



NORTHERN IRON

ABN 71 125 264 575

NOTICE OF ANNUAL GENERAL MEETING

Venue:

**Conference Suite
Exchange Plaza
Level 8, 2 The Esplanade
Perth, Western Australia**

Time:

10.30 am (WST)

Date:

Wednesday, 23 May 2012

This Notice should be read in its entirety. If Shareholders are in doubt as to how they should vote, they should seek advice from their accountant, stockbroker or other professional adviser prior to voting.

Should you wish to discuss any matter please do not hesitate to contact the Company Secretary by telephone on +61 8 9321 9334.

NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that the 2012 Annual General Meeting of Shareholders of Northern Iron Limited (**NORTHERN IRON** or **Company**) will be held at 10.30 am (WST) on Wednesday, 23 May 2012 at Exchange Plaza Conference Suite, Exchange Plaza, Level 8, 2 The Esplanade, Perth, Western Australia ("Meeting").

The attached Proxy Form forms part of this Notice of Annual General Meeting (**Notice**).

Please note terms used in the Resolutions contained in this Notice have the same meaning as set out in the glossary of the Explanatory Statement accompanying this Notice.

The Directors have determined pursuant to regulation 7.11.37 of the Corporations Regulations 2001 (Cth) that the persons eligible to vote at the Meeting are those who are registered as Shareholders of the Company at 5.00pm on 21 May 2012 (WST).

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 of the Company.

Shareholders holding 2 or more shares can appoint either 1 or 2 proxies. If 2 proxies are appointed, the appointing shareholder can specify what proportion of their votes they want each proxy to exercise. If no proportion is specified, each proxy may exercise half the member's votes. Neither proxy may vote on a show of hands.

If the Chairman of the meeting is appointed, or taken to be appointed, as a proxy, but the appointment does not specify the way to vote on a resolution, then the Chairman intends to exercise all available votes in favour of the relevant resolution.

In accordance with the Corporations Act 2001 (Cth), any directed proxies that are not voted on a poll at the meeting will automatically default to the Chairman of the meeting, who is required to vote proxies as directed.

Directing your proxy for Resolution 1 (Remuneration Report)

The key management personnel of the Company (which includes each of the directors and executives named in the Company's 2011 Remuneration Report) and their closely related parties will not be able to vote as your proxy on Resolution 1 unless you tell them how to vote. If you intend to appoint a member of the key management personnel or one of their closely related parties as your proxy, please ensure that you direct them how to vote on Resolution 1.

If the Chairman of the Meeting is appointed, or taken to be appointed, as a proxy, Shareholders can direct the Chairman of the meeting to vote for or against, or to abstain from voting on, Resolution 1 by marking the appropriate box opposite Resolution 1 on the proxy form. However, if the Chairman of the Meeting is the proxy and the relevant Shareholder does not mark any of the boxes opposite Resolution 1, the relevant Shareholder will be deemed to have directed the Chairman to vote in favour of Resolution 1.

AGENDA

Financial Statement and Reports

To receive and consider the annual financial report of the Company and its controlled entities for the financial year ended 31 December 2011 together with a directors' report in relation to that financial year and the auditors' report on the financial report.

Resolution 1: Remuneration Report

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

"That the Remuneration Report of the Company and the entities it controlled during the year ended 31 December 2011 be adopted"

Note: the vote on this resolution is advisory only and does not bind the Directors or the Company

Voting exclusion statement

Votes cannot be cast on Resolution 1 by or on behalf of a member of the Company's key management personnel or any of their closely related parties (such as close family members and any controlled companies), unless the vote is cast as proxy for a person who is entitled to vote, in accordance with the directions on the Proxy Form specifying how the proxy is to vote..

Resolution 2: Re-election of Director - Mr David Griffiths

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

"That Mr David Griffiths who retires by rotation in accordance with the Company's Constitution and, being eligible, offers himself for re-election, be re-elected as a director."

