

Notice of General Meeting



Meeting Documents

- Notice of General Meeting
- Explanatory Statement

Notice is given that a General Meeting of the shareholders of Gindalbie Metals Ltd will be held at the Stirling Room, Parmelia Hilton Hotel, 14 Mill Street, Perth, Western Australia at 10.00 am (Perth time) on Friday, 9 September 2011.

What Action You Need to Take

Read Meeting Documents

The Notice of General Meeting and Explanatory Statement (**Meeting Documents**) set out the details of the Resolution being put to Shareholders. This information is important. You should read the documents carefully and if necessary seek your own independent advice on any aspects about which you are not certain.

Vote on Resolution

Your vote is important. The Resolution is set out in the Notice of General Meeting included in the Meeting Documents.

Shareholders should complete the Proxy Form that accompanies the Meeting Documents and return it by mail, in person or by facsimile so as to be received by the Company before 8.00 am (Perth time) on 7 September 2011 whether or not they propose to attend the Meeting. Proxy Forms received after this time will be invalid.

Entitlement to Vote

In accordance with Regulation 7.11.37 of the Corporations Regulations 2001 (Cth), the Board has determined that a person's entitlement to vote at the General Meeting will be the entitlement of that person set out in the register of Shareholders as at 5.00 pm (Perth time) on Wednesday 7 September 2011. Accordingly, transactions registered after that time will be disregarded in determining Shareholders entitled to attend and vote at the General Meeting.

Lodgement of a Proxy

Proxy Forms (and the certified copy of the power of attorney, if any, under which the Proxy Form is signed) must be received at the offices of Advanced Share Registry or the Company by no later than 8.00 am (Perth time) on Wednesday 7 September 2011. Proxy Forms received after this time will be invalid.

For details on how to complete and lodge the Proxy Form please refer to the instructions on the Proxy Form.

Documents may be lodged:

BY MAIL

Share Registry
Advanced Share Registry
PO Box 1156
Nedlands WA 6909
Australia

IN PERSON

Share Registry
Advanced Share Registry
150 Stirling Highway
Nedlands WA 6009
Australia

Registered Office

Gindalbie Metals Ltd, Level 9 London House,
216 St George's Terrace, Perth WA
6000, Australia

BY FAX

+61 8 9389 7871

Key Dates

Deadline for lodgement of Proxy Forms	8.00 am (Perth time) on Wednesday 7 September 2011
Date and time for determining eligibility to vote	5.00 pm (Perth time) on Wednesday 7 September 2011
Date of General Meeting	10.00 am (Perth time) on Friday 9 September 2011
Latest date for completion of Angang HK Placement*	by the End Date (as defined in section 2.7)

* in the event the Resolution is passed

Queries

If you have any queries about any matter contained in the Meeting Documents please call the Company Secretary, David Stokes, on +61 8 9480 8700.

Notice of General Meeting

Notice is hereby given that a General Meeting of the Shareholders of Gindalbie Metals Ltd will be held at the Stirling Room, Parmelia Hilton Hotel, 14 Mill Street, Perth, Western Australia at 10.00 am (Perth time) on 9 September 2011, for the purpose of considering, and if thought fit, passing the following Resolution.

Terms used in this Notice of General Meeting will, unless the context otherwise requires, have the meaning given to them in the Glossary contained in the Explanatory Statement.

