



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, 9 NOVEMBER 2016
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)

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**MOUNT GIBSON IRON LIMITED
NOTICE OF MEETING
ANNUAL GENERAL MEETING 2016**

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, 9 November 2016

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 2016.

RESOLUTION 1 – 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 2016 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 Resolution 1 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 1 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
- (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 1, but do not wish to authorise him to vote the undirected proxy in his discretion.*

RESOLUTION 2 – 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 3 – Election of Director – Kin Chan

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

"That Kin Chan, having been appointed as a Director since the last annual general meeting and who retires in accordance with Rule 8.1(c) of the Company's Constitution, and ASX Listing Rule 14.4 and being eligible, is elected as a Director of the Company."

RESOLUTION 4 – Approval of Potential Termination Benefits under the Company's Loan Share Plan

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

"That, for the purposes of sections 200B and 200E of the Corporations Act, Listing Rule 10.19, and for all other purposes, the giving of benefits under the Company's Loan Share Plan to a person by the Company in connection with that person ceasing to be an officer or ceasing to hold a managerial or executive office in the Company (or subsidiary of the Company) be approved for a period of 3 years commencing on the date this resolution is passed, on the terms and conditions in the Explanatory Statement."

Voting exclusion statement: The Company will disregard any votes cast on this resolution by shareholders who are officers or employees of the Company, or who are potential officers or employees of the Company (except those who are ineligible to participate in the Loan Share Plan) and their associates, otherwise the benefit of this resolution will be lost by the officer, employee, potential officer, or potential employee in relation to that person's future retirement.

However, the Company need not disregard a vote on Resolution 4 if it is cast by a person as proxy appointed in writing for a person who is entitled to vote, in accordance with voting directions which are specified on the proxy form. A vote must not be cast on Resolution 4 by a Key Management Personnel or their Closely Related Parties, acting as proxy, if their proxy does not specify the way the proxy is to vote on this Resolution.

Also, the Company need not disregard a vote on Resolution 4 if it is cast by the Chairman of the Meeting (as proxy appointed in writing for a person who is entitled to vote) where the proxy form expressly authorises the Chairman of the Meeting to exercise an undirected proxy, even if the Resolution is connected directly or indirectly with the remuneration of a member of the Key Management Personnel of the Company or their Closely Related Parties.

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.

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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

A handwritten signature in black ink, appearing to be 'DS' or similar initials, written in a cursive style.

David Stokes
Company Secretary

DATED: 1 October 2016

EXPLANATORY MEMORANDUM

MOUNT GIBSON IRON LIMITED

ACN 008 670 817

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 2016,

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 2016.

Relevant questions for Ernst & Young must be received no later than 5.00pm (AWST), Wednesday 2 November 2016. 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 2 November 2016 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 – 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 2016 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 1 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 1.

The Chairman of the meeting intends to vote undirected proxies in favour of Resolution 1.

Under the Corporations Act, if 25% or more of votes cast on Resolution 1 at the Annual General Meeting were against the adoption of the Remuneration Report, and this occurred again at the Company's 2017 Annual General Meeting in relation to the remuneration report considered at that meeting, the following sequence of events would occur:

- *The Company would be required to put to Shareholders at the 2017 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 2017 Annual General Meeting.*
- *All of the Directors who were in office when the 2017 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.*

RESOLUTION 2 – Re-election of Mr Lee Seng Hui

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

Mr Lee was appointed as a Non-Executive Director by the Board on 29 January 2010, Non-Executive Deputy Chairman on 14 December 2012, and then as Chairman on 18 February 2014.

Mr Lee 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, and its subsidiary Allied Properties Investments (1) Company Limited, both being substantial shareholders of Mount Gibson. He is also the Chairman and a Non-Executive Director of Tian An China Investments Company Limited and a Non-Executive Director of APAC Resources Limited, the latter also being one of Mount Gibson's substantial shareholders. Mr Lee was previously a Non-Executive Director of Tanami Gold NL. During the past 3 years Mr Lee has not served as a director of any other listed companies.

Because of Mr Lee's relationship with substantial shareholders Allied Group Limited, Allied Properties Investments (1) Company Limited and 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 3 – Election of Kin Chan

Mr Chan was appointed as an independent Non-Executive Director on 22 September 2016.

Under the Company's Constitution, Mr Chan holds office only until the Annual General Meeting and therefore offers himself for election.

