



MOUNT GIBSON IRON LIMITED

ACN 008 670 817

NOTICE OF MEETING

with

**EXPLANATORY MEMORANDUM & VOTING INFORMATION
STATEMENT**

**FOR THE
ANNUAL GENERAL MEETING OF SHAREHOLDERS**

**WEDNESDAY, 13 NOVEMBER 2013
AT CITY WEST FUNCTION CENTRE
45 PLAISTOWE MEWS, WEST PERTH, 6005
AT 10.00 AM (PERTH, WA TIME).**

IMPORTANT INFORMATION

This is an important document that should be read in its entirety.

If you do not understand it, or any part of it,
you should consult with your professional advisers without delay.

**You are encouraged to attend the meeting, but if you cannot, you
are requested to complete and return the enclosed Proxy Form
without delay to**

**Computershare Investor Services Pty Limited at
GPO Box 242, Melbourne, Victoria 3001**

or by facsimile on

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

NOTICE OF THE ANNUAL GENERAL MEETING

MOUNT GIBSON IRON LIMITED

ACN 008 670 817

Notice is hereby given that the Annual General Meeting of the Shareholders of Mount Gibson Iron Limited ("**Company**") will be held on the date and at the location and time specified below:

DATE: Wednesday, 13 November 2013

LOCATION: City West Function Centre, 45 Plaistowe Mews, West Perth WA 6005

TIME: 10.00 am (Perth, WA time)

ORDINARY BUSINESS

FINANCIAL REPORTS

To receive and consider the financial report, the Directors' report and Auditor's report for the year ended 30 June 2013.

RESOLUTION 1 - Re-election of Director – Lee Seng Hui

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

"That Lee Seng Hui, being a Director who retires by rotation in accordance with Rule 8.1(d) of the Company's Constitution and ASX Listing Rule 14.4, and being eligible, is re-elected as a Director of the Company."

RESOLUTION 2 - Adoption of Remuneration Report

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

"That the Remuneration Report for the Company for the year ended 30 June 2013 is adopted."

For information on the effects of this resolution, please see the Explanatory Memorandum accompanying and forming part of this Notice of Meeting.

Pursuant to section 250R of the Corporations Act, a vote on this Resolution 2 must not be cast (in any capacity) by or on behalf of any of the following persons:

(a) any Director, or other member of the Key Management Personnel* of the Company, details of whose remuneration are included in the Remuneration Report*; or

(b) a Closely Related Party* of such a member.

However, a person described above may vote on this Resolution 2 as a proxy if the vote is not cast on behalf of a person described in sub-paragraphs (a) or (b) above and either:

(i) the person holds a directed proxy; or

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(ii) the person is the Chairman of the meeting, the proxy is undirected and the proxy expressly authorises the Chairman of the meeting to exercise the proxy even though the resolution is connected with the remuneration of members of the Key Management Personnel of the Company.**

* *These terms are defined in the Definitions section of the Explanatory Memorandum.*

** *Authority in these terms is included in the attached proxy form, but it can be deleted if Shareholders wish to appoint the Chairman of the meeting as proxy without giving a direction as to how to vote on this Resolution 2, but do not wish to authorise him to vote the undirected proxy in his discretion.*

For further information, Shareholders are referred to the Explanatory Memorandum and Voting Information Statement accompanying and forming part of this Notice of Meeting. Both the Notice of Meeting and a blank proxy form can also be located on the Company's website – www.mtgibsoniron.com.au

If you wish to discuss any aspect of this Notice of Meeting, Explanatory Memorandum or Voting Information Statement with the Company, please contact the Company Secretary, David Stokes, by telephone on +61 8 9426 7500.

BY ORDER OF THE BOARD



**David Stokes
Company Secretary**

DATED: 1 October 2013

EXPLANATORY MEMORANDUM

MOUNT GIBSON IRON LIMITED

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This Explanatory Memorandum has been prepared to assist Shareholders to understand the business to be put to Shareholders at the forthcoming Annual General Meeting.

ORDINARY BUSINESS

FINANCIAL REPORTS

The *Corporations Act 2001* (Cth) ("**Corporations Act**") requires:

- the reports of the Directors and Auditor; and
- the annual financial report, including the financial statements of the Company for the year ended 30 June 2013,

to be laid before the Annual General Meeting. Neither the Corporations Act nor the Constitution requires a vote of Shareholders on the reports or statements. However, Shareholders will be given an opportunity to raise questions or comments on the management of the Company.

A reasonable opportunity will be given to Shareholders who are entitled to vote at the meeting to ask the Company's external auditor (Ernst & Young) questions relevant to the conduct of the audit, the preparation and content of the auditor's report, the accounting policies adopted by the Company in relation to the preparation of the financial statements and the independence of the auditor in relation to the conduct of the audit.

Shareholders who are entitled to vote at the meeting may also submit a written question to Ernst & Young (via the Company) if the question is relevant to:

- the content of Ernst & Young's audit report; or
- the conduct of its audit of the Company's annual financial reports for the year ended 30 June 2013.

