

**NORTHERN IRON LIMITED
(SUBJECT TO DEED OF COMPANY ARRANGEMENT)
ACN 125 264 575**

NOTICE OF GENERAL MEETING

**A General Meeting of the Company will be held at Level 3,
8 Colin Street, West Perth, Western Australia on Friday,
13 May 2016 at 10.00 am (WST).**

In considering the Resolutions, Shareholders must bear in mind the current financial circumstances of the Company.

If Shareholders do not approve the Recapitalisation Proposal, then the Deed Administrator will, in the absence of any other deed of company arrangement proposal or a variation to the terms of the DOCA, have no other option but to recommend to the Creditors that the Company be put into liquidation. In those circumstances, it is unlikely that there will be any return to Shareholders.

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

Should you wish to discuss any matter please do not hesitate to contact the Deed Administrator by telephone on +61 419 441 458.

Shareholders are urged to attend or vote by lodging the proxy form attached to the Notice

NORTHERN IRON LIMITED (SUBJECT TO DEED OF COMPANY ARRANGEMENT)

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NOTICE OF GENERAL MEETING

Notice is hereby given that the general meeting of Shareholders of Northern Iron Limited (Subject to Deed of Company Arrangement) (**Company**) will be held at Level 3, 8 Colin Street, West Perth, Western Australia, on Friday, 13 May 2016 at 10.00 am (WST) (**Meeting**).

The Explanatory Memorandum to this Notice provides additional information on matters to be considered at the Meeting. The Explanatory Memorandum and the Proxy Form form part of 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 on Wednesday, 11 May 2016 at 10.00 am(WST).

Terms and abbreviations used in this Notice and the Explanatory Memorandum are defined in Schedule 1.

AGENDA

1. Resolution 1 - Consolidation of capital

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

"That, subject to each of the other Recapitalisation Resolutions being passed, pursuant to and in accordance with section 254H of the Corporations Act and for all other purposes, the issued capital of the Company be consolidated on the basis that every 100 Shares be consolidated into 1 Share and, where this Consolidation results in a fraction of a Share being held, the Company be authorised to round that fraction up to the nearest whole Share."

2. Resolution 2 - Approval to issue Placement Shares

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

"That, subject to each of the other Recapitalisation Resolutions being passed, pursuant to and in accordance with Listing Rule 7.1 and for all other purposes, Shareholders approve the issue of 50,000,000 Shares (on a post-Consolidation basis) on the terms and conditions set out in the Explanatory Memorandum."

Voting Exclusion

The Company will disregard any votes cast on this Resolution by a person who may participate in the proposed issue and any person who might obtain a benefit, except a benefit solely in the capacity of a holder of ordinary securities, if this Resolution is passed, and any associates of those persons.

However, the Company will not disregard a vote if:

- (a) it is cast by a person as a 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 Chair 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.

3. Resolution 3 - Approval to issue Placement Options

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

"That, subject to each of the other Recapitalisation Resolutions being passed, pursuant to and in accordance with Listing Rule 7.1 and for all other purposes, Shareholders approve the issue of 50,000,000 Options (on a post-Consolidation basis) on the terms and conditions set out in the Explanatory Memorandum."

Voting Exclusion

The Company will disregard any votes cast on this Resolution by a person who may participate in the proposed issue and any person who might obtain a benefit, except a benefit solely in the capacity of a holder of ordinary securities, if this Resolution is passed, and any associates of those persons.

However, the Company will not disregard a vote if:

- (a) it is cast by a person as a 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 Chair 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.

4. Resolution 4 - Election of Director - Kyla Garic

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

"That, subject to each of the other Recapitalisation Resolutions being passed Kyla Garic, being eligible and offering herself for election, be elected as a Director."

5. Resolution 5 - Election of Director - Robert Jewson

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

"That, subject to each of the other Recapitalisation Resolutions being passed, Robert Jewson, being eligible and offering himself for election, be elected as a Director."

6. Resolution 6 - Election of Director - Michael Davy

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

"That, subject to each of the other Recapitalisation Resolutions being passed, Michael Davy, being eligible and offering himself for election, be elected as a Director."

7. Resolution 7 - Removal of auditor

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

"That, pursuant to and in accordance with section 329(1) of the Corporations Act and for all other purposes, approval is given for the removal of HLB Mann Judd as the current auditor of the Company effective from the date of the Meeting."

8. Resolution 8 - Appointment of auditor

To consider, and if thought fit to pass as a special resolution the following:

"That, subject to Resolution 7 being passed, pursuant to and in accordance with section 327D of the Corporations Act and for all other purposes, Ernst and Young, being qualified and having been nominated and consented in writing to act in the capacity of auditor of the Company, be appointed as auditor of the Company effective from the date of the Meeting and the Directors be authorised to agree the remuneration of Ernst and Young."

9. Resolution 9 - Replacement of Constitution

To consider, and if thought fit to pass as a special resolution the following:

"That, pursuant to and in accordance with section 136(2) of the Corporations Act and for all other purposes, approval is given for the Company to repeal its existing Constitution and adopt a new constitution in its place in the form as signed by the Chair for identification purposes, effective from the date of the Meeting."

FOR AND ON BEHALF OF THE DEED ADMINISTRATOR

James Thackray
Deed Administrator
Dated: 12 April 2016

NORTHERN IRON LIMITED (SUBJECT TO DEED OF COMPANY ARRANGEMENT)

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EXPLANATORY MEMORANDUM

1. Introduction

The Explanatory Memorandum has been prepared for the information of Shareholders in connection with the business to be conducted at the Meeting to be held at Level 3, 8 Colin Street, West Perth, Western Australia, on Friday, 13 May 2016 at 10.00 am (WST).

The Explanatory Memorandum forms part of the Notice, which should be read in its entirety. The Explanatory Memorandum contains the terms and conditions on which the Resolutions will be voted.