Special Business

Resolution – Issue of Shares to Angang Group Hong Kong (Holdings) Limited or its nominee

- To consider and, if thought fit, pass, the following Resolution as an ordinary resolution: *“As Angang Group Hong Kong (Holdings) Limited was unable to take up its entitlement under the Entitlement Offer, then for the purposes of Listing Rule 10.11 and for all other purposes, approval is given for the Company to allot and issue up to 111,922,105 Shares to Angang Group Hong Kong (Holdings) Limited or its nominee pursuant to a placement at an issue price of A\$0.67 per Share, no later than 5 business days from the date of receipt of the approvals set out in section 2.3 or by the End Date, and on the terms and conditions set out in the Explanatory Statement.”*

Voting Exclusion Statement

In accordance with Listing Rules 10.13 and 14.11, the Company will disregard any votes cast on the Resolution by Angang Group Hong Kong (Holdings) Limited or its nominee and any person who may obtain a benefit, except a benefit solely in the capacity of a Shareholder, if the Resolution is passed, and their Associates. However, the Company need not disregard a vote if 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 is cast by the person chairing the Meeting as a proxy for a person who is entitled to vote, in accordance with a direction on the proxy form to vote as the proxy decides.

Important Notes

- For further information and explanation on the above Resolution, please refer to the “Explanatory Statement” which accompanies this Notice of General Meeting.
- The Resolution is required pursuant to the provisions of the Listing Rules of ASX.

Dated: 19 July 2011

By order of the Board of Directors.



David Stokes
Company Secretary

Explanatory Statement

This Explanatory Statement has been prepared to assist Shareholders with their consideration of the Resolution proposed for the General Meeting of Gindalbie Metals Ltd (**Gindalbie or Company**) to be held at the Stirling Room, Parmelia Hilton Hotel, 14 Mill Street, Perth, Western Australia at 10.00 am (Perth time) on Friday 9 September 2011.

This Explanatory Statement should be read in conjunction with the accompanying Notice of General Meeting.

Terms used in the Notice of General Meeting and this Explanatory Statement, unless the context otherwise requires, have the meaning given to them in the Glossary contained in this Explanatory Statement.

1. BACKGROUND TO RESOLUTION

1.1 Karara Iron Ore Project

Gindalbie and Anshan Iron and Steel Group Corporation (**Ansteel**) are jointly developing the Karara Iron Ore Project (the **Karara Project**), through Karara Mining Limited (**Karara**), a 50:50 incorporated joint venture between the Company and Angang Group Investment (Australia) Pty Ltd (**Angang**), a wholly owned subsidiary of Ansteel. The Karara Project is located 225 kilometres east of Geraldton in Western Australia's Mid West region.

1.2 Karara Project Development

To date approximately A\$1.4 billion has been spent or committed on the development of the Karara Project. The Karara Project development includes developing a mine, construction of a magnetite concentrator plant and the building and/or upgrading of infrastructure to provide power, water, rail and port solutions. Stage One production capacity is 10Mtpa, made up of 8Mtpa of magnetite concentrate and 2Mtpa of Direct Shipping Ore (**DSO**). The supporting infrastructure, such as rail, port, power transmission and water pipeline, has been developed with significant surplus capacity to satisfy anticipated future expansion phases.

Hematite mining at Karara is already underway, with trial mining of approximately 480,000 tonnes of DSO scheduled to continue until January 2012, as previously announced.

DSO mining at the Blue Hills and Terapod deposits, which are located along the Karara Ridge, is scheduled to commence in September 2011. DSO production from these deposits will ramp up with sales of ore scheduled to commence in Q1 of 2012. DSO production is expected to ramp up to approximately 2Mtpa by the end of 2012.

Commissioning of various components of the main Karara Concentrator will commence in January 2012, leading to the anticipated first shipment of magnetite concentrate in June 2012. Ramp-up of magnetite production is expected to take approximately six months with the full magnetite production rate of 8Mtpa scheduled to be achieved by the end of 2012.

1.3 Karara Project Cost and Funding

The revised project construction cost estimate for the Karara Project is A\$2.57 billion (**Project Construction Cost**), which is consistent with the guidance provided to the market in March (see ASX Release – 16 March 2011). The revised cost estimate is based on all available data from the detailed design for the Karara concentrator (currently over 95% complete) as well as tender prices for the final remaining major construction packages (structural, mechanical, piping and electrical and instrumentation) for the concentrator.

