

17 October 2014

The Manager  
Company Announcements Office  
Australian Securities Exchange

Dear Sir/Madam,

**2014 NOTICE OF ANNUAL GENERAL MEETING**

The following documents will be mailed to shareholders on 17 October 2014 in relation to the 2014 Annual General Meeting of BC Iron Limited to be held on Wednesday 19 November 2014 at 10:00am (WST):

- Notice of Meeting (including Explanatory Notes);
- Voting Form; and
- 2014 Annual Report (in accordance with elections made by shareholders).

The 2014 Annual Report is available on the Company's website at [www.bcion.com.au](http://www.bcion.com.au).

Yours faithfully



ANTHEA BIRD  
COMPANY SECRETARY



## **BC IRON LIMITED**

**ABN 21 120 646 924**

# **2014 Notice of Annual General Meeting and Explanatory Statement**

**Annual General Meeting to be held at  
BDO Perth, 38 Station Street, Subiaco, Western Australia  
on Wednesday, 19 November 2014 commencing at 10.00am (AWST)**

This Notice of Annual General Meeting and Explanatory Statement should be read in its entirety. If you are in doubt as to how you should vote, you should seek advice from your accountant, solicitor or other professional adviser without delay.

## Notice of Annual General Meeting

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Notice is given that the Annual General Meeting of BC Iron Limited (ABN 21 120 646 924) will be held at BDO Perth, 38 Station Street, West Perth, Western Australia on Wednesday, 19 November 2014 commencing at 10.00am (AWST). Registration will open at 9:30am (AWST).

### BUSINESS OF THE MEETING

#### FINANCIAL STATEMENTS AND REPORTS 2014

To receive and consider the annual financial report of the Company, the Directors' Report and the Independent Audit Report for the year ended 30 June 2014.

Copies of these reports have been sent to Shareholders and are available on the Company's website - [www.bcion.com.au](http://www.bcion.com.au).

### ORDINARY BUSINESS

#### RESOLUTION 1 – ADOPTION OF REMUNERATION REPORT

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

*To adopt the Remuneration Report for the year ended 30 June 2014.*

Note - The vote on the Remuneration Report is advisory only and does not bind the Directors or the Company. Shareholders should note that the result of the vote on this item may affect the 2015 Annual General Meeting. Under the Corporations Act, if 25% or more of votes cast at the Meeting are against this resolution (constituting a 'first strike'), a resolution on whether to hold a further meeting to spill the Board (a 'spill resolution') would be put to Shareholders if a 'second strike' occurs at the 2015 Annual General Meeting. This spill resolution would be included in the 2015 Notice of Meeting.

#### Voting exclusion:

Votes cannot be cast, and the Company will disregard any vote cast, on Resolution 1 by, or on behalf of:

- (a) a member of the key management personnel as disclosed in the Remuneration Report ("**Key Management Personnel**"); and
- (b) a closely related party (such as close family members and any controlled companies) of those persons,

unless the vote is cast by a person as a proxy for a person entitled to vote in accordance with a direction on the Proxy Form or by the Chairman of the Meeting as proxy for a person entitled to vote and the Chairman has received express authority to vote undirected proxies as the Chairman sees fit, even if Resolution 1 is connected directly or indirectly with remuneration of a member of the Key Management Personnel.

#### RESOLUTION 2 – RE-ELECTION OF MR ANTHONY KIERNAN AS DIRECTOR

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

*To elect as Director of the Company, Mr Anthony Kiernan, who retires by rotation in accordance with the Company's Constitution and, being eligible, offers himself for re-election.*

### RESOLUTION 3 – RE-ELECTION OF MR MALCOLM MCCOMAS AS DIRECTOR

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

***To elect as Director of the Company, Mr Malcolm McComas, who retires by rotation in accordance with the Company's Constitution and, being eligible, offers himself for re-election.***

### RESOLUTION 4 – ELECTION OF MR PETER WILSHAW AS DIRECTOR

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

***To elect as Director of the Company, Mr Peter Wilshaw, who was appointed as a Director of the Company since the last general meeting and, being eligible, offers himself for election.***

### RESOLUTION 5 – ELECTION OF MR BRIAN O'DONNELL AS DIRECTOR

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

***To elect as Director of the Company, Mr Brian O'Donnell, who was appointed as a Director of the Company since the last general meeting and, being eligible, offers himself for election.***

### RESOLUTION 6 – ELECTION OF MR ALWYN VORSTER AS DIRECTOR

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

***To elect as Director of the Company, Mr Alwyn Vorster, who was appointed as a Director of the Company since the last general meeting and, being eligible, offers himself for election.***