The Explanatory Memorandum includes the following information to assist Shareholders in deciding how to vote on the Resolutions:

Section 2	Action to be taken by Shareholders
Section 3	Overview
Section 4	Resolution 1 - Consolidation of capital
Section 5	Resolution 2 - Approval to issue Placement Shares
Section 6	Resolution 3 - Approval to issue Placement Options
Section 7	Resolution 4 - Election of Director - Kyla Garic
Section 8	Resolution 5 - Election of Director - Robert Jewson
Section 9	Resolution 6 - Election of Director - Michael Davy
Section 10	Resolution 7 - Removal of auditor
Section 11	Resolution 8 - Appointment of auditor
Section 12	Resolution 9 - Replacement of Constitution
Schedule 1	Definitions
Schedule 2	Terms and Conditions of Placement Options
Annexure A	Nomination of auditor

A Proxy Form is located at the end of the Explanatory Memorandum.

2. Action to be taken by Shareholders

Shareholders should read the Notice including the Explanatory Memorandum carefully before deciding how to vote on the Resolutions.

A Proxy Form is attached to this Explanatory Memorandum. This is to be used by Shareholders if they wish to appoint a representative (a 'proxy') to vote in their place. All Shareholders are invited and encouraged to attend the Meeting or, if they are unable to attend in person, sign and return the Proxy Form to the Company in accordance with the instructions thereon. Lodgement of a Proxy Form will not preclude a Shareholder from attending and voting at the Meeting in person.

Please note that:

- (a) a member of the Company entitled to attend and vote at the Meeting is entitled to appoint a proxy;
- (b) a proxy need not be a member of the Company; and
- (c) a member of the Company entitled to cast two or more votes may appoint two proxies and may specify the proportion or number of votes each proxy is appointed to exercise, but where the proportion or number is not specified, each proxy may exercise half of the votes.

The enclosed Proxy Form provides further details on appointing proxies and lodging Proxy Forms.

The Chair intends to exercise all available proxies in favour of all Resolutions.

3. Overview

3.1 Background

The Company was incorporated on 22 May 2007 and admitted to the Official List of ASX on 13 December 2007. The Company is an ASX-listed iron ore exploration and production company. Its principal activities in the past were production of magnetite iron concentrate in northern Norway via its wholly-owned Norwegian subsidiary Sydvaranger Gruve AS (SVG).

The Company's securities were suspended from official quotation on 16 November 2015 at the request of the Company, and have remained suspended since that date.

SVG operated the Sydvaranger Iron Project in Kirkeness, in Northern Norway. On 18 November 2015, the board of SVG filed for bankruptcy under Norwegian law. The SVG bankruptcy administrator has since placed the Sydvaranger Iron Project into care and maintenance, and has been undertaking a sale process for the assets of SVG in Norway.

The Company provided guarantees to the following SVG creditors:

- (a) DNB Bank ASA (financier and secured creditor of SVG);
- (b) Innovasjon Norge (financier and secured creditor of SVG); and
- (c) Orica Norway (supplier to SVG).

SVG's debts owed to the three creditors listed above are estimated at \$111 million. These debts are unsecured liabilities of the Company, pursuant to the guarantee agreements with the respective creditors of SVG.

The Company is a significant subordinated secured creditor in the SVG bankruptcy, however, there are a number of secured creditors of SVG who have priority claims against the net realisation proceeds from the SVG assets. The Company's claims against SVG are subordinated to those of the secured creditors. It is unlikely that there will be any return to the SVG unsecured creditors from the net proceeds of realisation of the SVG assets after the SVG secured claims are dealt with. As a result, the Company's investment in SVG is not considered to have any further value.

On 19 November 2015, the Company's directors resolved to appoint Mr James Thackray of The Headquarters Corporate Advisory as voluntary administrator of the Company.

3.2 Otsana Recapitalisation Proposal

A recapitalisation proposal typically involves an injection of new cash into a company that is either in financial distress or has been placed into voluntary administration. In the ordinary course, the entity will retain some or all of its assets and seek reinstatement to trading following completion of the recapitalisation.

At the Second Meeting of creditors of the Company held on 24 March 2016, the creditors resolved that the Company execute a deed of company arrangement (DOCA) and that Mr James Thackray be appointed as administrator of the DOCA (Deed Administrator). The DOCA was executed by the Company, the Deed Administrator and Otsana Capital (Otsana) on 24 March 2016 and embodies a proposal by Otsana for the recapitalisation of the Company (Recapitalisation Proposal).

The Deed Administrator estimates that the claims of the Company's creditors are approximately \$111,773,700 owing to unsecured creditors (including approximately \$111,170,000 contingent liability outstanding guarantee creditors of SVG).

If the Recapitalisation Proposal is approved and the DOCA completes, all claims of creditors against the Company will be extinguished, discharged and released.

A summary of the material terms of the Recapitalisation Proposal is set out below:

- (a) the Company and the Deed Administrator will establish the Creditors' Trust, with the Deed Administrator acting as trustee;
- (b) the assets of the Company will be transferred to the Creditors' Trust, including an amount of \$425,000 to be comprised of:
 - (i) \$100,000 (Deposit), paid by Otsana upon execution of the DOCA; and
 - (ii) \$325,000 (Recapitalisation Payment), to be paid by Otsana upon Shareholder approval of the Recapitalisation Resolutions. The Deposit and Recapitalisation Payment are to be repaid to Otsana upon reinstatement of the Company's securities to the Official List;
- (c) all creditors will be required to prove debts against the Trustee of the Creditors' Trust as if they were claimed in a liquidation of the Company and payments in respect of admitted claims of the Creditors will be made in accordance with the DOCA and the Creditors' Trust Deed;

- (d) upon completion of the DOCA, the funds in the Creditors' Trust will be distributed as follows:
 - (i) first, to the Deed Administrator and Trustee for administering the DOCA and the Creditors' Trust;
 - (ii) second, to any priority Creditors pro rata according to the amount for which each creditor shall be admitted to proof pursuant to the Creditors' Trust Deed; and
 - (iii) third, the remainder (if any) to be distributed to unsecured Creditors;
- (e) the Deed Administrator will cause the current Company Secretary and Directors of the Company to be removed and appoint nominees of Otsana Capital as Company Secretary and Directors of the Company;
- (f) all security over the Company's assets will be discharged and released;
- (g) the Company will undertake the Consolidation;
- (h) the Company will raise \$3,700,500 (before costs) via the following capital raisings:
 - (i) \$3,700,000 from the issue of up to 185,000,000 Shares; and
 - (ii) \$500 from the issue of up to 50,000,000 Placement Shares to clients of Otsana; and
- (i) the Company will issue such other securities as are required by Otsana.