Resolution 3: Re-election of Director - Mr Peter Bilbe

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

"That Mr Peter Bilbe who retires by rotation in accordance with the Company's Constitution and, being eligible, offers himself for re-election, be re-elected as a director."

Resolution 4: Ratification of Prior Issue of Shares

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

"That for the purpose of Listing Rule 7.4 and for all other purposes, the Company ratifies the issue of 31,250,000 fully paid ordinary shares in the Company at an issue price of A\$0.64 per share on or around 6 December 2011 to the parties and otherwise on the terms set out in the Explanatory Statement accompanying this Notice of Meeting."

Voting exclusion statement

In accordance with Listing Rule 7.5.6 the Company will disregard any votes cast on this Resolution by any person who participated in the issue and a person who might obtain a benefit, except a benefit solely in the capacity of a holder of ordinary securities, and any associates of those persons. However, the Company need not disregard a vote if 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
- 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)

By Order of the Board



Alex Neuling
Secretary
17 April 2012

EXPLANATORY STATEMENT

This Explanatory Statement has been prepared for the information of Shareholders in relation to the business to be conducted at the Meeting.

The purpose of this Explanatory Statement is to provide Shareholders with all information known to the Company which is material to a decision on how to vote on the resolutions in the accompanying Notice. If you have any questions regarding the matters set out in this Explanatory Statement or the preceding Notice, please contact the Company, your stockbroker or other professional adviser.

This Explanatory Statement should be read in conjunction with the Notice. Capitalised terms in the Explanatory Statement are defined in the Glossary.

Financial Statements and Reports

The Corporations Act requires the Financial Report (which includes financial statements, notes to the financial statements and the Directors' declaration), the Directors' Report and the auditor's report to be laid before the Meeting. There is no requirement, either in the Corporation Act or the Company's Constitution, for Shareholders to approve the Financial Report, Directors' Report or the auditor's report.

Shareholders will be given a reasonable opportunity to ask questions and make comments on these reports and on the business, operations and management of the Company.

A representative from the audit firm will be attending the Meeting and will be available to answer questions from Shareholders relevant to:

- the conduct of the audit;
- the preparation and content of the auditors' report;
- the accounting policies adopted by the Company in relation to the preparation of the financial statements; and
- the independence of the auditors in relation to the conduct of the audit.

Resolution 1: Remuneration Report

Shareholders are entitled to vote on the question of whether the Remuneration Report as contained in the Annual Report for the year ended 31 December 2011 is to be adopted. The Remuneration Report details the Company's policy on remuneration of non-executive Directors, the CEO and senior executives. Shareholders should note that Resolution 1 is an "advisory only" resolution which 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.

Further, under recent amendments to the Corporations Act, if 25% or more of the votes cast on Resolution 1 are against adoption of the Remuneration Report, then:

- if comments are made on the Remuneration Report at the Annual General Meeting, the Company's remuneration report for the financial period ending 31 December 2012 will be required to include an explanation of the Board's proposed action in response or, if no action is proposed, the Board's reasons for this; and
- if, at the Company's 2013 Annual General Meeting, 25% or more of the votes cast on the resolution for the adoption of the remuneration report for the financial year ending 31 December 2012 are against its adoption, the Company must put to its shareholders a resolution (**Spill Resolution**) proposing that an extraordinary general meeting (**Spill Meeting**) be held within 90 days of the date of the 2013 Annual General Meeting. Where a Spill Resolution is carried (i.e. more than 50% of the votes cast on the Spill Resolution are in favour of the Spill Resolution), all of the directors in office at the 2013 Annual General Meeting (other than the Managing Director) will cease to hold office immediately before the end of the Spill Meeting, unless they are re-elected at the Spill Meeting.

The Chairman will give Shareholders a reasonable opportunity to ask about, or make comments on, the Remuneration Report.