### RESOLUTION 7 – GRANT OF PERFORMANCE RIGHTS TO MR MORGAN BALL

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

***That, for the purposes of ASX Listing Rule 10.14 and for all other purposes, approval is given to grant up to 175,000 performance rights (and the issue of Shares if those performance rights vest) to the Managing Director of the Company, Mr Morgan Ball, with respect to the financial year ending 30 June 2015, in accordance with the BC Iron Limited Employee Performance Rights Plan ("Plan") and on the terms set out in the Explanatory Statement.***

#### **Voting exclusion:**

The Company will disregard any vote cast on Resolution 7 by Mr Morgan Ball and any of his associates, unless:

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

Further, a member of Key Management Personnel and their closely related parties may not vote (and the Company will disregard any such votes) as a proxy on Resolution 7 if the appointment does not specify how the proxy is to vote, unless the proxy is the Chairman of the Meeting and the appointment expressly authorises the Chairman to exercise the proxy even if Resolution 7 is connected directly or indirectly with remuneration of a member of the Key Management Personnel.

## **RESOLUTION 8 – REMUNERATION OF NON-EXECUTIVE DIRECTORS**

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

***“That, for the purposes of clause 11.6 of the Company's Constitution, ASX Listing Rule 10.17 and all other purposes, the maximum aggregate remuneration to be paid collectively to all the non-executive Directors in any financial year be increased by \$200,000, from \$700,000 to \$900,000.”***

### **Voting Exclusions:**

The Company will disregard any vote cast on Resolution 8 by a Director and any associate of a Director, unless:

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

Further, a member of Key Management Personnel and their closely related parties may not vote as a proxy on this resolution if the appointment does not specify how the proxy is to vote.

**By order of the Board of Directors**



**Anthea Bird**  
Company Secretary  
17 October 2014

## Important information for Shareholders

### Explanatory Statement

The accompanying Explanatory Statement forms part of this Notice of Meeting and should be read in conjunction with it. The glossary at the end of the Explanatory Statement contains definitions of capitalised terms used in this Notice of Meeting and the Explanatory Statement.

### Required majorities

All items of business require ordinary resolutions. An ordinary resolution requires a simple majority of votes cast by Shareholders present (in person, by proxy or representative) and entitled to vote on the resolution.

### Proxies

All Shareholders who are entitled to attend and vote at the meeting have the right to appoint a proxy to attend and vote for them. The proxy does not have to be a Shareholder. Shareholders holding two or more Shares can appoint either one or two proxies. If two proxies are appointed, the appointing Shareholder can specify what proportion of their votes they want each proxy to exercise.

To vote by proxy, please complete and return the proxy form enclosed with this Notice of Meeting as soon as possible. To be effective, a completed proxy form must be received by Computershare Investor Services Pty Ltd **no later than 10.00am (WST) on Monday 17 November 2014**, being not less than 48 hours prior to the commencement of the meeting. Where the proxy form is executed under power of attorney, the power of attorney must be lodged in the same way as the proxy form.

Lodgement options are as follows:

*In person:* Computershare Investor Services Pty Ltd, Level 2 45 St George's Terrace Perth Western Australia 6000

*By mail:* Computershare Investor Services Pty Ltd, GPO Box 242 Melbourne Victoria 3001 Australia

*By fax:* 1800 793 447 (within Australia) or +61 3 9473 2555 (outside Australia)

*Online:* Shareholders can submit their proxy voting instructions online at [www.investorvote.com.au](http://www.investorvote.com.au). Please refer to the enclosed proxy form for more information about submitting proxy voting instructions online.

*Custodians and nominees:* Please visit [www.intermediaryonline.com](http://www.intermediaryonline.com) to submit your voting instructions.

### Corporate representatives

A body corporate may appoint an individual as its representative to attend and vote at the meeting and exercise any other powers the body corporate can exercise at the meeting. The appointment may be a standing one. The representative should bring to the meeting evidence of his or her appointment, including any authority under which the appointment is signed, unless it has previously been given to the Company. An appointment form is included with this Notice of Meeting.

### Voting entitlements

The Board has determined that, for the purpose of voting at the meeting, Shareholders are those persons who are the registered holders of Shares at 7.00pm (WST) on Monday 17 November 2014.

## Explanatory Statement

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This Explanatory Statement has been prepared for the information of Shareholders in relation to the business to be conducted at the Annual General Meeting of the Company convened for Wednesday, 19 November 2014 commencing at 10.00am (AWST).