As previously foreshadowed, most of the increase (~70%) relates to increases in material quantities (such as concrete and steel) which have emerged as detailed design work nears completion and construction contracts are awarded. The balance relates to the higher cost of materials, labour and fuel due to general inflationary pressures and scope changes on the plant. Scope expansions relating to port and power line are expected to account for A\$125 million of the increase in forecast capital cost, which sets the project up for its first expansion phase.

The underestimation of material quantities has been the result of Karara's strategic decision to commence construction in 2009 prior to completion of the detailed design process in order to ensure the project was developed as quickly as possible in the increasingly competitive WA construction market.

Approximately A\$1 billion of the overall construction cost is invested in the construction of infrastructure, which is being built with additional capacity for an ultimately larger project at Karara. This up-front investment in infrastructure is expected to result in substantial cost savings over the long term, as the project increases production from an initial 8Mtpa of magnetite concentrate to its long-term potential of +30Mtpa. Approval has been given to start scoping studies on a proposed expansion of the Karara Project from its start-up production level to potentially 16Mtpa.

The ongoing construction of the Karara Project is underpinned by the existing US\$1.2 billion Karara Project Loan Facility, which is currently drawn down to US\$778 million, as well as the equity payments already made to Karara by Gindalbie and its partner Ansteel.

To fund the construction cost increase, Gindalbie and Ansteel have agreed to contribute a further A\$300 million each in equity. Gindalbie's share will be funded from proceeds of the offer plus accessing existing cash reserves which stood at A\$149.3 million at 30 June 2011.

The working capital funding requirements for the Karara Project have been estimated at A\$430 million to cover costs such as insurance, building spares inventory, mining pre-strip, bonds, interest and working capital.

To fund working capital Gindalbie and Ansteel have made separate equity contributions of A\$65 million each to Karara. In addition, Karara in April signed a framework agreement for a US\$336 million working capital facility to fund non-construction related working capital and financing expenses.

1.4 Equity Raising

The revised Project Construction Cost estimate identified a need for an additional A\$600 million of funding, which Gindalbie and Angang have agreed to meet jointly by contributing further equity to Karara of approximately A\$300 million each.

To fund Gindalbie's share of the revised Project Construction Cost estimate, being approximately A\$300 million, the Company announced on 19 July 2011 its intention to undertake a capital raising of A\$209 million, which will comprise:

- (a) an underwritten accelerated pro rata entitlement offer of 1 New Share for every 3 Shares held at the Record Date at an issue price of A\$0.67 per New Share to raise A\$209 million (**Entitlement Offer**); and
- (b) if Angang HK was unable to take up its entitlement under the Entitlement Offer, a placement to Angang HK or its nominee of up to 111,922,105 Shares at an issue price of A\$0.67 per Share, to raise A\$75 million (**Angang HK Placement**), (together, the **Equity Raising**).

Angang HK was unable to take up its entitlement under the Entitlement Offer.

It was announced that the Angang HK Placement would only proceed if particular conditions precedent were met, including Shareholders passing the Resolution and Angang HK obtaining its required regulatory approvals.

The funds received under the Equity Raising, together with Gindalbie's existing A\$149.3 million held in cash reserves, will be used to fund Gindalbie's 50% share of the construction cost escalation based on the revised Project Construction Cost Estimate for the Karara Iron Ore Project, further details of which were outlined in a separate announcement (see ASX Release – 29 June 2011).

The Independent Directors believe the structure of the Equity Raising is the most efficient form of fundraising for Gindalbie, places Gindalbie in a sound financial position and enables Gindalbie to meet its agreed equity contributions to Karara. Consequently, the Independent Directors unanimously believe the Equity Raising proposed is in the best interests of Shareholders, both now and for the long term.