Resolutions 2 & 3: Re-Election of Directors

In accordance with Listing Rule 14.4 and clause 3.6 of the Constitution, at every Annual General Meeting, one third of the Directors (or if the number of Directors is not a multiple of 3, then such number as is appropriate to ensure that no Director other than an alternate Director or the Managing Director holds office for more than 3 years without being re-elected) for the time being must retire from office by rotation and are eligible for re-election. The Directors to retire are those who have been in office for 3 years since their appointment or last re-appointment or who have been longest in office since their appointment or last re-appointment or, if the Directors have been in office for an equal length of time, by agreement.

These requirements for a Director to retire do not apply to a Managing Director (but if there is more than one Managing Director, only one is exempt from retirement).

In determining the number and identity of the Directors to retire by rotation, the Managing Director and any Director seeking election after appointment by the Board to fill a casual vacancy are not taken into account.

Mr David Griffiths and Mr Peter Bilbe retire by rotation at this meeting and, being eligible, offer themselves for re-election.

Details of each Director's experience and qualifications are as follows:

David Griffiths

Chairman

BEC (Hons), MEd, Hon.Dec. FAICD

Appointed a Director on 5 November 2007

David has over 29 years' experience in senior financial and executive roles in a wide range of industries, and is a former Division Director of Macquarie Bank. Prior to this role, David was Executive Chairman of Perth stockbroking firm Porter Western.

David holds an Honours Degree in Economics and an Honorary Doctor of Economics from The University of Western Australia, a Masters Degree in Economics from Australian National University and is a Fellow of the Australian Institute of Company Directors. David also sits on the Board of the Perth International Arts Festival.

Mr Griffiths is a member of the Remuneration, Nomination, and Governance and Audit Committees.

Peter Bilbe

Non-Executive Director

BE (Mining) (Hons), MAusIMM

Appointed a Director on 5 November 2007

Peter has over 31 years' experience in senior operational and corporate roles in the resources sector both in Australia and overseas and until January 2007 was Managing Director and Chief Executive Officer of Aztec Resources Limited which successfully developed the Koolan Island iron ore project.

Peter has significant experience as a mining engineer, and prior to his role with Aztec Resources Limited was General Manager of Operations for Portman Limited, managing the Koolyanobbing and Cockatoo Island iron ore projects.

Mr Bilbe is a member of the Remuneration, Nomination, and Governance Committee, and Chairman of the Audit Committee.

The Directors recommend that Shareholders vote in favour of Resolutions 2 and 3.

Resolution 4: Ratification of Prior Share Issue

Background

On 30 November 2011 the Company announced to ASX that it would offer 31,250,000 new shares to sophisticated and professional investors to raise a minimum of approximately \$25 million before costs (**Institutional Placement**). The fixed price per Share of the Institutional Placement represented a 7.9% discount to the last traded price on 28 November 2011 and a discount of 8.7% to the 5 day volume weighted average price for the immediately preceding period. Placement allocations were determined by the Board in conjunction with Macquarie Capital (Australia) Limited and Euroz Securities Limited, the Joint Lead Managers and Bookrunners to the Institutional Placement.

Reason for Shareholder approval

Listing Rule 7.1 provides that, in general, a company must not issue or agree to issue more than 15% of its issued capital in any 12 month period without shareholder approval (subject to the qualifications and adjustments that are set out in the Listing Rule). The issue of the Shares under the Institutional Placement was below the 15% threshold. While Shareholder approval of the Shares issued under the Institutional Placement was not required at the time of issue, the effect was to reduce the Company's capacity to issue additional Shares in the future without Shareholder approval.

The Company has no current intention of issuing additional shares, it is considered prudent, however, to refresh the Company's ability to issue new securities up to the 15% threshold without having to again obtain Shareholder approval in order to enable the Company to respond quickly to any need to issue Shares in the future, if the Board believes this to be in the best interests of the Company. This can be done under Listing Rule 7.4 by seeking Shareholder ratification of the Shares issued under the Institutional Placement.