This Explanatory Statement should be read in conjunction with the Notice of Annual General Meeting. Capitalised terms in this Explanatory Statement are defined in the Glossary.

### BUSINESS OF THE MEETING

#### FINANCIAL STATEMENTS AND REPORTS 2014

The Corporations Act requires the Company to present to the Annual General Meeting the Financial Report, Directors' Report (including the Remuneration Report) and the Auditor's Report for the last financial year that ended before the Annual General Meeting. Copies of these reports have been sent to Shareholders and are also available on the Company's website - [www.bcion.com.au](http://www.bcion.com.au).

No resolution is required for this item, but Shareholders will be provided with a reasonable opportunity to ask questions or make comments in relation to these reports. The Company's auditor will also be present at the meeting and Shareholders will be given the opportunity to ask the auditor questions about the conduct of the audit, the preparation and content of the auditor's report, the accounting policies adopted by the Company and the independence of the auditor.

#### RESOLUTION 1 – ADOPTION OF REMUNERATION REPORT

A resolution for adoption of the Remuneration Report is required to be considered and voted on in accordance with the Corporations Act. The Remuneration Report details the Company's policy on the remuneration of non-executive Directors, Managing Director and senior executives and is set out in the Company's 2014 Annual Report. The Company takes advice from independent remuneration consultants in relation to its remuneration practices. The vote on the adoption of the Remuneration Report resolution is advisory only and does not bind the Directors or the Company. However, the Board will take the outcome of the vote into consideration when reviewing the remuneration practices and policies of the Company.

Shareholders will be provided with a reasonable opportunity to ask questions and to make comments on the Remuneration Report at the Annual General Meeting.

**Recommendation:** The Directors recommend that Shareholders vote in favour of Resolution 1.

#### RESOLUTION 2 – RE-ELECTION OF MR ANTHONY KIERNAN AS DIRECTOR

In accordance with clause 11.2 of the Company's Constitution, at each Annual General Meeting of the Company, one-third of the Directors (other than the Managing Director), or if their number is not three or a multiple of three, then the number nearest to but not exceeding one-third, need to retire from office by rotation. Further, and in accordance with the ASX Listing Rules, no Director may retain office for more than three years without submitting himself or herself for re-election even though this would result in more than one-third of the Directors retiring from office.



**BC IRON**  
LIMITED

BC Iron Limited  
ABN 21 120 646 924

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Accordingly, Mr Kiernan is required to retire by rotation at the Annual General Meeting, and being eligible, offers himself for re-election as a Director.

Further information on Mr Kiernan is included in the 2014 Annual Report which has been sent to Shareholders and is also available on the Company's website - [www.bcion.com.au](http://www.bcion.com.au).

**Recommendation:** The Directors (excluding Mr Kiernan) recommend that Shareholders vote in favour of Resolution 2.

### **RESOLUTION 3 – RE-ELECTION OF MR MALCOLM MCCOMAS AS DIRECTOR**

In accordance with clause 11.2 of the Company's Constitution, at each Annual General Meeting of the Company, one-third of the Directors (other than the Managing Director), or if their number is not three or a multiple of three, then the number nearest to but not exceeding one-third, need to retire from office by rotation. Further, and in accordance with the ASX Listing Rules, no Director may retain office for more than three years without submitting himself or herself for re-election even though this would result in more than one-third of the Directors retiring from office.

Accordingly, Mr McComas is required to retire by rotation at the Annual General Meeting, and being eligible, offers himself for re-election as a Director.

Further information on Mr McComas is included in the 2014 Annual Report which has been sent to Shareholders and is also available on the Company's website - [www.bcion.com.au](http://www.bcion.com.au).

**Recommendation:** The Directors (excluding Mr McComas) recommend that Shareholders vote in favour of Resolution 3.

### **RESOLUTION 4 – ELECTION OF MR PETER WILSHAW AS DIRECTOR**

Mr Wilshaw was appointed as a Director of the Company by the Board since the last general meeting. In accordance with clause 11.4 of the Company's Constitution, the Board can appoint a person to be a Director, either to fill a causal vacancy or in addition to the existing Directors. However, any Director so appointed by the Board holds office until the next general meeting of the Company. Accordingly, Mr Wilshaw is required to retire at the Annual General Meeting, and being eligible, offers himself for election as a Director.

Further information on Mr Wilshaw is included in the 2014 Annual Report which has been sent to Shareholders and is also available on the Company's website - [www.bcion.com.au](http://www.bcion.com.au).