The Independent Directors note that all project debt facilities are denominated in USD. There is a potential risk associated with the exchange rate assumptions made in respect of the US dollar denominated Project Loan Facility. With the drawdown of the loan still in progress, it is difficult to quantify what this exposure could be. If the Australian dollar remains at current levels, it is estimated that the final exposure could be US\$150–200 million. This potential exposure could be funded in a number of ways, such as debt, including with Karara's existing banks. The Company is confident that with Ansteel's support, and given Ansteel's previous success with arranging debt funding for the project, Karara is expected to be able to secure debt funding from this source if required.

If the Equity Raising proceeds, the impact on Gindalbie's capital structure will be as follows:

Issued Shares as at the date of this Notice	935,615,590
Shares to be issued under the Entitlement Offer*	199,949,759
Shares to be issued under the Angang HK Placement*	111,922,105
Total Shares	1,247,487,454

If the Angang HK Placement does not proceed, the impact on Gindalbie's capital structure will be as follows:

Issued Shares as at the date of this Notice	935,615,590
Shares to be issued under the Entitlement Offer*	199,949,759
Total Shares	1,135,565,349

*Figures subject to rounding of entitlements

In this event, Angang HK's shareholding would be diluted from 35.89% (as at the date of this Notice) to 29.57%.

Explanatory Statement

2. ORDINARY RESOLUTION – Issue of Shares to Angang Group Hong Kong (Holdings) Limited or its nominee

2.1 Background to the Resolution

On 19 July 2011, Gindalbie announced its intention to raise approximately \$209 million through the Equity Raising. On 21 July 2011, Gindalbie announced it had completed the Institutional Entitlement Offer raising \$35 million.

The Equity Raising was structured to include the Angang HK Placement to address the circumstances where Angang HK was not able to take up its entitlement under the Entitlement Offer due to it not having been able to obtain its required regulatory approvals before the Institutional Closing Date (20 July 2011).

The Resolution seeks Shareholder approval to make the Angang HK Placement for the purposes of Listing Rule 10.11 as Angang HK was unable to obtain the requisite regulatory approvals by the Institutional Closing Date to be able to accept its entitlements under the proposed Entitlement Offer. Angang HK is a subsidiary of Ansteel and currently holds a 35.89% shareholding in the Company. The raising under the Angang HK Placement is for an amount of A\$75 million and is subject to the satisfaction of certain conditions.

To give effect to this, on 19 July 2011, the Company entered into a subscription agreement with Angang HK, pursuant to which the Company agreed to allot and issue to Angang HK that number of Shares that may be issued to Angang HK in order to maintain its current 35.89% shareholding in the Company following completion of the Entitlement Offer, at an issue price of \$0.67 per Share (**Angang Subscription Agreement**). The key terms of the Angang Subscription Agreement are summarised in section 2.3 of this Explanatory Statement.

Under the Entitlement Offer the Company made a pro rata entitlement offer of 1 New Share for every 3 Shares held at the Record Date at an issue price of A\$0.67 per New Share to raise A\$134 million. The Entitlement Offer was underwritten other than in respect of Angang HK's 35.89% interest (**Angang HK Entitlement**). The underwritten portion has a value of A\$134 million and will be applied to the Karara Project, even though Angang HK was unable to participate in the Entitlement Offer.

If shareholders pass the Resolution, then Angang HK will have the opportunity to participate under the Angang HK Placement, subject to the satisfaction of particular conditions precedent. Under the terms of the Angang HK Placement, Angang HK will have until the End Date to participate in the Angang HK Placement.

Angang HK is very supportive of the Equity Raising and does not wish to be diluted below its current shareholding of 35.89%. Angang HK is endeavouring to obtain the required regulatory approvals as fast as possible.

If Angang HK is unable to participate in the Angang HK Placement, then the Board will need to consider other financing alternatives, including a potential further equity raising.

The Independent Directors believe that the Equity Raising is in the best interests of Shareholders as it ensures Gindalbie is able to meet its currently required 50% equity commitments for Karara, so Karara can progress the development of the Karara Project. Angang HK is Gindalbie's largest shareholder at 35.89% and, another subsidiary of Ansteel, Angang, is also a 50% shareholder in Karara.