Mr Chan has more than 25 years' experience in international capital markets, investment banking, corporate advisory and major transactions, particularly in Asia. He is the founding shareholder of successful Hong Kong-based investment institution Argyle Street Management Limited (Argyle), and has been the Chief Investment Officer since inception in 2002. Mr Chan is also the Chairman of TIH Limited and Non-Independent Non-Executive Director of OUE Limited, both listed in Singapore. Through Argyle, Mr Chan has invested in mines in Asia and Australia and most recently has had a central role in the acquisition and planned recapitalisation of PT Berau Coal, a major Indonesian mining interest.

Argyle has been an active investor in the Company since late 2014, and holds a current total equity interest of 4.99%. Argyle, through the funds it manages, also holds a minority 1.96% interest in APAC Resources Limited, which itself is a 29.53% major shareholder in Mount Gibson.

Prior to founding Argyle, Mr Chan was Chief Executive and Managing Director of Lazard Asia Limited from 2000 to 2001 and managed the firm's advisory business in Asia outside of Japan. Prior to joining Lazard, Mr Chan was an Executive Director at Goldman, Sachs & Co. where he worked in Hong Kong, New York and Singapore from 1992 to 1999.

Mr Chan has deep relationships and understanding of business across Asia, having completed transactions jointly totalling in excess of US\$15 billion, in China, Hong Kong, India, Indonesia, Korea, Singapore and Thailand. Mr Chan was nominated for a directorship of Mount Gibson in 2006 prior to the development of the Company's current assets but was not elected at that time. Since mid 2015 the Board has had ongoing discussions with Mr Chan and considers that he will bring valuable additional expertise to the Mount Gibson Board as the Company evaluates capital deployment options, including potential resources investment opportunities.

Mr Chan holds an A.B. degree from Princeton University and an MBA degree from the Wharton School of the University of Pennsylvania where he was a Palmer Scholar.

Beyond Argyle's current 4.99% shareholding in Mount Gibson, Mr Chan has no separate business relationship or other contractual interest with Mount Gibson that would appear to compromise or influence in any material capacity his ability to bring an independent judgment to the Board. Consequentially the Board has considered that Mr Chan should properly be classed as an independent director.

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

The Chairman intends to vote undirected proxies in favour of the election of Mr Chan.

RESOLUTION 4 – Adoption of Potential Termination Benefits under the Company's Loan Share Plan

Part 2D.2 of the Corporations Act restricts the benefits that can be given to persons who hold a "managerial or executive office" (as defined in the Corporations Act) on leaving their employment with the Company or any of its related bodies corporate, unless an exception applies.

Under section 200B of the Corporations Act, a company may only give a person a benefit in connection with them ceasing to hold a managerial or executive office if the benefit is approved by shareholders or an exemption applies.

Provided shareholder approval is given, the value of the termination benefits may be disregarded when applying section 200F(2)(b) or section 200G(1)(c) of the Corporations Act (i.e. the approved benefit will not count towards the statutory cap under the legislation).

In addition, ASX Listing Rule 10.19 provides that, without the approval of ordinary shareholders, an entity must ensure that no officer of the entity or any of its child entities will be, or may be, entitled to termination benefits if the value of those benefits and the termination benefits that are or may become payable to all officers together exceed 5% of the equity interests of the entity as set out in the latest accounts given to ASX under the Listing Rules.

Depending upon the value of the termination benefits, and the equity interests of the Company at the time such benefits may crystallise, it is uncertain if such payment would exceed this 5% threshold. Accordingly, shareholder approval is being sought in case the value of the termination benefits exceeds this 5% threshold.

Why is the Company seeking approval?

During August 2016 the Board approved a loan funded share scheme ("**Loan Share Plan**") to replace the existing long term incentive scheme for certain executives, employees and contractors of the Mount Gibson Iron Limited corporate group ("**Group**") to incentivise them to meet the Company's objectives and drive shareholder value. Shareholder approval was not required for the implementation of the Loan Share Plan under the ASX Listing Rules or Corporations Act given (amongst other reasons) that no directors of the Group, their spouses, or any parents or children of those persons, were participating in the Loan Share Plan. The Loan Share Plan is structured to better align participants with real returns of the Company's shareholders.

The Loan Share Plan essentially provides for the grant of shares to certain executives, employees and contractors subject to agreed market pricing and vesting conditions, with the grant of shares being funded by way of a non-recourse loan arrangement between the Company, or a subsidiary of the Company, and the relevant participant. By way of background a summary of the Loan Share Plan is provided in Annexure A.