**Recommendation:** The Directors (excluding Mr Wilshaw) recommend that Shareholders vote in favour of Resolution 4.

### **RESOLUTION 5 – ELECTION OF MR BRIAN O'DONNELL AS DIRECTOR**

Mr O'Donnell was appointed as a Director of the Company by the Board since the last general meeting. In accordance with clause 11.4 of the Company's Constitution, the Board can appoint a person to be a Director, either to fill a causal vacancy or in addition to the existing Directors. However, any Director so appointed by the Board holds office until the next general meeting of the Company. Accordingly, Mr O'Donnell is required to retire at the Annual General Meeting, and being eligible, offers himself for election as a Director.



Mr O'Donnell has 30 years of experience in the finance and investment industry. Mr O'Donnell is the Finance and Investments Director for the Australian Capital Equity Pty Limited group, having been employed by that group since 1996, and has served on the Boards of several listed and unlisted public and private companies. Mr O'Donnell has been a director of Iron Ore Holdings Limited since December 2008, and is a Member of the Australian Institute of Company Directors and the Institute of Chartered Accountants.

**Recommendation:** The Directors (excluding Mr O'Donnell) recommend that Shareholders vote in favour of Resolution 5.

#### **RESOLUTION 6 – ELECTION OF MR ALWYN VORSTER AS DIRECTOR**

Mr Vorster was appointed as a Director of the Company by the Board since the last general meeting. In accordance with clause 11.4 of the Company's Constitution, the Board can appoint a person to be a Director, either to fill a causal vacancy or in addition to the existing Directors. However, any Director so appointed by the Board holds office until the next general meeting of the Company. Accordingly, Mr Vorster is required to retire at the Annual General Meeting, and being eligible, offers himself for election as a Director.

Mr Vorster has more than 28 years' experience in both technical and commercial roles with some of the world's leading mining companies. He is currently Chief Executive Officer of Iron Ore Holdings Limited. Mr Vorster is a member of the Australian Institute of Company Directors (AICD) and serves on the executive committee of the Australia China Business Council (ACBC).

**Recommendation:** The Directors (excluding Mr Vorster) recommend that Shareholders vote in favour of Resolution 6.

#### **RESOLUTION 7 – GRANT OF PERFORMANCE RIGHTS TO MR MORGAN BALL**

##### **Background**

Shareholder approval is being sought for the grant of performance rights to the Managing Director of the Company, Mr Morgan Ball, in accordance with the BC Iron Employee Performance Rights Plan ("Plan"). The Plan was last approved by Shareholders at the 2013 Annual General Meeting as an exception to the Company's 15% placement capacity in accordance with Listing Rule 7.2 (Exception 9).

The Company established the Plan to provide executives with long term incentives to create a link between the delivery of value to Shareholders, performance of the individual, financial performance and retaining executives.

Under his employment agreement, Mr Ball is currently entitled to receive fixed annual remuneration of a base salary, plus statutory superannuation, of \$710,000. In addition, subject to the Board's discretion, Mr Ball may be entitled to a variable remuneration component in the form of a short-term incentive component (which is in cash and based on meeting defined key performance indicators), and a long term incentive component made up of an equity component, namely options or performance rights (subject to requisite Shareholder approvals first being obtained) and a cash component. Any total variable incentive payable is capped at 100% of fixed remuneration in the relevant year.

Under the Plan, the Board has the discretion to grant performance rights to any person it declares eligible upon the terms set out in the Plan. A performance right is, in effect, a contractual right to be issued with a fully paid ordinary share in the Company (“Share”) on the satisfaction of certain conditions.

### **Approval sought**

The Listing Rules require that Shareholder approval be obtained for the acquisition of securities by directors under an employee incentive scheme. Mr Ball is a Director of the Company. Mr Ball was appointed as Finance Director in December 2011 and Managing Director in May 2013. Shareholder approval is being sought to grant up to 175,000 performance rights to Mr Ball for the year ending 30 June 2015. The actual number of performance rights to be granted will be calculated after 30 June 2015 based on the issue formula set out below. These performance rights will not vest into Shares until 1 July 2018, and this in any event is contingent upon the nominated performance conditions being satisfied. To make it clear, a performance right does not automatically convert into Shares – its conversion (including the actual number) depends upon performance conditions having been met.

### **Previous approvals for Directors**

Details of performance rights previously approved for Directors are set out below.