The Independent Directors believe that Ansteel's support of Gindalbie has been critical to its success and believe that maintaining Ansteel's ownership position results in Gindalbie remaining a strong company.

2.2 Key Terms and Conditions of Entitlement Offer

The key terms of the Entitlement Offer include:

- (a) Shareholders as at the Record Date shall be entitled to participate;
- (b) the offer will consist of an offer to eligible institutional Shareholders, followed by an offer to eligible retail Shareholders;
- (c) Shareholders will be entitled to subscribe for 1 New Share for every 3 Shares held at an issue price of \$0.67 per New Share;
- (d) the offer will be underwritten by the Underwriters for any shortfall in the take up of rights other than in respect of the Angang HK Entitlement; and
- (e) the terms of the underwriting include customary terms and conditions relating to termination events, including material adverse changes in market conditions.

2.3 Key Terms and Conditions of Angang Subscription Agreement

The pricing of the Angang HK Placement is the same as the pricing under the Entitlement Offer. Completion of the Angang HK Placement is subject to and conditional on:

- (a) Shareholder approval of the Angang HK Placement for the purposes of Listing Rule 10.11 and for all other purposes (being the Resolution);
- (b) approval by the Treasurer under the Foreign Acquisitions and Takeovers Act or Australia's foreign investment policy;
- (c) Angang HK obtaining all Chinese legal and regulatory approvals required for its participation in the Angang HK Placement;
- (d) if necessary under the rules of the Shenzhen Stock Exchange as they apply to Pansteel and/or the articles of association of Pansteel, approval has been granted by the shareholders of Pansteel, for Angang HK to subscribe for the Angang HK Placement Shares;
- (e) approval for the quotation of the Angang HK Placement Shares by ASX;
- (f) there being no material adverse change in the business of the Company and its subsidiaries;
- (g) the Underwritten Amount being raised under the Entitlement Offer and the Underwriting Agreement not being terminated; and
- (h) each of the warranties given by Gindalbie under the Angang Subscription Agreement being true, complete and accurate in all material respects.

The Angang HK Placement will not proceed if:

- the remaining conditions are not satisfied or waived by the End Date; or
- conditions (b) or (c) become incapable of being satisfied because the relevant regulatory authority has notified Angang HK (or any other member of the Ansteel group) or announced, or Angang HK has otherwise become aware, that the relevant regulatory authority will:
 - (i) not give the relevant approval on or before the End Date unless this date is revised pursuant to the Angang Subscription Agreement; or
 - (ii) will provide the relevant approval, but only on terms which are not reasonably acceptable to Ansteel.

If the Angang HK Placement does not proceed, Gindalbie will consider all other financing alternatives available, including a potential further equity raising, at that time.

Under the Angang Subscription Agreement, the Company and Angang HK have each provided representations, warranties and indemnities that are customary for agreements of this nature. The Independent Directors have agreed to unanimously recommend the Angang HK Placement to Shareholders and not to withdraw that unanimous recommendation prior to completion, except to the extent that the recommendation would constitute a breach of their fiduciary or statutory duties.

The Directors' recommendation in respect of the Resolution is set out in section 2.9 of this Explanatory Statement.

The number of Shares to be issued to Angang HK of up to 111,922,105 under the Angang HK Placement was determined on the basis that Angang HK would participate in the Equity Raising only to the extent required to maintain its current voting power in the Company of 35.89% (as if it had taken up its rights under the Entitlement Offer).

Angang HK will not be paid any fees or commissions in relation to its participation in the Angang HK Placement. The Angang HK Placement issue price of \$0.67 is equal to the issue price under the Entitlement Offer, which was determined by the Joint Lead Managers in consultation with the Company following completion of an institutional bookbuild. The placement price represents a discount of approximately 11.7% to the volume weighted average price for the Company's Shares on ASX over the 5 days preceding the trading halt on 19 July 2011. Over the three months prior to the announcement of the Equity Raising, the Company's Shares have traded on ASX in a range of A\$0.735 to A\$1.09.