Listing Rule 7.5

In accordance with the requirements of Listing Rule 7.5, the following information is provided to Shareholders in relation to Resolution 4:

- 31,250,000 Shares were issued to sophisticated investors on or around 6 December 2011; at an issue price of A\$0.64 per Share;
- The Shares issued rank equally with existing Shares;
- Allottees were determined by the Board in conjunction with the Joint Lead Managers and Bookrunners; and
- The purpose of the issue was to augment the Company's working capital during a period of production ramp-up during 2012 and the carrying-out of a review of the Company's strategic options.

Directors' Recommendations

The Board unanimously recommends that Shareholders vote in favour of Resolution 4.

Glossary

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

| | |
|-----------------------------------|--|
| ASIC | Australian Securities and Investments Commission |
| Associates | Has the meaning given to it in Division 2 of Part 1.2 of the Corporations Act |
| ASX | ASX Limited ABN 98 008 624 691 and, where the context permits, the Australian Securities Exchange operated by ASX Limited |
| Board | The Board of Directors |
| Chair or Chairman | Mr David Griffiths or such other person appointed chairman in accordance with the Constitution |
| Company | Northern Iron Limited ACN 125 264 575 |
| Constitution | The constitution of the Company |
| Corporations Act | <i>Corporations Act 2001 (Cth)</i> |
| Director | A director of the Company |
| Explanatory Statement | The information attached to the Notice, which provides information to Shareholders about the Resolutions contained in the Notice |
| Listing Rules | The listing rules of ASX |
| Meeting or General Meeting | The general meeting convened by the Notice |
| Resolution | A resolution set out in the Notice |
| Notice | The notice of meeting which accompanies this Explanatory Statement |
| Share | Fully paid ordinary share in the capital of the Company |
| Shareholder | A registered holder of a Share |
| WST | Australian Western Standard Time |



Northern Iron Limited
 ABN 71 125 264 575

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

Lodge your vote:



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 764 285
 (outside Australia) +61 3 9415 4874

Proxy Form

For your vote to be effective it must be received by 10:30am (WST) Monday 21 May 2012

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 as they choose. 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

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 under the information tab, "Downloadable 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.

Turn over to complete the form →



Update your securityholding, 24 hours a day, 7 days a week:

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Access the annual report

www.northerniron.com.au

Your secure access information is:

SRN/HIN: I9999999999



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

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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

I ND

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 Northern 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, as the proxy sees fit) at the Annual General Meeting of Northern Iron Limited to be held at the Conference Suite, Exchange Plaza, Level 8, 2 The Esplanade, Perth, Western Australia on Wednesday, 23 May 2012 at 10:30am (WST) and at any adjournment of that meeting.

Important for Item 1 - If the Chairman of the Meeting is your proxy or is appointed as your proxy by default and you do not mark any of the boxes in step 2 below on Item 1 you are directing the Chairman of the Meeting to vote in accordance with the Chairman's voting intentions as set out below and in the Notice of Meeting even though Item 1 is connected directly or indirectly with the remuneration of a member of key management personnel. Please note you can direct the Chairman of the Meeting to vote for, against or abstain from voting on Item 1 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.

| ORDINARY BUSINESS | | For | Against | Abstain |
|-------------------|--|--------------------------|--------------------------|--------------------------|
| Item 1 | Remuneration Report | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| Item 2 | Re-election of Director - Mr David Griffiths | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| Item 3 | Re-election of Director - Mr Peter Bilbe | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| Item 4 | Ratification of Prior Issue of Shares | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |

The Chairman of the Meeting intends to vote all available proxies in favour of each item of business.

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

| | | |
|--|----------------------|----------------------------|
| <input type="text"/> | <input type="text"/> | <input type="text"/> |
| Sole Director and Sole Company Secretary | Director | Director/Company Secretary |

Contact Name _____ Contact Daytime Telephone _____ Date ____/____/____