- The grant of 45,361 performance rights to Mr Ball in relation to the year ended 30 June 2011 was obtained at the 2011 Annual General Meeting. These performance rights vested and all converted to Shares on 3 July 2013.
- The grant of 69,206 performance rights to Mr Ball in relation to the year ended 30 June 2012 was obtained at the 2012 Annual General Meeting. These performance rights vested and all converted to Shares on 1 July 2014.
- The grant of up to 150,000 performance rights to Mr Ball in relation to the year ended 30 June 2014 was obtained at the 2013 Annual General Meeting. An allocation of 69,988 performance rights in relation to the year ended 30 June 2014 was made on 1 September 2014.
- Approval for the grant of 61,856 performance rights to Mr Michael Young in relation to the year ended 30 June 2011 and 86,508 in relation to the year ended 30 June 2012 was obtained at the 2011 Annual General Meeting and these were subsequently granted on 1 December 2011 and 3 September 2012 respectively. All performance rights awarded to Mr Young lapsed on 10 May 2013 when he ceased to be Managing Director of the Company.
- No other Directors have received performance rights.

### **Recommendation of the Non-Executive Directors**

As detailed below, a relative Total Shareholder Return (“TSR”) performance condition has been chosen to determine vesting of performance rights as it is widely recognised as one of the best indicators of shareholder value creation. TSR represents the change in market value of the Company over time, including dividends and any other distributions made to Shareholders.

The non-executive Directors believe that it is appropriate to provide Mr Ball with long-term incentive elements in his remuneration package which is directly related to total shareholder return. The grant of

performance rights forges a direct link as between remuneration and the overall return to Shareholders. The long term incentive is also cast in such a way as it constitutes an incentive for the recipient to remain with the Company for a considerable period of time. As shown in the example below (at the end of the paragraph headed Summary) the performance rights issued in relation to the year ended 30 June 2015 will not vest until 1 July 2018 at the earliest (subject to the satisfaction of the performance conditions) and require the recipient to be an employee at that time.

The non-executive Directors are of the view that the remuneration for Mr Ball, including the proposed grant of performance rights, is reasonable having regard to his position in the Company, the duties and responsibilities of his position, and market levels of remuneration for Managing Directors of similar companies. The Company from time to time takes independent advice on its remuneration structure, including benchmarking against peer companies.

### **Terms of the Performance Rights**

All performance rights to be granted will be on terms consistent with the rules of the Plan.

The key terms of the performance rights are as follows:

#### *Grant of performance rights*

Mr Ball may be invited to apply for, and if that application is accepted, will be issued, the number of performance rights to be determined in accordance with the following formula:

$$P = 0.4 \times \frac{S}{VWAP}$$

(“Issue Formula”)

Where:

- ‘P’ is the whole number of performance rights under the Plan for which Mr Ball will be invited to apply;
- ‘S’ is the sum of Mr Ball’s fixed base salary and superannuation payable for the applicable period; and
- ‘VWAP’ is the 30 day volume weighted average price of ordinary Shares in the Company on the ASX at 30 June of the relevant financial year.

Each performance right is an entitlement to one Share, subject to satisfaction of the performance and vesting conditions outlined below.

#### *Performance conditions*

The performance rights issued will not vest (and the underlying Shares will not be issued) unless certain performance conditions have been satisfied. The grant of performance rights is designed to reward long term sustainable business performance measured by relative TSR performance conditions over a two year period.

The performance conditions will be measured by comparing the Company's TSR with that of a comparator peer group of companies (outlined in the Glossary below) over the period from 1 July in the financial year to which the grant of the performance rights relates to 30 June in the financial year that is 3 years after that date ("**Vesting Date**") – see the example below by way of illustration.

The performance rights will vest depending on the Company's percentile ranking within the comparator group on the relevant Vesting date as follows:

BC Iron TSR rank	Performance rights vesting
TSR at or above 75 <sup>th</sup> percentile of peer group	100%
TSR between 50 <sup>th</sup> and 75 <sup>th</sup> percentile of peer group	Pro-rate 50 – 100%
TSR below 50 <sup>th</sup> percentile of peer group	Nil

In addition, the performance rights will not vest if Mr Ball is not an employee as at the vesting date.

#### *Consideration*

No consideration is payable by Mr Ball at the time of the grant of the performance rights or upon the allocation of Shares to which they may become entitled on the vesting dates

#### **Summary**

For additional clarity, if Resolution 7 is approved by Shareholders, the performance rights to be issued to Mr Ball will be calculated and treated as follows:

- On or about 1 July 2015, Mr Ball will be issued, at no cost, a number of performance rights calculated in accordance with the Issue Formula above by reference to his fixed remuneration as at 30 June 2015 and the Company's VWAP over the 30 days to 30 June 2015. The maximum number of performance rights that could be issued will be 175,000.
- On 30 June 2018, the performance of the Company will be evaluated over the period 1 July 2015 to 30 June 2018 by reference to the TSR over that period, and some or all performance rights will vest to Mr Ball according to the TSR criteria set out above. If the TSR criteria are not met, then no performance rights will vest for conversion into Shares.
  - As soon as practicable after the vesting date, the Company must convert vested performance rights to Shares in the Company at no cost to Mr Ball.