The purpose of Resolution 4 is not to approve the Loan Share Plan but to seek shareholder approval for the purposes of section 200B of the Corporations Act and ASX Listing Rule 10.19 to enable the Board to exercise a discretion under the Loan Share Plan, in the event that the employment of a participant under the Loan Share Plan is terminated.

Under the terms of the Loan Share Plan, the Board possesses the discretion to determine, where a participant ceases employment, through termination or otherwise, that some or all of the vesting conditions of those shares will be waived in circumstances where the entitlement to retain those shares would otherwise have lapsed upon the participant ceasing employment. The Board's current intention is to exercise that discretion, if at all, only where the participant leaves employment or office without fault on their part.

The exercise of this discretion by the Board may constitute a "benefit" for the purposes of section 200B of the Corporations Act and ASX Listing Rule 10.19, to approve the giving of benefits under the Company's Loan Share Plan to a person by the Company in connection with that person ceasing to be an officer of, or ceasing to hold a managerial or executive office, in the Company (or subsidiary of the Company). The Company is therefore seeking shareholder approval for the exercise of the Board's discretion in respect of any current or future participant in the Loan Share Plan. Shareholder approval (if obtained) does not guarantee that such persons will receive termination benefits. Instead the approval is intended to facilitate the Board having discretion to determine the benefits.

The value of the termination benefits that the Board may give under the Loan Share Plan cannot be determined in advance. This is because various matters will or are likely to affect that value. In particular, the value of a particular benefit will depend on factors such as the Company's share price at the time of vesting and the number of shares of the particular participant that will vest. The following additional factors may also affect the benefit's value:

- (a) the circumstances in which the participant ceases employment or office;
- (b) the participant's base salary at the time the relevant shares were granted to the participant and the time they ceased employment;
- (c) the participant's length of service and the status of the vesting conditions attaching to the shares at the time the participant's employment or office cease;
- (d) the number of unvested shares that the participant holds at the time they cease employment or office;
- (e) the Company's share price when the value of the termination benefits is determined; and
- (f) any other factors the Board considers relevant when exercising its discretion.

If approval is obtained, it will be effective for a period of three years from the date the resolution is passed. This means that the approval will be effective:

- (a) if the Board (or its delegates) exercise the discretions outlined above upon cessation of employment and/or
- (b) if the particular participant ceases employment with the Group during the period beginning at the conclusion of the Meeting and expiring at the conclusion of the 2019 Annual General Meeting.

If considered appropriate, the Board will seek a new approval from shareholders at or after the 3rd anniversary of this Meeting.

The Chairman intends to vote all available proxies in favour of Resolution 4.

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 2016.

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 7 November 2016. 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).
- (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:

- 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)

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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, 7 November 2016. Proxy forms received later than this time will be invalid.

Proxy Restrictions regarding Resolution 1 and Resolution 4

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 1 (Remuneration Report) and Resolution 4 (Adoption of Potential Termination Benefits under the Company's Loan Share Plan).

Resolution 1 (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 1, but do not wish to authorise him to vote the undirected proxy in his discretion, please delete the following words from the proxy form "I/we expressly authorise the Chairman to exercise my/our proxy on Resolution 1 (except where I/we have indicated a different voting intention below) even though Resolution 1 is connected directly or indirectly with the remuneration of a member of key management personnel, which includes the Chairman" in Step 1 of the proxy form.

Resolution 4 (Adoption of Potential Termination Benefits under the Company's Loan Share Plan)

If you wish to appoint the Chairman of the meeting as proxy without giving a direction as to how to vote on Resolution 4, but do not wish to authorise him to vote the undirected proxy in his discretion, please delete the following words from the proxy form "I/we expressly authorise the Chairman to exercise my/our proxy on Resolution 4 (except where I/we have indicated a different voting intention below) even though Resolution 4 is connected directly or indirectly with the remuneration of a member of key management personnel, which includes the Chairman" in Step 1 of the proxy form.

Both Resolutions 1 and 4 – Where proxy is not Chairman

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 1 and/or Resolution 4, then you must direct your KMP Proxy to either vote "for", "against" or "abstain" on Resolution 1 and/or Resolution 4 (as applicable). If you do not give a direction to your KMP Proxy how to vote on Resolution 1 and/or Resolution 4 (as applicable), your KMP Proxy cannot exercise your vote in relation to Resolution 1 and/or Resolution 4 (as applicable).