Relevant questions for Ernst & Young must be received no later than 5.00pm (AWST), Wednesday 6 November 2013. A list of those relevant written questions will be made available to Shareholders attending the meeting. Ernst & Young will either answer the relevant questions at the meeting or table written answers at the meeting. If written answers are tabled at the meeting, they will be made available to Shareholders as soon as practicable after the meeting, on the Company's website, www.mtgibsoniron.com.au

Please send any relevant questions for Ernst & Young by 5.00pm (AWST), Wednesday 6 November 2013 to:

- Computershare Investor Services Pty Limited at GPO Box 242, Melbourne, Victoria 3001; or
- the Company at Level 1, 2 Kings Park Road, West Perth, Western Australia, marked for the attention of the Company Secretary.

The following details should be included with written questions:

- the Shareholder's name; and
- either the Shareholder's Securityholder Reference Number (SRN) or Holder Identification Number (HIN).

RESOLUTION 1 - Re-election of Lee Seng Hui

Mr Lee retires by rotation and, being eligible, offers himself for re-election.

Mr Lee was appointed a Non-Executive Director on 29 January 2010, and as Deputy Chairman on 14 December 2012. He graduated with Honours from the University of Sydney Law School.

Mr Lee is the Chief Executive and an Executive Director of Allied Group Limited, which is listed on the Hong Kong Stock Exchange. He is also the Chairman and a Non-Executive Director of Tian An China Investments Company Limited and a Non-Executive Director of Tanami Gold NL and APAC Resources Limited.

Mr Lee was previously the Chairman and an Executive Director of Yu Ming Investments Limited (now known as SHK Hong Kong Industries Limited). During the past three years, Mr Lee has not served as a director of any other listed companies.

Because of his relationship with the substantial shareholder APAC Resources Limited, Mr Lee is not classified as an independent director.

The Board (excluding Mr Lee) recommends that Shareholders vote in favour of the re-election of Mr Lee.

The Chairman of the meeting intends to vote undirected proxies in favour of the re-election of Mr Lee.

RESOLUTION 2 - Adoption of Remuneration Report

The Remuneration Report sets out the Company's remuneration arrangements for Directors and senior management and is set out in the Report of the Directors in the Company's 2013 Annual Report.

The Corporations Act requires companies to put a resolution to their Shareholders that the Remuneration Report be adopted. Under section 250R(3) of the Corporations Act, the vote on the resolution is advisory only and does not bind the Directors or the Company.

Shareholders will be given a reasonable opportunity to ask questions about, or make comments on, the Remuneration Report at the Annual General Meeting.

The Board will consider the outcome of the vote on Resolution 2 and comments made by Shareholders on the Remuneration Report at the Annual General Meeting when reviewing the Company's remuneration policy.

The Company encourages all shareholders to cast their votes on Resolution 2.

The Chairman of the meeting intends to vote undirected proxies in favour of Resolution 2.

Under the Corporations Act, if 25% or more of votes cast on Resolution 2 at the Annual General Meeting were against the adoption of the Remuneration Report, and this occurred again at the Company's 2014 Annual General Meeting in relation to the remuneration report considered at that meeting, the following sequence of events would occur:

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- *The Company would be required to put to Shareholders at the 2014 Annual General Meeting a resolution (**Spill Resolution**) proposing the calling of a general meeting to consider the appointment of directors of the Company.*
 - *If more than 50% of Shareholders voted in favour of the Spill Resolution, the Company would be required to convene the general meeting (**Spill Meeting**) within 90 days after the 2014 Annual General Meeting.*
 - *All of the Directors who were in office when the 2014 Directors' Report was approved by the Board, other than the Managing Director of the Company (if any), would cease to hold office immediately before the end of the Spill Meeting but could stand for re-election at the Spill Meeting.*
 - *Following the Spill Meeting those persons whose election or re-election as Directors was approved at the Spill Meeting would be the Directors of the Company.*
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Definitions

Key Management Personnel has the same meaning as in the accounting standards published by the Australian Accounting Standards Board and broadly includes those 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.

Closely Related Party of a member of Key Management Personnel means:

- (a) a spouse or child of the member;
- (b) a child of the member's spouse;
- (c) a dependent of the member or the member's spouse;
- (d) anyone else who is one of the member's family and may be expected to influence the member, or be influenced by the member, in the member's dealing with the Company;
- (e) a company the member controls; or
- (f) a person prescribed by the *Corporations Regulations 2001* (Cth).

Remuneration Report means the remuneration report set out in the Directors' Report section of the Company's Annual Report for the year ended 30 June 2013.

VOTING INFORMATION STATEMENT

ENTITLEMENT TO VOTE

The Company has determined under the *Corporations Regulations 2001* (Cth) regulation 7.11.37 that for the purposes of the Annual General Meeting, Shareholders will be taken to be those registered holders of the Company's shares at 4.00pm (Perth, WA time) on Monday 11 November 2013. Accordingly, share transfers registered after that time will be disregarded in determining entitlements to attend and vote at the Annual General Meeting.