Key conditions precedent for completion of the DOCA include:

- (j) payment of the Deposit and Recapitalisation Payment;
- (k) all subsidiaries being excised from the Company;
- (l) termination or repudiation of existing employment and service contracts; and
- (m) Shareholder approval being obtained to give effect to the Recapitalisation Proposal.

For the avoidance of doubt, upon completion of the DOCA the Company will be debt free and no security will exist over it or any of its assets.

The conditions precedent must be satisfied by 30 June 2016 or such later date as may be agreed in writing between the Deed Administrator and Otsana.

From termination of the DOCA, control of the Company reverts to the officers of the Company.

3.3 Creditors' Trust Deed

A creditors' trust is a mechanism used to accelerate a company's exit from external administration. Under the terms of a deed of company arrangement, a trust is created and the company's obligations to creditors which are bound by the deed of company arrangement are then compromised and transferred to the trust. Creditors

become beneficiaries of the trust. The purpose of the trust is to deal with the debts and claims against the company that, but for the release of claims under the deed of company arrangement, would have been payable by the company.

The deed of company arrangement terminates upon creation of the trust. When the deed of company arrangement terminates, the company ceases to be externally administered and the directors regain full control of the company.

The DOCA provides for the creation of a creditors' trust to which the assets of the Company will be transferred and realised in satisfaction of Creditors' claims. The assets of the Creditors' Trust will comprise the Deposit, the Recapitalisation Payment and any remaining assets of the Company that are realised by the Deed Administrator or Trustee.

Distribution of the fund by the Trustee is first, to satisfy the Deed Administrator's and Trustee's costs in administering the DOCA and the Creditors' Trust, next to satisfy any priority Creditors who have had their claims accepted by the Deed Administrator or Trustee, rateably, and lastly, any remainder is to unsecured Creditors.

3.4 New directors

As noted above, it is a term of the DOCA that the existing directors are removed and nominees of Otsana be appointed to the Board. Accordingly, the Company seeks Shareholder approval of Resolutions 4, 5 and 6 for the appointment of Kyla Garic, Robert Jewson and Michael Davy as Directors of the Company. Following Shareholder approval, the Deed Administrator will remove the incumbent directors Mr Peter Bilbe, Mr Antony Beckmand, Mr Ashwath Mehra, Mr Felix Tschudi and Mr Peter Larsen (alternate director for Mr Tschudi) as Directors.

3.5 Indicative capital structure

The current capital structure of the Company is as follows:

Security	Number
Shares	484,405,314

Note: The Company previously had 1,000,000 performance rights on issue, held by employees. All performance rights lapsed upon the Administrator terminating all employment contracts.

Upon completion of the Recapitalisation Proposal (including the Consolidation), the Company's indicative capital structure will be as follows:

Shares	Number	%
Existing Shares (post-Consolidation and subject to rounding)	4,844,053	8.83
Placement Shares (Resolution 2)	50,000,000	91.17
Total Shares	54,844,053	100.00

Options	Number	%
Existing Options	0	0
Placement Options (Resolution 3)	50,000,000	100.00
Total Options	50,000,000	100.00

No party, alone or by association, will have a relevant interest of more than 20% of the voting power of the Company upon completion of the DOCA.

3.6 Reinstatement to official quotation

The Company's securities have been suspended from official quotation since 17 November 2015.

Completion of the DOCA and subsequent exit from external administration will not place the Company in a position to seek reinstatement of its securities to the Official List; the Company will first be required to re-comply with Chapters 1 and 2 of the Listing Rules.

The Company will focus on assessing and acquiring a new project or projects following completion of the DOCA. The Company will initially operate with a very broad mandate and consider businesses and assets at various stages of development. Otsana, as proponent of the Recapitalisation Proposal, has already commenced reviewing and entered into negotiations to acquire various businesses and assets with the aim of recommending the acquisition of a new undertaking to the Company shortly following completion of the DOCA.

The acquisition of a new undertaking will first require shareholder approval, following which the Company will be required to re-comply with Chapters 1 and 2 of the Listing Rules as if the Company were being admitted for the first time.

As part of this process, the Company will likely be required to undertake a further capital raising prior to reinstatement of its securities to the Official List and/or issue securities to vendors of the new undertaking. The Recapitalisation Proposal currently contemplates a further issue of 185,000,000 Shares at an issue price of not less than \$0.02 per Share to raise \$3,700,000 (approval for which will be sought at the time of the acquisition of a new undertaking is approved and noting that such figures may be adjusted). Shareholders should therefore expect their holdings to be further diluted as part of the re-compliance process.

3.7 Effect of the Recapitalisation Proposal

For the purposes of this Explanatory Memorandum, the information below is provided for the consideration of Shareholders.

The Company's shares were last traded on ASX on 16 November 2015 and a voluntary administrator was appointed to the Company on 19 November 2015. Accordingly, historic ASX share trading prices for the Company are not considered a reliable basis to assess the value of the new Shares issued pursuant to the Recapitalisation Proposal.

Due to the Company's current state of affairs, the lack of profit history and the immediate lack of a reliable future cash flow from remaining assets, maintainable earnings are not considered a reliable basis to assess the value of the Company's shares.

The Deed Administrator estimates that, on a liquidation basis, there is a deficiency of funds and the Creditors may receive a nil return if the Recapitalisation Proposal does not proceed (and no alternative proposal is received or the DOCA varied). Therefore, on a liquidation basis, the Shareholders' return from the Company is most likely to be nil. Accordingly, the current implicit value of the Company's Shares as at the date of this Notice is nil.

The advantages of passing the Resolutions and subsequent completion of the Recapitalisation Proposal include:

- (a) a cash injection of \$425,000;
- (b) the provable debts of the Company to its creditors being extinguished and released. This will leave the Company with negligible liabilities; and
- (c) the Company's ability to seek reinstatement of its shares to quotation on the Official List being enhanced. Once the Company obtains reinstatement to trading Shareholders will be offered liquidity to sell their post-Consolidation shareholdings on the ASX.