*Example: An employee of the Company is issued 60,000 performance rights in July 2015. If the Company's TSR was at the 50% percentile for the three year period from 1 July 2015 to 30 June 2018, this would mean that only 50% of the performance rights would vest into Shares. So, of the 60,000 performance rights issued to the employee in 2015, only 30,000 would vest. The employee would only be able to convert those 30,000 performance rights into Shares. If the Company's TSR was below the 50% percentile for the three year period from 1 July 2015 to 30 June 2018, then no performance rights would vest into Shares.*



## Regulatory information

### *Corporations Act*

The non-executive Directors are of the view Mr Ball's remuneration package, including the grant of the performance rights, is reasonable for the purposes of Chapter 2E of the Corporations Act, having regard to the circumstances of the Company and their circumstances (including the responsibilities involved in their respective offices). Accordingly, Shareholder approval under Chapter 2E of the Corporations Act is not required to be sought. Further details of Mr Ball's remuneration package are included in the Company's Remuneration Report set out in the Company's Annual Report.

### *Listing Rules*

Under ASX Listing Rule 10.14, the acquisition of securities by a director under an employee incentive scheme requires Shareholder approval. As Mr Ball is a Director of the Company, Shareholder approval is required.

The following information is provided for the purposes of Listing Rule 10.15.

- (a) The maximum number of performance rights that can be granted to Mr Ball is 175,000 for the financial year ending 30 June 2015, the actual number to be determined in accordance with the Issue Formula.
- (b) The price payable on the issue or exercise of each performance right is nil.
- (c) Shareholders last approved the grant of performance rights to Directors under the Plan at the Company's 2013 Annual General Meeting. Of these, 69,988 performance rights were approved to be granted to Mr Ball in relation to the year ended 30 June 2014. They were subsequently granted, for nil consideration, on 1 September 2014.
- (d) Mr Morgan Ball is the only person referred to in Listing Rule 10.14 entitled to participate in the Plan.
- (e) There are no loans proposed in relation to the grant of the performance rights to Mr Ball.
- (f) The performance rights that are granted to Mr Ball are intended to be granted on or about 1 July 2015 and in any event will not be granted later than 12 months after the date of approval by Shareholders at the Annual General Meeting.

**Recommendation:** The Directors (excluding Mr Ball) recommend that Shareholders vote in favour of Resolution 7.

<b>RESOLUTION 8 – REMUNERATION OF NON-EXECUTIVE DIRECTORS</b>
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Under clause 11.6 of the Company's Constitution and ASX Listing Rule 10.17, the upper limit on aggregate non-executive Directors' remuneration may only be increased with Shareholder approval. The limit was last approved by Shareholders in November 2011.

Shareholder approval is sought to increase the upper limit on aggregate non-executive Directors' remuneration by \$200,000, from \$700,000 to \$900,000 in any financial year.

The Directors are seeking Shareholder approval to increase the upper limit on aggregate non-executive Directors' remuneration for the following reasons:

- (a) to reflect that the Company has now transitioned from an explorer to a producer;
- (b) to ensure the Company maintains the ability to remunerate competitively and attract and retain high calibre non-executive Directors;
- (c) to allow for some growth in non-executive Directors' remuneration in the future to reflect market competitiveness for non-executive Directors with the skills and experience appropriate for the Company's business;
- (d) to create some capacity to appoint additional non-executive Directors if necessary as part of the Board's succession planning strategy; and
- (e) to reflect the practice that it is often preferable that options not be issued to non-executive directors, and that their remuneration is cash.

The proposed maximum aggregate remuneration has been determined after consideration of the above factors, the recommendation of an independent remuneration consultant and a review of an independent survey of the remuneration paid by similar companies listed on ASX. The Board believes that the proposed increase in aggregate remuneration is appropriate for the Company and is in line with the remuneration paid by similar companies and the recommendation of an independent remuneration consultant.

