

**ASX Announcement**

ASX Code: BCI

[www.asxonline.com.au](http://www.asxonline.com.au)

23 October 2015

**2015 Notice of Annual General Meeting**

In accordance with Listing Rule 3.17, BC Iron Limited (ASX Code: BCI) advises that the Notice of Annual General Meeting and Explanatory Statement, Proxy Form and Voting Instruction Form attached to this announcement will be despatched to shareholders today.

For those shareholders who have elected to receive a hard copy of the Company's 2015 Annual Report, this will also be despatched today. A copy of the Company's 2015 Annual Report is also available on the Company's website ([www.bcion.com.au](http://www.bcion.com.au)).

The Annual General Meeting will be held at 10.00am (AWST) on Tuesday 24 November 2015 at the offices of BDO Perth, 38 Station Street, Subiaco, Western Australia.

Yours sincerely



Hayley McNamara  
Company Secretary



**BC IRON**  
LIMITED

**BC IRON LIMITED**  
ABN 21 120 646 924

# **2015 Notice of Annual General Meeting and Explanatory Statement**

**Annual General Meeting to be held at  
BDO Perth, 38 Station Street, Subiaco, Western Australia  
on Tuesday, 24 November 2015 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

---

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, Subiaco, Western Australia on Tuesday, 24 November 2015 commencing at 10.00am (AWST). Registration will open at 9:30am (AWST).

## BUSINESS OF THE MEETING

### FINANCIAL STATEMENTS AND REPORTS 2015

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 2015.

Copies of these reports have been sent to requesting 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 2015.***

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 2016 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 2016 Annual General Meeting. This spill resolution would be included in the 2016 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 ANDREW HASLAM AS DIRECTOR**

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

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

**RESOLUTION 3 – ELECTION OF MR MARTIN BRYANT AS DIRECTOR**

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

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

**RESOLUTION 4 – GRANT OF PERFORMANCE RIGHTS TO MR MORGAN BALL FOR THE FINANCIAL YEAR ENDED 30 JUNE 2015 (VESTING SUBJECT TO COMPANY PERFORMANCE FOR THE PERIOD 1 JULY 2015 TO 30 JUNE 2018)**

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 a further 584,200 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 ended 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. The grant of the further 584,200 performance rights are in addition to the 175,000 performance rights (and the issue of Shares if those performance rights vest) with respect to the financial year ended 30 June 2015, which were approved at the 2014 Annual General Meeting and granted to Mr Ball on 9 September 2015.*

**Voting exclusion:**

The Company will disregard any vote cast on Resolution 4 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 4 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 4 is connected directly or indirectly with remuneration of a member of the Key Management Personnel.

**RESOLUTION 5 – GRANT OF PERFORMANCE RIGHTS TO MR MORGAN BALL FOR THE FINANCIAL YEAR ENDED 30 JUNE 2016 (VESTING SUBJECT TO COMPANY PERFORMANCE FOR THE PERIOD 1 JULY 2016 TO 30 JUNE 2019)**

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 1,500,000 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 2016, in accordance with the Plan and on the terms set out in the Explanatory Statement.*

**Voting exclusion:**

The Company will disregard any vote cast on Resolution 5 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 5 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 5 is connected directly or indirectly with remuneration of a member of the Key Management Personnel.

**By order of the Board of Directors**



**Hayley McNamara**  
Company Secretary  
16 October 2015

## 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 Limited **no later than 10.00am (AWST) on Sunday 22 November 2015**, 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 Limited, Level 11 172 St George's Terrace Perth Western Australia 6000

By mail: Computershare Investor Services Pty Limited, 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 (AWST) on Sunday 22 November 2015.



# BC IRON

LIMITED

BC Iron Limited  
ABN 21 120 646 924

---

## Explanatory Statement

---

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 Tuesday, 24 November 2015 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 2015

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 requesting 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 2015 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.

---



**BC IRON**

LIMITED

BC Iron Limited  
ABN 21 120 646 924

---

**RESOLUTION 2 – RE-ELECTION OF MR ANDREW HASLAM 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 Haslam 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 Haslam is included in the 2015 Annual Report which has been sent to requesting Shareholders and is also available on the Company’s website – [www.bcion.com.au](http://www.bcion.com.au).

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

**RESOLUTION 3 – ELECTION OF MR MARTIN BRYANT AS DIRECTOR**

Mr Bryant 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 Bryant is required to retire at the Annual General Meeting, and being eligible, offers himself for election as a Director.