On the basis of the above, the Independent Directors consider that the issue of up to 111,922,105 Shares at \$0.67 per Share to Angang HK is reasonable, as the terms are consistent with the Entitlement Offer and Angang HK's voting power in the Company will not increase as a result of the Equity Raising.

2.4 Key Terms and Conditions of the Underwriting Agreement

Gindalbie has entered into the Underwriting Agreement with the Underwriters who have agreed to manage and underwrite the Entitlement Offer up to the Underwritten Amount.

Explanatory Statement

The Underwriting Agreement is subject to the satisfaction of a number of conditions, including:

- Gindalbie obtaining the necessary ASX waivers required to conduct the Entitlement Offer;
- Gindalbie and Angang HK having executed a subscription agreement in respect of the Placement;
- the completion of satisfactory due diligence; and
- the New Shares having been admitted to quotation by ASX.

As is customary with these types of arrangements:

- Gindalbie has agreed to indemnify the Underwriters, their affiliates and related bodies corporate and the directors, officers, employees, partners, agents and advisers of the Underwriters, their affiliates and related bodies corporate against losses they may suffer or incur in connection with the Entitlement Offer; and
- the Underwriters may (in certain circumstances, including having regard to the materiality of the relevant event) terminate the Underwriting Agreement and be released from its obligations under it on the occurrence of certain events prior to Completion, including (but not limited to) where:
 - Gindalbie is removed from the official list of ASX or Shares will be suspended from quotation by ASX;
 - there are material disruptions in financial or economic conditions in key markets, certain falls in the S&P/ASX 200 Resources Index or hostilities commence or escalate in certain key countries;
 - a statement contained in the offer materials is or becomes false, misleading or deceptive (including by omission) or likely to mislead or deceive, or there are no reasonable grounds for making a statement relating to future matters in the offer materials;
 - the Angang Subscription Agreement is terminated in certain circumstances; and
 - there is a material adverse change in the financial or trading position or performance, assets, liabilities, profits, losses, condition or prospects of Gindalbie.

Please note that the above is not an exhaustive list of the termination events in the Underwriting Agreement.

The Underwriters will be remunerated by Gindalbie for providing these services at market rates and may be reimbursed for certain expenses.

The Underwriters have not authorised or caused the issue of this Explanatory Statement and take no responsibility for any information in this Explanatory

Statement or any action taken by you on the basis of such information. To the maximum extent permitted by law, the Underwriters exclude and disclaim all liability for any expenses, losses, damages or costs incurred by you as a result of the information in this Explanatory Statement being inaccurate or incomplete in any way for any reason, whether by negligence or otherwise.

The Underwriters make no recommendations as to how you or your related parties should vote your Shares in relation to the Resolution, nor do they make any representations or warranties to you concerning the Equity Raising, or any such information, and you represent, warrant and agree that you have not relied on any statements made by the Underwriters or any of their affiliates in relation to the Meeting or the Equity Raising generally.

The Company has engaged the Underwriters to provide underwriting and management services in relation to the Entitlement Offer. However, it is important to note that the Underwriters will be acting for, and providing services to, the Company in this process and will not be acting for, or providing services to, Shareholders. The engagement of the Underwriters by the Company is not intended to create any agency or other relationship between the Underwriters and the Shareholders.

2.5 Listing Rule 10.11

Listing Rule 10.11 provides that a listed company may not, without the approval of ordinary Shareholders, issue or agree to issue equity securities to a related party, or a person whose relationship with the listed company or a related party of the listed company is, in ASX's opinion, such that approval should be obtained.

Angang HK is not considered by Gindalbie to be a "related party" of the Company. However, ASX has determined under Listing Rule 10.11.2 that Shareholder approval of the Angang HK Placement should be obtained.