The following information is provided for the purposes of Listing Rule 10.17:

- (a) the total maximum amount payable to the non-executive Directors of the Company, if Shareholders approve the resolution, will increase by \$200,000, from \$700,000 to \$900,000 for any financial year;
- (b) the Board consider that the total maximum amount payable to the non-executive Directors of the Company in remuneration is reasonable and commensurate with the role of a director of a publicly listed company, having regard to the duties and responsibilities of the position and is in line with external and independent remuneration advice; and
- (c) Performance rights were issued to Mr Michael Young under ASX Listing Rule 10.14 in November 2011 and August 2012 when Mr Young was Managing Director. These securities did not come under the limit in Listing Rule 10.17 as Mr Young was an executive director at the time. In any case, all performance rights awarded to Mr Young lapsed on 10 May 2013 when he ceased to be Managing Director of the Company. No other securities have been issued by BC Iron to its non-executive Directors in the last 3 years.

If you choose to appoint a proxy, you are encouraged to direct your proxy how to vote on Resolution 8 by marking either "For", "Against" or "Abstain" on the Proxy Form. **The Chairman of the meeting intends to vote all undirected proxies in favour of Resolution 8.**


**Recommendation:** The non-executive Directors have an interest in Resolution 8 and accordingly do not make a recommendation to Shareholders as to how to vote. Mr Morgan Ball, the only executive director, has no interest in Resolution 8 and recommends that Shareholders vote in favour of Resolution 8.

## Glossary

In this Explanatory Statement, the following terms have the following unless the context otherwise requires:

<b>AWST</b>	Australian Western Standard Time
<b>ASX</b>	the Australian Securities Exchange or ASX Limited ACN 008 624 691, as appropriate
<b>Board</b>	the board of Directors of the Company.
<b>Company</b>	BC Iron Limited ACN 120 646 924.
<b>Comparator peer group</b>	Arrium Limited Atlas Iron Limited Evolution Mining Limited Gindalbie Metals Ltd Grange Resources Limited Independence Group NL Mincor Resources NL Mount Gibson Iron Limited Northern Iron Limited Northern Star Resources Ltd Paladin Energy Ltd Sandfire Resources NL Western Areas Limited
<b>Constitution</b>	Constitution of the Company
<b>Corporations Act</b>	<i>Corporations Act 2001 (Cth)</i> .
<b>Director</b>	a director of the Company.
<b>Listing Rule</b>	a Listing Rule of the ASX.
<b>Performance Right</b>	a right granted under the Plan to acquire a Share on the terms set out in the Plan subject to the satisfaction of certain performance conditions.
<b>Plan</b>	BC Iron Limited's Employee Performance Rights Plan
<b>Share(s)</b>	a fully paid ordinary share(s) in the capital of the Company.
<b>Shareholder</b>	shareholder of the Company.

**Lodge your vote:**

 **Online:**  
www.investorvote.com.au

 **By Mail:**  
Computershare Investor Services Pty Limited  
GPO Box 242 Melbourne  
Victoria 3001 Australia

Alternatively you can fax your form to  
(within Australia) 1800 783 447  
(outside Australia) +61 3 9473 2555

For Intermediary Online subscribers only  
(custodians) www.intermediaryonline.com

**For all enquiries call:**  
(within Australia) 1300 850 505  
(outside Australia) +61 3 9415 4000

┌ 000001 000 BCI  
MR SAM SAMPLE  
FLAT 123  
123 SAMPLE STREET  
THE SAMPLE HILL  
SAMPLE ESTATE  
SAMPLEVILLE VIC 3030

## Proxy Form



### Vote and view the annual report online

- Go to [www.investorvote.com.au](http://www.investorvote.com.au) or scan the QR Code with your mobile device.
- Follow the instructions on the secure website to vote.

### Your access information that you will need to vote:

**Control Number: 999999**

**SRN/HIN: I9999999999 PIN: 99999**

PLEASE NOTE: For security reasons it is important that you keep your SRN/HIN confidential.



 **For your vote to be effective it must be received by 10.00am (AWST) Monday, 17 November 2014**

### How to Vote on Items of Business

All your securities will be voted in accordance with your directions.

#### Appointment of Proxy

**Voting 100% of your holding:** Direct your proxy how to vote by marking one of the boxes opposite each item of business. If you do not mark a box your proxy may vote or abstain as they choose (to the extent permitted by law). If you mark more than one box on an item your vote will be invalid on that item.

**Voting a portion of your holding:** Indicate a portion of your voting rights by inserting the percentage or number of securities you wish to vote in the For, Against or Abstain box or boxes. The sum of the votes cast must not exceed your voting entitlement or 100%.