Further information on Mr Bryant is included in the 2015 Annual Report which has been sent to requesting Shareholders and is also available on the Company’s website – [www.bcion.com.au](http://www.bcion.com.au).

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





# BC IRON

LIMITED

BC Iron Limited  
ABN 21 120 646 924

## RESOLUTIONS 4 AND 5 – GRANT OF PERFORMANCE RIGHTS TO MR MORGAN BALL

### Background

Shareholder approval is being sought for the grant of the following performance rights to the Managing Director of the Company, Mr Morgan Ball, in accordance with the BC Iron Employee Performance Rights Plan (“Plan”):

- a. 584,200 performance rights for the financial year ended 30 June 2015 (vesting subject to Company performance for the period 1 July 2015 to 30 June 2018); and
- b. up to a maximum of 1,500,000 performance rights for the financial year ended 30 June 2016 (vesting subject to Company performance for the period 1 July 2016 to 30 June 2019).

### Information on the 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 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.

### 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*

Under the Plan, eligible employees, including Mr Ball, may, in respect of a financial year, be invited to apply for, and if that application is accepted, will be granted, the number of performance rights to be determined in accordance with the following formula:

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

(“Issue Formula”)



# BC IRON

LIMITED

BC Iron Limited  
ABN 21 120 646 924

---

Where:

‘P’ is the whole number of performance rights under the Plan for which the eligible employee will be invited to apply;

‘Y’ is the relevant percentage of the eligible employee’s fixed base salary plus superannuation payable for the applicable period;

‘S’ is the sum of the eligible employee’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*

Performance rights granted under the Plan 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 three 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:

<b>BC Iron TSR rank</b>	<b>Performance rights vesting</b>
TSR at or above 75th percentile of peer group	100%
TSR between 50th and 75th percentile of peer group	Pro-rata 50 – 100%
TSR below 50th 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 an eligible employee, including 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.

### **Approvals 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:

- a. as set out in Resolution 4, a further 584,200 performance rights for year ended 30 June 2015 to Mr Ball in addition to the 175,000 performance rights granted to Mr Ball on 9 September 2015 (as approved at the Company's 2014 Annual General Meeting). 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; and
- b. as set out in Resolution 5, up to a maximum of 1,500,000 performance rights for year ended 30 June 2016 to Mr Ball. These performance rights will not vest into Shares until 1 July 2019, 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.

### **Performance rights for the financial year ended 30 June 2015 (vesting subject to Company performance for the period 1 July 2015 to 30 June 2018)**

At the Company's 2014 Annual General Meeting held on 19 November 2014, Shareholder approval was sought and obtained for the issue of 175,000 performance rights for year ended 30 June 2015 to Mr Ball. That approval was sought and obtained on the basis that the actual number of performance rights to be granted would be calculated after 30 June 2015 based on the Issue Formula.

As at 30 June 2015, under his employment agreement, Mr Ball was entitled to receive fixed annual remuneration of a base salary, plus statutory superannuation, of \$711,750.

When applying the Issue Formula for the financial year ended 30 June 2015 (and using 0.4 as Y, \$711,750 as 'S', and a VWAP of 37.5c), Mr Ball was entitled to be granted a total of 759,200 performance rights. As noted above, as Shareholder approval was only obtained for the grant of 175,000 performance rights, Shareholder approval is now being sought to grant Mr Ball the remaining 584,200 performance rights for the financial year ended 30 June 2015.

It is noted that, while Mr Ball was entitled to a short-term incentive under the terms of his existing employment contract, in light of the market conditions prevailing as at 30 June 2015, the Company elected to not pay any short-term incentive to Mr Ball for the financial year ended 30 June 2015.

### **Performance rights for the financial year ended 30 June 2016 (vesting subject to Company performance for the period 1 July 2016 to 30 June 2019)**

As announced on 6 October 2015, the Company and Mr Ball have entered into a new employment contract which will have effect on and from 1 January 2016. Under the terms of that new contract, Mr Ball will be entitled to receive fixed annual remuneration of a base salary, plus statutory superannuation, of \$602,250. 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.

Based on Mr Ball's revised fixed annual remuneration of \$602,250 commencing on 1 January 2016, Shareholder approval is now being sought to grant Mr Ball up to a maximum of 1,500,000 performance rights for the year ending 30 June 2016.

