accordance with the Chair's voting intentions on Resolutions 1, 5, 6, 7, 8 and 9 (except where I/we have indicated a different voting intention below) and acknowledge that the Chairman of the Meeting may exercise my proxy even though Resolutions 1, 5, 6, 7, 8 and 9 are connected directly or indirectly with the remuneration of a member of Key Management Personnel and / or even if the Chair has an interest in the outcome of these items and any votes cast by the Chair, other than as proxy holder, would be disregarded because of that interest.

### INSTRUCTIONS AS TO VOTING ON RESOLUTIONS

The proxy is to vote for or against the Resolution referred to in the Notice as follows:

		For	Against	Abstain
Resolution 1	Remuneration Report	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 2	Re-election of Mr Malcolm Randall as a Director	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 3	Election of Mr Alwyn Vorster as a Director	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 4	Election of Mr Ryan Stokes as a Director	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 5	Approve grant of options to Mr Alwyn Vorster	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 6	Approve grant of options to Mr Malcolm Randall	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 7	Approval to cancel Options previously issued to Mr Alwyn Vorster	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 8	Approval to cancel Options previously issued to Mr Malcolm Randall	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 9	Approval to cancel Options previously issued to Mr Manohar Ghorpade	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 10	Appointment of Auditor	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

**Authorised signature/s** This section **must** be signed in accordance with the instructions below to enable your voting instructions to be implemented.

Individual or Shareholder 1

Shareholder 2

Shareholder 3

Sole Director and Sole Company Secretary

Director

Director/Company Secretary

Contact Name

Contact Daytime Telephone

Date

<sup>1</sup>Insert name and address of Shareholder

<sup>2</sup> Insert name and address of proxy

\*Omit if not applicable

**Proxy Notes:**

A Shareholder entitled to attend and vote at the annual general meeting may appoint a natural person as the Shareholder's proxy to attend and vote for the Shareholder at that annual general meeting. If the Shareholder is entitled to cast 2 or more votes at the annual general meeting the Shareholder may appoint not more than 2 proxies. Where the Shareholder appoints more than one proxy the Shareholder may specify the proportion or number of votes each proxy is appointed to exercise. If such proportion or number of votes is not specified each proxy may exercise half of the Shareholder's votes. A proxy may, but need not be, a Shareholder of the Company.

If a Shareholder appoints a body corporate as the Shareholder's proxy to attend and vote for the Shareholder at that annual general meeting, the representative of the body corporate to attend the annual general meeting must produce the Certificate of Appointment of Representative prior to admission. A form of the certificate may be obtained from the Company's share registry.

You must sign this form as follows in the spaces provided:

Joint Holding: where the holding is in more than one name all of the holders must sign.

Power of Attorney: if signed under a Power of Attorney, you must have already lodged it with the registry, or alternatively, attach a certified photocopy of the Power of Attorney to this Proxy Form when you return it.

Companies: a Director can sign jointly with another Director or a Company Secretary. A sole Director who is also a sole Company Secretary can also sign. Please indicate the office held by signing in the appropriate space.

If a representative of the corporation is to attend the annual general meeting the appropriate "Certificate of Appointment of Representative" should be produced prior to admission. A form of the certificate may be obtained from the Company's share registry.

**Return of Proxy Forms**

Proxy Forms (and the power of attorney or other authority, if any, under which the Proxy Form is signed) or a copy or facsimile which appears on its face to be an authentic copy of the Proxy Form (and the power of attorney or other authority) must be deposited at or received by facsimile transmission at the Company's office as set out below not less than 48 hours prior to the time of commencement of the annual general meeting (WST).

Facsimile: +618 9321 0322

Post:

PO Box 1761  
WEST PERTH W.A .6872

Delivery: Level 1, 1 Altona Street  
WEST PERTH W.A. 6005