The principal disadvantage of the Recapitalisation Proposal is that existing Shareholders will have their holdings diluted following the Consolidation on a 100 for 1 basis and the issue of the Placement Shares pursuant to Resolution 2. However, this must be balanced with the fact that the existing Shares currently have nil value and, should the Recapitalisation Proposal not proceed, the Company may be placed into liquidation. Following completion of the Recapitalisation Proposal, the existing Shareholders' reduced holdings will have value based on the cash injection to the Company. Once the Company's securities are reinstated to trading on ASX (following re-compliance with Chapters 1 and 2 of the Listing Rules), existing Shareholders' reduced holdings will also return to liquidity.

If Shareholders do not approve the Recapitalisation Proposal, then the Deed Administrator will, in the absence of any other deed of company arrangement proposal or a variation to the terms of the DOCA, have no other option but to recommend to Creditors that the Company be put into liquidation.

4. Resolution 1 - Consolidation of capital

4.1 Legal requirements

Section 254H of the Corporations Act provides that a company may, by ordinary resolution passed in a general meeting, convert all or any of its shares into a larger or smaller number.

4.2 Fractional entitlements

Not all Security holders will hold that number of Securities which can be evenly divided by 100. Where a fractional entitlement occurs, the Company will round that fraction up to the nearest whole Security.

4.3 Taxation

It is not considered that any taxation implications will exist for Security holders arising from the Consolidation. However, Security holders are advised to seek their own tax advice on the effect of the Consolidation and neither the Company, nor the Deed Administrator (nor the Deed Administrator's advisers), accept any responsibility for the individual taxation implications arising from the Consolidation.

4.4 Holding statements

From the date of the Consolidation, all holding statements for Securities will cease to have any effect, except as evidence of entitlement to a certain number of Securities on a post-Consolidation basis.

After the Consolidation becomes effective, the Company will arrange for new holding statements for Securities to be issued to holders of those Securities.

It is the responsibility of each Security holder to check the number of Securities held prior to disposal or exercise (as the case may be).

4.5 Effect on capital structure

The approximate effect which the Consolidation will have on the Company's current capital structure is set out in the table below. All numbers are subject to rounding. A table of the indicative capital structure of the Company post-completion of the Recapitalisation Proposal is set out in Section 3.5 of this Explanatory Memorandum.

Security	Current	Post-Consolidation
Shares	484,405,314	4,844,053

4.6 Consolidation timetable

If Resolution 1 is passed, the Consolidation will take effect in accordance with the following timetable (as set out in Appendix 7A (paragraph 8) of the Listing Rules). There will be no deferred trading of post-Consolidation securities as the Company's securities will remain suspended throughout the consolidation process:

Action	Date
Company announces Consolidation and sends out Notice	13 April 2016
Company informs ASX that Shareholders have approved the Consolidation	13 May 2016
Last day for Company to enter transfers on a pre-Consolidation basis	18 May 2016
First day for Company to: <ul style="list-style-type: none">- send notice to each Security holder of the change in their details of Security holdings- register Securities on a post-Consolidation basis	19 May 2016
Issue Date	25 May 2016
Last day for Company to send notice to each Security holder	

5. Resolution 2 - Approval to issue Placement Shares

5.1 General

As required under the DOCA and the Recapitalisation Proposal, the Company intends to undertake a placement of up to 50,000,000 Shares (on a post-Consolidation basis) at an issue price of not less than \$0.00001 (**Placement Shares**) to sophisticated or professional investors who are clients of Otsana to raise \$500 (before costs).

Listing Rule 7.1 provides that a company must not, subject to specified exceptions, issue or agree to issue more Equity Securities during any 12 month period than that amount which represents 15% of the number of fully paid ordinary securities on issue at the commencement of that 12 month period without shareholder approval.

The effect of Resolution 2 will be to allow the Company to issue the Placement Shares during the period of 3 months after the Meeting (or a longer period, if allowed by ASX), without using the Company's 15% annual placement capacity.

Resolution 2 is an ordinary resolution and is subject each of the other Recapitalisation Resolutions being passed.

If Resolution 2 (together with the other Recapitalisation Resolutions) is not passed, then the Deed Administrator shall, in the absence of an alternative proposal, have no other option but to recommend to the Creditors that the Company be placed into liquidation.

5.2 Technical information required by Listing Rule 7.3

Pursuant to and in accordance with Listing Rule 7.3, the following information is provided in relation to the issue of the Placement Shares:

- (a) the maximum number of Placement Shares to be issued is 50,000,000 (on a post-Consolidation basis);
- (b) the Placement Shares will be issued no later than three months after the date of the Meeting (or such later date to the extent permitted by any ASX waiver or modification of the Listing Rules) and it is anticipated they will be issued on one date;
- (c) the issue price will be not less than \$0.00001 per Placement Share;
- (d) the Placement Shares will be issued to clients of Otsana, each of whom is a sophisticated or professional investor who is not a related party of the Company;
- (e) the Placement Shares issued will be fully paid ordinary shares in the capital of the Company issued on the same terms and conditions as the Company's existing Shares; and
- (f) the Company intends to use the funds raised from the issue of the Placement Shares for general working capital.

6. Resolution 3 - Approval to issue Placement Options

6.1 General

As required under the DOCA and the Recapitalisation Proposal, the Company intends to undertake a free issue of 50,000,000 Options (on a post-Consolidation basis) (Placement Options) to sophisticated or professional investors who are clients of Otsana.

A summary of Listing Rule 7.1 is set out in Section 5.1 above.

The effect of Resolution 3 will be to allow the Company to issue the Placement Options during the period of 3 months after the Meeting (or a longer period, if allowed by ASX), without using the Company's 15% annual placement capacity.

Resolution 3 is an ordinary resolution and is subject each of the other Recapitalisation Resolutions being passed.

If Resolution 3 (together with the other Recapitalisation Resolutions) is not passed, then the Deed Administrator shall, in the absence of an alternative proposal, have no other option but to recommend to the creditors that the Company be placed into liquidation.