CUSTODIAN VOTING

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

Annexure A

Mount Gibson Iron Limited

Loan Share Plan Key Terms

Plan type	• Loan-Funded Share Plan.
Eligible participants	• Executives, employees and contractors approved by the Board. • None of the initial participants will be directors or related to directors of Mount Gibson Iron Limited.
LTI Award	• An agreed percentage of the relevant participant's annual total fixed remuneration (TFR), comprising base salary and superannuation. • Awards will be made on an annual basis, at the Board's discretion, with the dates and timeframes of any and all subsequent awards to be confirmed.
Shares to be issued	• Ordinary shares.
Issue Date	• As determined by the Board
Issue Price	• Volume Weighted Average Price (VWAP) for the 5 trading days up to and including the Issue Date.
Number of Shares to be issued	• The number of Shares to be issued is to be determined by the Board from time to time. • The number of initial Shares to be issued will be determined by dividing the relevant participant's LTI Award (currently 33% of TFR) by the assessed fair value of the loan-funded shares.
Issue Proceeds	• The number of the Shares issued multiplied by the Issue Price.
Term/Loan Term	• 5 year term.
Loan Amount	• The amount of the Issue Proceeds.
Vesting Date	• As determined by the Board for each issue but for the initial issue of Shares currently proposed this is to be 1 July 2017 (assuming performance and service conditions are met).

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Vesting Conditions	- As determined by the Board, but currently proposed that: - the 5-day VWAP of the Company's share price must be 10% or more above the Issue Price at any time on or between the Vesting Date and the expiry of the Term (Vesting Hurdle); and - the participant has been continuously engaged as an employee of the Group until the relevant date that the VWAP vesting condition is satisfied. - The calculation of the 5-day VWAP for the purposes of the VWAP vesting conditions shall incorporate adjustments for any dividends or other distributions made by the Company during the Term. This will be done by adding the aggregate per share amounts of any dividends or distributions that have occurred since the Issue Date to the calculated 5-day VWAP.
Loan	- The Company or a subsidiary thereof will provide a Loan to the participant for the Issue Proceeds. - The Loan is non-interest bearing. - The Loan is limited recourse to the value of the Shares, such that upon Compulsory Divestment if the value of the Shares is less than the Loan amount, the Shares can be handed back to the Company in full settlement of the Loan. The Company can sell the returned Shares and use the sale proceeds to fully satisfy the Loan. In the case of a disposal of the Shares on-market by the Company to satisfy the Loan, in circumstances where the participant has handed back the Shares to the Company in full settlement, the Company will receive any excess proceeds.
Loan repayment	- The Loan must be repaid on the earlier of: - At the end of the Loan Term; - When any Shares are sold by the participant such that the Loan relating directly to the sold Shares is repaid; - Upon Compulsory Divestment (refer below); and - On or around the occurrence of a Change of Control Event (refer below). - The Board has discretion to forgive all or part of the loan balance at any time.
Compulsory Divestment	A participant may be required to compulsorily divest their Shares in certain circumstances, including: - Upon expiry of the Term if the Vesting Hurdle has not been satisfied during the Term, unless determined otherwise by the Board. - Upon termination of employment of the participant prior to satisfaction of the Vesting Conditions, unless determined otherwise by the Board.
Termination of employment	<i>Vested shares</i> - Upon termination of employment either by the Company or the participant, all vested Shares will remain on issue and be retained by the participant. <i>Unvested Shares</i> - Upon termination of employment either by the Company or the participant, any unvested Shares will be compulsorily divested unless determined otherwise by the Board.

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Fraudulent and dishonest actions	Where, in the opinion of the Board, a participant's Shares have vested as a result of the fraud, dishonesty, or breach of obligations of another person and that Share would not otherwise have vested, the Board may determine that the Share has not vested and, subject to applicable laws and regulations, deal with, or take any other actions in relation to the shares so as to ensure that no unfair benefit is obtained by the participant.
Holding lock	Unvested Shares will be subject to a holding lock maintained by the Company's share registry. The holding lock will be removed once vesting occurs and the loan is repaid, or arrangements satisfactory to the Board have been entered into facilitating repayment after such disposal.
Change of Control Event	Upon the occurrence of a change of control event (which includes where a party, or parties acting together, acquires a shareholding of more than 50% of the Company's issued shares), the Board may in its absolute discretion determine the manner in which any or all of a participant's unvested Shares will be dealt with including, without limitation, in a manner that allows the participant to participate in and/or benefit from any transaction arising from or in connection with the Change of Control Event.
Distributions	For so long as any part of the Loan is outstanding, unless otherwise waived by the Company, the after-tax value of any dividends and capital distributions paid on any Shares shall be applied towards the repayment of the Loan directly related to those Shares.

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