**Appointing a second proxy:** You are entitled to appoint up to two proxies to attend the meeting and vote on a poll. If you appoint two proxies you must specify the percentage of votes or number of securities for each proxy, otherwise each proxy may exercise half of the votes. When appointing a second proxy write both names and the percentage of votes or number of securities for each in Step 1 overleaf.

**A proxy need not be a securityholder of the Company.**

### Signing Instructions for Postal Forms

**Individual:** Where the holding is in one name, the securityholder must sign.

**Joint Holding:** Where the holding is in more than one name, all of the securityholders should sign.

**Power of Attorney:** If you have not already lodged the Power of Attorney with the registry, please attach a certified photocopy of the Power of Attorney to this form when you return it.

**Companies:** Where the company has a Sole Director who is also the Sole Company Secretary, this form must be signed by that person. If the company (pursuant to section 204A of the Corporations Act 2001) does not have a Company Secretary, a Sole Director can also sign alone. Otherwise this form must be signed by a Director jointly with either another Director or a Company Secretary. Please sign in the appropriate place to indicate the office held. Delete titles as applicable.

### Attending the Meeting

Bring this form to assist registration. If a representative of a corporate securityholder or proxy is to attend the meeting you will need to provide the appropriate "Certificate of Appointment of Corporate Representative" prior to admission. A form of the certificate may be obtained from Computershare or online at [www.investorcentre.com](http://www.investorcentre.com) under the help tab, "Printable Forms".

**Comments & Questions:** If you have any comments or questions for the company, please write them on a separate sheet of paper and return with this form.

**GO ONLINE TO VOTE,  
or turn over to complete the form →**



MR SAM SAMPLE  
 FLAT 123  
 123 SAMPLE STREET  
 THE SAMPLE HILL  
 SAMPLE ESTATE  
 SAMPLEVILLE VIC 3030

**Change of address.** If incorrect, mark this box and make the correction in the space to the left. Securityholders sponsored by a broker (reference number commences with 'X') should advise your broker of any changes.



I 9999999999

IND

# Proxy Form

Please mark  to indicate your directions

## STEP 1 Appoint a Proxy to Vote on Your Behalf

XX

I/We being a member/s of BC Iron Limited hereby appoint

the Chairman of the Meeting **OR**

**PLEASE NOTE:** Leave this box blank if you have selected the Chairman of the Meeting. Do not insert your own name(s).

or failing the individual or body corporate named, or if no individual or body corporate is named, the Chairman of the Meeting, as my/our proxy to act generally at the Meeting on my/our behalf and to vote in accordance with the following directions (or if no directions have been given, and to the extent permitted by law, as the proxy sees fit) at the Annual General Meeting of BC Iron Limited to be held at BDO Perth, 38 Station Street, Subiaco, Western Australia on Wednesday, 19 November 2014 at 10.00am (AWST) and at any adjournment or postponement of that Meeting.

**Chairman authorised to exercise undirected proxies on remuneration related resolutions:** Where I/we have appointed the Chairman of the Meeting as my/our proxy (or the Chairman becomes my/our proxy by default), I/we expressly authorise the Chairman to exercise my/our proxy on Resolutions 1, 7 and 8 (except where I/we have indicated a different voting intention below) even though Resolutions 1, 7 and 8 are connected directly or indirectly with the remuneration of a member of key management personnel, which includes the Chairman.

**Important Note:** If the Chairman of the Meeting is (or becomes) your proxy you can direct the Chairman to vote for or against or abstain from voting on Resolutions 1, 7 and 8 by marking the appropriate box in step 2 below.

## STEP 2 Items of Business

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

		For	Against	Abstain
Resolution 1	Adoption of Remuneration Report	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 2	Re-Election of Mr Anthony Kiernan as Director	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 3	Re-Election of Mr Malcolm McComas as Director	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 4	Election of Mr Peter Wilshaw as Director	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 5	Election of Mr Brian O'Donnell as Director	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 6	Election of Mr Alwyn Vorster as Director	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 7	Grant of Performance Rights to Mr Morgan Ball	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 8	Remuneration of Non-Executive Directors	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

The Chairman of the Meeting intends to vote undirected proxies in favour of each item of business. In exceptional circumstances, the Chairman of the Meeting may change his/her voting intention on any resolution, in which case an ASX announcement will be made.

## SIGN Signature of Securityholder(s) *This section must be completed.*

Individual or Securityholder 1

Sole Director and Sole Company Secretary

Securityholder 2

Director

Securityholder 3

Director/Company Secretary

Contact Name

Contact Daytime Telephone

Date / /