6.2 Technical information required by Listing Rule 7.3

Pursuant to and in accordance with Listing Rule 7.3, the following information is provided in relation to the issue of the Placement Options:

- (a) the maximum number of Placement Options to be issued is 50,000,000 (on a post-Consolidation basis);
- (b) the Placement Options will be issued no later than three months after the date of the Meeting (or such later date to the extent permitted by any ASX waiver or modification of the Listing Rules) and it is anticipated they will be issued on one date;
- (c) the Placement Options will be issued for free;
- (d) the Placement Options will be issued to clients of Otsana, each of whom is a sophisticated or professional investor who is not a related party of the Company;
- (e) the Placement Options will each be exercisable at \$0.02 on or before the date that is 4 years after their issue on the terms and conditions set out in Schedule 2; and
- (f) no funds will be raised from the issue of the Placement Options.

7. Resolution 4 - Election of Director - Kyla Garic

It is proposed to appoint Kyla Garic as a Director.

Ms Garic BComm MAcc CA is a Chartered Accountant. Ms Garic graduated from Curtin University in 2001 with a Bachelor of Commerce (Information Systems and Electronic Commerce) and has completed a Master of Accounting. Ms Garic has over ten years professional and commercial experience in financial accounting, auditing, assurance

and due diligence. Most recently Ms Garic has been providing financial reporting and accounting services on a consultancy basis, including reconstruction and accounting compliance for companies undergoing recapitalisation. Ms Garic is also the treasurer for not-for-profit charity Global Hand Inc. Ms Garic holds no other directorships in ASX listed companies.

Resolution 4 is an ordinary resolution and is subject to each of the Recapitalisation Resolutions being passed.

If Resolution 4 (together with the other Recapitalisation Resolutions) is not passed, then the Deed Administrator shall, in the absence of an alternative proposal, have no other option but to recommend to the creditors that the Company be placed into liquidation.

8. Resolution 5 - Election of Director - Robert Jewson

It is proposed to appoint Robert Jewson as a Director.

Robert Jewson is a geologist by background and has extensive experience operating across a broad range of commodities, geographies and stages of project advancement.

Currently Mr Jewson provides project acquisition and operational assistance to a range of ASX, AIM and private clients in the junior to mid tier mineral exploration and mining sectors. Roles undertaken for these clients include prospect to country wide data compilation/exploration targeting initiatives, mineral resource estimation, comprehensive project technical due diligence, project management, transaction negotiation/structuring and project divestment.

Mr Jewson is a director on a number of unlisted entities and has formerly been a director of ASX listed junior mining entities Conto Resources Ltd (September 2011 to June 2013), Epic Resources Ltd (September 2011 - December 2012) and Auroch Resources Ltd (June 2011 - January 2013)

Resolution 5 is an ordinary resolution and is subject to each of the Recapitalisation Resolutions being passed.

If Resolution 5 (together with the other Recapitalisation Resolutions) is not passed, then the Deed Administrator shall, in the absence of an alternative proposal, have no other option but to recommend to the creditors that the Company be placed into liquidation.

9. Resolution 6 - Election of Director - Michael Davy

It is proposed to appoint Michael Davy as a Director.

Mr Davy is an Accountant with 15 years' experience. His experience is broad having worked in oil and gas, resources, property, food distribution, restaurants and start-up technology companies. Mr Davy is also a director and owner of a number of successful private companies. During the past five years Mr Davy has held directorships in ASX listed companies, Cossack Energy Ltd and Advance Energy Ltd.

Resolution 6 is an ordinary resolution and is subject to each of the Recapitalisation Resolutions being passed.

If Resolution 6 (together with the other Recapitalisation Resolutions) is not passed, then the Deed Administrator shall, in the absence of an alternative proposal, have no other option but to recommend to the creditors that the Company be placed into liquidation.

10. Resolution 7 - Removal of auditor

Under section 329 of the Corporations Act, an auditor of a company may be removed from office by resolution at a general meeting of which 2 months' notice of intention to move the resolution has been given.

The notice of intention to remove HLB Mann Judd was served on the Company and the Company has sent a copy of the notice of intention to HLB Mann Judd and ASIC in accordance with section 329(2) of the Corporations Act.

It should be noted that under section 329 of the Corporations Act, if a company calls a meeting after the notice of intention has been given, the meeting may pass the resolution even though the meeting is held less than 2 months after the notice of intention is given.

Resolution 7 is an ordinary resolution seeking the approval of the Shareholders to remove HLB Mann Judd as the Company's auditor. This Resolution is not conditional on any other resolution also being passed. Accordingly, if this Resolution is passed, the removal of HLB Mann Judd as the Company's auditor will take effect at the close of the Meeting. If this Resolution is not passed, HLB Mann Judd will remain the Company's auditor.

11. Resolution 8 - Appointment of auditor

Under section 327D of the Corporations Act, the Company in a general meeting may appoint an auditor to replace an auditor removed under section 329 of the Corporations Act, provided that a copy of the notice of nomination of the auditor has previously been sent to the proposed replacement auditor and to each person entitled to receive a notice of meeting.

Further, section 328A of the Corporations Act provides that a company must not appoint an auditor unless the auditor has first consented to act as auditor and has not withdrawn that consent before the appointment is made.

The Company has received a nomination from one of the Company's members for Ernst & Young to be appointed as the new auditor of the Company, and a copy of the nomination has been sent to Ernst & Young. A copy of the nomination is also attached to this Notice of Meeting at Annexure A.

Ernst & Young is a registered company auditor, has had previous experience in conducting audits of public listed companies, and is a well-known and respected firm. Ernst and Young has given its written consent to act as the Company's auditor pursuant to section 328A(1) of the Corporations Act, subject to this resolution being approved by Shareholders at the Meeting. As at the date of this Notice, Ernst & Young has not withdrawn that consent.

The purpose of Resolution 8 is to appoint Ernst & Young as the Company's auditor, pursuant to either section 327D(2) or section 327B(1) of the Corporations Act. Resolution 8 is conditional on Resolution 7 also being passed.

Accordingly, the proposed appointment of Ernst & Young will only occur if HLB Mann Judd is removed as auditor by Resolution 7.

If this Resolution is passed, the appointment of Ernst & Young as the Company's auditor will take effect at the close of the Meeting.