HOW TO VOTE

Shareholders may vote by attending the meeting in person, by proxy or by authorised representative.

VOTING IN PERSON

To vote in person, attend the meeting on the date and at the place set out above. The meeting will commence at 10.00am (AWST).

PROXIES

Appointing a proxy

In accordance with section 249L of the Corporations Act, Shareholders are advised that:

- Each Shareholder entitled to attend and vote at the Annual General Meeting has the right to appoint a proxy (and where a shareholder is entitled to cast two or more votes, may appoint two proxies) to attend and vote on a poll on their behalf. The appointment of a second proxy must be done on a separate copy of the proxy form.
- Where more than one proxy is appointed by a Shareholder, such proxy must be allocated a proportion of the member's voting rights. If a member appoints two proxies and the appointment does not specify this proportion, each proxy may exercise half the votes.
- A duly appointed proxy need not be a Shareholder of the Company.

Proxy vote if appointment specifies way to vote

Section 250BB(1) of the Corporations Act provides that an appointment of a proxy may specify the way the proxy is to vote on a particular resolution and, if it does:

- (a) The proxy need not vote on a show of hands, but if the proxy does so, the proxy must vote that way (i.e. as directed).
- (b) If the proxy has 2 or more appointments that specify different ways to vote on the resolution – the proxy must not vote on a show of hands.
- (c) If the proxy is the Chairman of the meeting at which the resolution is voted on – the proxy must vote on a poll, and must vote that way (i.e. as directed).

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- (d) If the proxy is not the Chairman of the meeting, the proxy need not vote on the poll, but if the proxy does so, the proxy must vote that way (i.e. as directed).

Transfer of Non-Chairman proxy to Chairman in certain circumstances

Section 250BC of the Corporations Act provides that, if all of the following criteria (a) to (d) are met:

- (a) an appointment of a proxy specifies the way the proxy is to vote on a particular resolution at a meeting of the Company's members;
- (b) the appointed proxy is not the Chairman of the meeting;
- (c) at the meeting, a poll is duly demanded on the resolution; and
- (d) either of the following applies:
 - (i) the proxy is not recorded as attending the meeting; or
 - (ii) the proxy does not vote on the resolution,

then the Chairman of the meeting is taken, before voting on the resolution closes, to have been appointed as the proxy for the purposes of voting on the resolution at the meeting.

Signing instructions – proxy form

- (a) **(Individual)**: Where the holding is in one name, the Shareholder must sign.
- (b) **(Joint holding)**: Where the holding is in more than one name, all of the Shareholders should sign.
- (c) **(Power of Attorney)**: If you have not already provided the Power of Attorney to the registry, please attach a certified photocopy of the Power of Attorney to the enclosed proxy form when you return it.
- (d) **(Companies)**: Where the company has a sole director who is also the sole company secretary, that person must sign. Where the company (pursuant to section 204A of the Corporations Act) does not have a company secretary, a sole director can also sign alone. Otherwise, a director jointly with either another director or a company secretary must sign. Please sign in the appropriate place to indicate the office held.

Attending the meeting

Completion of a proxy form will not prevent individual Shareholders from attending the Annual General Meeting in person if they wish. Where a Shareholder completes and lodges a valid proxy form and attends the Annual General Meeting in person, then the proxy's authority to speak and vote for that Shareholder is suspended while the Shareholder is present.

Return of proxy form

To vote by proxy, please complete and sign the enclosed proxy form and return to the Company using one of the following options:

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- In person: Level 1, 2 Kings Park, West Perth, Western Australia
- By Mail: GPO Box 242, Melbourne, Victoria 3001
- By facsimile: 1800 783 447 (within Australia) or +61 3 9473 2555 (outside Australia)
- Electronically: Submit proxy voting instructions online at www.investorvote.com.au

Please refer to the enclosed proxy form for more information about submitting proxy voting instructions online.

The proxy form must be received by the Company at least 48 hours prior to the time of the commencement of the Annual General Meeting, that is by 10.00am (AWST) on Monday, 11 November 2013. Proxy forms received later than this time will be invalid.

Proxy Restrictions regarding Resolution 2

The Chairman of the meeting will vote undirected proxies on, and in favour of, all of the proposed resolutions, including (to the extent permitted by law) Resolution 2 (Remuneration Report). If you wish to appoint the Chairman of the meeting as proxy without giving a direction as to how to vote on Resolution 2, but do not wish to authorise him to vote the undirected proxy in his discretion, please delete the relevant words from the proxy form.

Apart from the Chairman of the meeting, if you appoint any other Director of the Company, any other member of Key Management Personnel or any of their Closely Related Parties to be your proxy (**KMP Proxy**) and you wish to vote on Resolution 2, then you must direct your KMP Proxy how to vote on Resolution 2. If you do not give a direction to your KMP Proxy how to vote on Resolution 2, your KMP Proxy cannot exercise your vote.

CUSTODIAN VOTING

For Intermediary Online subscribers only (custodians) please visit www.intermediaryonline.com to submit your voting intentions.