### **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 approved 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 approved at the 2012 Annual General Meeting. These performance rights vested and all converted to Shares on 1 July 2014.
- The grant of 73,614 performance rights to Mr Ball in relation to the year ended 30 June 2013 was approved at the 2012 Annual General Meeting. These performance rights did not vest and were cancelled on 1 July 2015.
- The grant of up to 150,000 performance rights to Mr Ball in relation to the year ended 30 June 2014 was approved 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.
- The grant of up to 175,000 performance rights to Mr Ball in relation to the year ended 30 June 2015 was approved at the 2014 Annual General Meeting. An allocation of 175,000 performance rights in relation to the year ended 30 June 2015 was made on 9 September 2015.
- 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 granted:

- a. 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
- b. in relation to the year ending 30 June 2016 will not vest until 1 July 2019 at the earliest (again, subject to the satisfaction of the performance conditions),

and require Mr Ball to be an employee of the Company at that relevant 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.

### **Summary**

For additional clarity, if Resolutions 4 and 5 are approved by Shareholders, the performance rights to be granted to Mr Ball will be calculated and treated as follows:

- On or about 27 November 2015, Mr Ball will be granted, at no cost, an additional 584,200 performance rights for the year ended 30 June 2015.
- 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.
- On or about 1 July 2016, Mr Ball will be granted, 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 2016 and the Company’s VWAP over the 30 days to 30 June 2016. The maximum number of performance rights that could be granted (unless further approval is subsequently obtained) will be 1,500,000.

- On 30 June 2019, the performance of the Company will be evaluated over the period 1 July 2016 to 30 June 2019 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 granted 60,000 performance rights in July 2016. If the Company's TSR was at the 50% percentile for the three year period from 1 July 2016 to 30 June 2019, this would mean that only 50% of the performance rights would vest into Shares. So, of the 60,000 performance rights granted to the employee in 2016, 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 2016 to 30 June 2019, 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 current remuneration package are included in the Company's Remuneration Report set out in the Company's Annual Report, and information regarding Mr Ball's new employment contract (which will commence on 1 January 2016) can be found in the Company's announcement on 6 October 2015.

### **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. It is proposed that Mr Ball be granted 584,200 performance rights for the financial year ended 30 June 2015 (calculated in accordance with the Issue Formula and taking into account the performance rights previously approved to be granted to Mr Ball at the Company's 2014 Annual General Meeting for the financial year ended 30 June 2015).
- b. The maximum number of performance rights that can be granted to Mr Ball is 1,500,000 (unless further approval is subsequently obtained) for the financial year ending 30 June 2016, with the actual number to be determined in accordance with the Issue Formula.
- c. The price payable on the issue or exercise of each performance right is nil.

- d. Shareholders last approved the grant of performance rights to Directors under the Plan at the Company's 2014 Annual General Meeting. Of these, 175,000 performance rights were approved to be granted to Mr Ball in relation to the year ended 30 June 2015. They were subsequently granted, for nil consideration, on 9 September 2015.
- e. Mr Morgan Ball is the only person referred to in Listing Rule 10.14 entitled to participate in the Plan.
- f. There are no loans proposed in relation to the grant of the performance rights to Mr Ball.
- g. The performance rights that are granted to Mr Ball are intended to be granted on or about:
  - i. 27 November 2015 in respect of the performance rights for the financial year ended 30 June 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); and
  - ii. on or around 1 July 2016 in respect of the performance rights for the financial year ended 30 June 2016 (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 Resolutions 4 and 5.

## 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>	For performance rights granted in respect of the financial year ended 30 June 2015:  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.  For performance rights granted in respect of the financial year ending 30 June 2016: Atlas Iron Limited Brockman Mining Limited Doray Minerals Limited Flinders Mines Limited Gindalbie Metals Ltd Grange Resources Limited Hillgrove Resources Limited Mincor Resources NL Mount Gibson Iron Limited Paladin Energy Ltd Panoramic Resources Limited Ramelius Resources 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

**Proxy Form**

**XX**



**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:**

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) Sunday, 22 November 2015**

**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 →**

**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.

# 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 Tuesday, 24 November 2015 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, 4 and 5 (except where I/we have indicated a different voting intention below) even though Resolutions 1, 4 and 5 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, 4 and 5 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 Andrew Haslam as Director	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 3	Election of Mr Martin Bryant as Director	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 4	Grant of performance rights to Mr Morgan Ball for the financial year ended 30 June 2015 (vesting subject to Company performance for the period 1 July 2015 to 30 June 2018)	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 5	Grant of performance rights to Mr Morgan Ball for the financial year ended 30 June 2016 (vesting subject to Company performance for the period 1 July 2016 to 30 June 2019)	<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 / /