Resolution 8 is a special resolution and as such requires approval of at least 75% of the votes cast by Shareholders present and eligible to vote at the Meeting (by proxy, attorney or otherwise).

12. Resolution 9 - Replacement of Constitution

12.1 General

A company may modify or repeal its constitution or a provision of its constitution by special resolution of Shareholders.

Resolution 9 is a special resolution which will enable the Company to repeal its existing Constitution and adopt a new constitution (**Proposed Constitution**) which is of the type required for a listed public company limited by shares updated to ensure it reflects the current provisions of the Corporations Act and the Listing Rules.

This will incorporate amendments to the Corporations Act and the Listing Rules since the current Constitution was adopted in 2007.

It is preferable in the circumstances to replace the existing Constitution with the Proposed Constitution rather than to amend a multitude of specific provisions.

The Proposed Constitution is broadly consistent with the provisions of the existing Constitution. Many of the proposed changes are administrative or minor in nature including but not limited to:

- (a) updating references to bodies or legislation which have been renamed (e.g. references to the Australian Settlement and Transfer Corporation Pty Ltd, ASTC Settlement Rules and ASTC Transfer); and
- (b) expressly providing for statutory rights by mirroring these rights in provisions of the Proposed Constitution.

These amendments are not considered material nor will they have any significant impact on Shareholders. It is not practicable to list all of the changes to the Constitution in detail in this Explanatory Memorandum, however, a summary of the proposed material changes is set out below.

A copy of the Proposed Constitution is available for review by Shareholders at the Company's website (www.northerniron.com.au) and at the office of the Company. A copy of the Proposed Constitution can also be sent to Shareholders upon request to the Deed Administrator (+61 419 441 458). Shareholders are invited to contact the Company if they have any queries or concerns.

12.2 Summary of material proposed changes

- (a) Fee for registration of off market transfers (clause 4.6)

On 24 January 2011, ASX amended Listing Rule 8.14 with the effect that the Company may now charge a "reasonable fee" for registering paper-based transfers, sometimes referred to "off-market transfers".

Clause 4.6 of the Proposed Constitution is being made to enable the Company to charge a reasonable fee when it is required to register off-market transfers from Shareholders. The fee is intended to represent the cost incurred by the Company in upgrading its fraud detection practices specific to off-market transfers.

Before charging any fee, the Company is required to notify ASX of the fee to be charged and provide sufficient information to enable ASX to assess the reasonableness of the proposed amount.

(b) Dividends (clause 10)

Section 254T of the Corporations Act was amended effective 28 June 2010.

There is now a three-tiered test that a company will need to satisfy before paying a dividend replacing the previous test that dividends may only be paid out of profits.

The amended requirements provide that a company must not pay a dividend unless:

- (i) the company's assets exceed its liabilities immediately before the dividend is declared and the excess is sufficient for the payment of the dividend;
- (ii) the payment of the dividend is fair and reasonable to the company's shareholders as a whole; and
- (iii) the payment of the dividend does not materially prejudice the company's ability to pay its creditors.

The existing Constitution reflects the former profits test and restricts the dividends to be paid only out of the profits of the Company. The Proposed Constitution is updated to reflect the new requirements of the Corporations Act. It is considered appropriate to update the Constitution for this amendment to allow more flexibility in the payment of dividends in the future should the Company be in a position to pay dividends.

(c) Partial (proportional) takeover provisions

A proportional takeover bid is a takeover bid where the offer made to each shareholder is only for a proportion of that shareholder's shares.

Pursuant to section 648G of the Corporations Act, the Company has included in the Proposed Constitution a provision whereby a proportional takeover bid for Shares may only proceed after the bid has been approved by a meeting of Shareholders held in accordance with the terms set out in the Corporations Act.

This clause of the Proposed Constitution will cease to have effect on the third anniversary of the date of the adoption of last renewal of the clause.

12.3 Information required by section 648G of the Corporations Act

(a) Effect of proposed proportional takeover provisions

Where offers have been made under a proportional off-market bid in respect of a class of securities in a company, the registration of a transfer giving

effect to a contract resulting from the acceptance of an offer made under such a proportional off-market bid is prohibited unless and until a resolution to approve the proportional off-market bid is passed.

(b) Reasons for proportional takeover provisions

A proportional takeover bid may result in control of the Company changing without Shareholders having the opportunity to dispose of all their Shares. By making a partial bid, a bidder can obtain practical control of the Company by acquiring less than a majority interest. Shareholders are exposed to the risk of being left as a minority in the Company and the risk of the bidder being able to acquire control of the Company without payment of an adequate control premium. These amended provisions allow Shareholders to decide whether a proportional takeover bid is acceptable in principle, and assist in ensuring that any partial bid is appropriately priced.

(c) Knowledge of any acquisition proposals

As at the date of this Notice, no Director is aware of any proposal by any person to acquire, or to increase the extent of, a substantial interest in the Company. However, as discussed in section 3.6 above, Otsana, as proponent of the Recapitalisation Proposal, has already commenced reviewing and entered into negotiations to acquire various businesses and assets with the aim of recommending the acquisition of a new undertaking to the Company shortly following completion of the DOCA. This has not influenced the decision in proposing to include proportional takeover provisions in the proposed new Constitution.

(d) Potential advantages and disadvantages of proportional takeover provisions

The Directors consider that the proportional takeover provisions have no potential advantages or disadvantages for them and that they remain free to make a recommendation on whether an offer under a proportional takeover bid should be accepted.

The potential advantages of the proportional takeover provisions for Shareholders include:

- (i) the right to decide by majority vote whether an offer under a proportional takeover bid should proceed;
- (ii) assisting in preventing Shareholders from being locked in as a minority;
- (iii) increasing the bargaining power of Shareholders which may assist in ensuring that any proportional takeover bid is adequately priced; and
- (iv) each individual Shareholder may better assess the likely outcome of the proportional takeover bid by knowing the view of the majority of Shareholders which may assist in deciding whether to accept or reject an offer under the takeover bid.

The potential disadvantages of the proportional takeover provisions for Shareholders include:

- (v) proportional takeover bids may be discouraged;

- (vi) lost opportunity to sell a portion of their Shares at a premium; and
- (vii) the likelihood of a proportional takeover bid succeeding may be reduced.

(e) Recommendation of the Board

The Directors do not believe the potential disadvantages outweigh the potential advantages of adopting the proportional takeover provisions and as a result consider that the proportional takeover provision in the Proposed Constitution is in the interest of Shareholders and unanimously recommend that Shareholders vote in favour of Resolution 9.

Schedule 1 - Definitions

In the Notice, words importing the singular include the plural and vice versa.

A\$ or **\$** means Australian dollars.

ASIC means the Australian Securities and Investments Commission.

ASX means the ASX Limited ACN 008 624 691 and where the context permits the Australian Securities Exchange operated by ASX Limited.

Board means the board of Directors.

Business Day has the meaning given in the Listing Rules.

Chair means the person appointed to chair the Meeting.

Company means Northern Iron Limited (Subject to Deed of Company Arrangement) ACN 125 264 575.

Consolidation means the proposed 100 for 1 consolidation of the Company's Securities as set out in Resolution 1.

Constitution means the constitution of the Company.

Corporations Act means the *Corporations Act 2001* (Cth).

Creditor means any creditor whose claim against the Company is admitted by the Trustee under the Creditors' Trust Deed.

Creditors' Trust means the creditors' trust established under the Creditors' Trust Deed.

Creditors' Trust Deed means the trust deed to be entered into by the Company and the Deed Administrator as Trustee, pursuant to the terms of the DOCA, for and on behalf of the Company's creditors.

Deed Administrator means Mr James Thackray of The Headquarters Corporate Advisory in his capacity as administrator of the DOCA.

Director means a director of the Company.

DOCA means the deed of company arrangement dated 24 March 2016 between the Company, the Deed Administrator and Otsana.

Equity Security has the meaning given in the Listing Rules.

Explanatory Memorandum means this explanatory memorandum which forms part of the Notice.

Listing Rules means the listing rules of ASX.

Meeting has the meaning given in the introductory paragraph of the Notice.

Notice means this notice of general meeting.

Official List means the official list of ASX.

Option means an option which entitles the holder to subscribe for one Share.

Optionholder means the holder of an Option.

Otsana means Otsana Pty Ltd ACN 145 168 216.

Placement Options means the Options the subject of Resolution 3, to be issued on the terms and conditions in Schedule 2.

Placement Shares means the Shares the subject of Resolution 2.

Proxy Form means the proxy form attached to the Notice.

Recapitalisation Payment has the meaning provided in Section 3.2.

Recapitalisation Proposal means the proposal by Otsana for the recapitalisation of the Company as described in Section 3.2.

Recapitalisation Resolutions means Resolutions 1 to 6.

Resolutions means the resolutions referred to in the Notice or any one of them, as the context requires.

Schedule means a schedule to the Notice.

Second Meeting means the second meeting of the creditors of Northern Iron Limited convened on 23 March 2016, by the voluntary administrator pursuant to section 439A of the Corporations Act.

Section means a section of the Explanatory Memorandum.

Securities mean all Equity Securities of the Company.

Share means a fully paid ordinary share in the capital of the Company.

Shareholder means the holder of a Share.

Trustee means Mr James Thackray of The Headquarters Corporate Advisory in his capacity as trustee of the Creditors' Trust.

WST means Western Standard Time, being the time in Perth, Western Australia.

Schedule 2 - Terms and Conditions of Placement Options

The Options entitle the holder to subscribe for Shares on the following terms and conditions:

1. Entitlement

Each Placement Option (**Option**) gives the Optionholder the right to subscribe for one Share upon exercise of the Option.

2. Exercise Price and Expiry Date

Each Option has an exercise price of \$0.02 (**Exercise Price**) and will expire at 5.00pm (WST) on the date that is 4 years after their issue (**Expiry Date**). Any Option not exercised before the Expiry Date will automatically lapse on the Expiry Date.

3. Notice of Exercise

An Optionholder may exercise their Options by lodging with the Company, on or prior to the Expiry Date:

- (a) in whole or in part, and if exercised in part, multiples of 1,000 must be exercised on each occasion;
- (b) a written notice of exercise of Options specifying the number of Options being exercised (**Exercise Notice**); and
- (c) a cheque or electronic funds transfer for the Exercise Price for the number of Options being exercised. Cheques shall be in Australian currency made payable to the Company and crossed "Not Negotiable". An Exercise Notice is only effective when the Company has received the full amount of the Exercise Price in cleared funds.

4. Timing of issue of Shares

Within 10 Business Days of receipt of the Exercise Notice accompanied by the Exercise Price, the Company will issue the number of Shares required under these terms and conditions in respect of the number of Options specified in the Exercise Notice.

5. Shares issues on exercise

All Shares issued upon the exercise of Options will upon issue rank equally in all respects with the then issued Shares.

6. Quotation of Shares on exercise

The Company will apply for official quotation on ASX of all Shares issued upon exercise of Options within 10 Business Days after the date of issue of those Shares.

7. Quotation of Options

The Options will be unlisted upon grant. No application for quotation of the Options will be made.

8. Options transferrable

The Options will be transferable subject to compliance with the Corporations Act.

9. Participation in new issues

There are no participation rights or entitlements inherent in the Options and Optionholders will not be entitled to participate in new issues of capital offered to Shareholders during the currency of the Options. However, the Company will give the holders of Options notice of the proposed issue prior to the date for determining entitlements to participate in any such issue.

10. Adjustment for bonus issues of Shares

If the Company makes a bonus issue of Shares or other securities to existing Shareholders (other than an issue in lieu or in satisfaction of dividends or by way of dividend reinvestment):

- (a) the number of Shares which must be issued on the exercise of an Option will be increased by the number of Shares which the Optionholder would have received if the Optionholder had exercised the Option before the record date for the bonus issue; and
- (b) no change will be made to the Exercise Price.

11. Adjustment for entitlement issue

If the Company makes an issue of Shares pro rata to existing Shareholders (other than an issue in lieu or in satisfaction of dividends or by way of dividend reinvestment) the Exercise Price of an Option will be reduced according to the following formula:

$$\text{New exercise price} = \frac{O - E [P - (S+D)]}{N+1}$$

O = the old Exercise Price of the Option.

E = the number of underlying Shares into which one Option is exercisable.

P = average market price per Share weighted by reference to volume of the underlying Shares during the 5 trading days ending on the day before the ex rights date or ex entitlements date.

S = the subscription price of a Share under the pro rata issue.

D = the dividend due but not yet paid on the existing underlying Shares (except those to be issued under the pro rata issue).

N = the number of Shares with rights or entitlements that must be held to receive a right to one Share.

12. Adjustments for reorganisation

If there is any reorganisation of the issued share capital of the Company, the rights of the Optionholder may be varied to comply with the Listing Rules which apply to a reorganisation of capital at the time of the reorganisation.

Annexure A - Nomination of Auditor

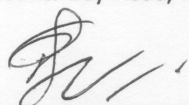
8 April 2016

The Board of Directors
Northern Iron Limited (Subject to Deed of Company Arrangement)
C/- The Headquarters Corporate Advisory
PO Box 6230
SWANBOURNE WA 6010

Dear Sirs

NOMINATION OF ERNST & YOUNG AS COMPANY AUDITOR

Pursuant to section 328B(3) of the *Corporations Act 2001*, Peter Bilbe of PO Box 109, Northbridge WA 6865, being a member of the Company, nominates Ernst & Young of 11 Mounts Bay Road, Perth WA 6000 to be appointed as auditor of the Company.



Peter Bilbe
Director and Shareholder

NORTHERN IRON LIMITED (SUBJECT TO DEED OF COMPANY ARRANGMENT)

ACN 125 264 575
PROXY FORM

The Deed Administrator
Northern Iron Limited (Subject to Deed of Company Arrangement)

By post:

Northern Iron Limited
C/- The Headquarters Corporate Advisory
PO Box 6230
Swanbourne WA 6010

By facsimile:

+61 8 9463 6373

Name of
Shareholder:

Address of
Shareholder:

Number of Shares
entitled to vote:

Please mark to indicate your directions. Further instructions are provided overleaf.

Proxy appointments will only be valid and accepted by the Company if they are made and received no later than 48 hours before the Meeting.

STEP 1 - APPOINT A PROXY TO VOTE ON YOUR BEHALF

I/We being Shareholder/s of the Company hereby appoint:

The Chair of the
Meeting (mark box)

OR if you are NOT appointing the Chair of the Meeting as your proxy, please write the name of the person or body corporate (excluding the registered shareholder) you are appointing as your proxy

Or failing the person/body corporate named, or if no person/body corporate is named, the Chair of the Meeting, as my/our proxy to act generally at the meeting on my/our behalf, including 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 General Meeting of the Company to be held at Level 3, 8 Colin Street, West Perth, Western Australia, on Friday, 13 May 2016 at 10.00 am (WST), and at any adjournment or postponement of that Meeting.

CHAIR'S VOTING INTENTIONS IN RELATION TO UNDIRECTED PROXIES

The Chair intends to vote all undirected proxies in favour of all Resolutions. In exceptional circumstances the Chair may change his/her voting intentions on any Resolution. In the event this occurs an ASX announcement will be made immediately disclosing the reasons for the change.

STEP 2 - INSTRUCTIONS AS TO VOTING ON RESOLUTIONS

The proxy is to vote for or against the Resolution referred to in the Notice as follows:

		For	Against	Abstain*
Resolution 1	Consolidation of capital			
Resolution 2	Approval to issue Placement Shares			
Resolution 3	Approval to issue Placement Options			
Resolution 4	Election of Director - Ms Kyla Garic			
Resolution 5	Election of Director - Mr Robert Jewson			
Resolution 6	Election of Director - Mr Michael Davy			
Resolution 7	Removal of auditor			
Resolution 8	Appointment of auditor			

		For	Against	Abstain*
Resolution 9	Replacement of Constitution			

If no directions are given my proxy may vote as the proxy thinks fit or may abstain.

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

Authorised signature/s This section *must* be signed in accordance with the instructions below to enable your voting instructions to be implemented.

Individual or Shareholder 1	Shareholder 2	Shareholder 3
<input type="text"/>	<input type="text"/>	<input type="text"/>
Sole Director/Company Secretary	Director	Director/Company Secretary

Contact Name

Contact Daytime Telephone

Date

¹Insert name and address of Shareholder

² Insert name and address of proxy

*Omit if not applicable

PROXY NOTES

A Shareholder entitled to attend and vote at the General Meeting may appoint a natural person as the Shareholder's proxy to attend and vote for the Shareholder at that General Meeting. If the Shareholder is entitled to cast 2 or more votes at the General Meeting the Shareholder may appoint not more than 2 proxies. Where the Shareholder appoints more than one proxy the Shareholder may specify the proportion or number of votes each proxy is appointed to exercise. If such proportion or number of votes is not specified each proxy may exercise half of the Shareholder's votes. A proxy may, but need not be, a Shareholder of the Company.

If a Shareholder appoints a body corporate as the Shareholder's proxy to attend and vote for the Shareholder at that General Meeting, the representative of the body corporate to attend the General Meeting must produce the Certificate of Appointment of Representative prior to admission. A form of the certificate may be obtained from the Company's share registry.

You must sign this form as follows in the spaces provided:

Joint Holding: where the holding is in more than one name all of the holders must sign.

Power of Attorney: if signed under a Power of Attorney, you must have already lodged it with the registry, or alternatively, attach a certified photocopy of the Power of Attorney to this Proxy Form when you return it.

Companies: a Director can sign jointly with another Director or a Company Secretary. A sole Director who is also a sole Company Secretary can also sign. Please indicate the office held by signing in the appropriate space.

If a representative of the corporation is to attend the General Meeting the appropriate "Certificate of Appointment of Representative" should be produced prior to admission. A form of the certificate may be obtained from the Company's Share Registry.

Proxy Forms (and the power of attorney or other authority, if any, under which the Proxy Form is signed) or a copy or facsimile which appears on its face to be an authentic copy of the Proxy Form (and the power of attorney or other authority) must be posted to 108 Outram Street, West Perth WA 6005 or PO Box 6230, Swanbourne, WA 6010 or received by facsimile transmission +61 9463 6373 not less than 48 hours prior to the time of commencement of the General Meeting (AEST).