2.6 Listing Rule 7.1

Approval pursuant to Listing Rule 7.1 is not required for an issue of Shares to Angang HK pursuant to the Angang HK Placement as approval is being sought under Listing Rule 10.11. Accordingly, if the Resolution is passed, the Shares issued to Angang HK will not be included in the calculation of the Company's annual 15% placement capacity pursuant to Listing Rule 7.1.

2.7 ASX Waiver of Listing Rule 10.13.3

ASX has granted a waiver of Listing Rule 10.13.3 to allow the Company to issue the Angang HK Placement Shares up to the date which is 5 business days after the date that the last condition precedent to completion of the Angang HK Placement (summarised in section 2.3 of this Explanatory Statement) is satisfied or waived in accordance with the terms of the Angang Subscription

Agreement, and in any event shall occur prior to 15 December 2011 (subject to certain adjustments which could include an extension to 20 January 2012 if the Company's obligation to contribute equity to Karara is deferred) (**End Date**).

2.8 Listing Rule 10.13 requirements for the Angang HK Placement

Listing Rule 10.13 sets out a number of matters which must be included in a notice of meeting requesting shareholder approval under Listing Rule 10.11. In accordance with Listing Rule 10.13, the following information is provided to Shareholders to assist them to assess whether to approve the Resolution:

- (a) Under the Angang HK Placement, the Company intends to issue up to 111,922,105 Shares to Angang HK or its nominee. After completion of the Angang HK Placement, Angang HK's voting power (calculated in accordance with section 610 of the Corporation Act) in the Company shall be equal to the voting power it has in the Company as at the Record Date, being 35.89%.
- (b) The issue of the Shares to Angang HK or its nominee will occur no later than 5 business days after the date that the last condition precedent to completion of the Angang HK Placement (summarised in section 2.3 of this Explanatory Statement) is satisfied or waived in accordance with the terms of the Angang Subscription Agreement, and in any event shall occur prior to the End Date.
- (c) If the conditions precedent to completion of the Angang HK Placement are not satisfied or waived in accordance with the terms of the Angang Subscription Agreement by the End Date, the Angang HK Placement will not proceed.
- (d) Angang HK has a shareholding of 35.89% in Gindalbie. As set out above, Angang HK is not considered by Gindalbie to be a "related party" of the Company, however, ASX has determined under Listing Rule 10.11.2 that Shareholder approval of the Angang HK Placement should be obtained.
- (e) The Shares to be issued to Angang HK or its nominee will be issued at a price of \$0.67 per Share. The Shares will rank pari passu in all respects from the date of issue with the existing Shares of the Company. The Company will apply for official quotation on ASX of all Shares issued pursuant to the Angang HK Placement.
- (f) It is intended that the funds raised by the Angang HK Placement will be used by the Company for equity contributions to be made by the Company to Karara to develop the Karara Iron Ore Project.

- (g) A voting exclusion statement in respect of the Resolution is set out in both the Notice of General Meeting and section 2.10 of this Explanatory Statement.

2.9 Directors' Recommendation

The Directors (other than Mr Yu Wanyuan, Mr Chen Ping, Mr Shao Anlin, and Mr Wang Heng, who have declined to make a recommendation due to their position as nominees of Angang HK on the Board) recommend that Shareholders vote in favour of the Resolution for the reasons set out in section 2 of this Explanatory Statement.

2.10 Voting Exclusion Statement

In accordance with Listing Rules 10.13 and 14.11, the Company will disregard any votes cast on the Resolution by Angang HK or its nominee and any person who may obtain a benefit, except a benefit solely in the capacity of a Shareholder, if the Resolution is passed and their Associates. However, the Company need not disregard a vote if 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 is cast by the person chairing the meeting as a 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. OTHER MATTERS

3.1 ASX's Role

The fact that the accompanying Notice of General Meeting, this Explanatory Statement and other relevant documentation have been received by the ASX is not to be taken as an indication of the merits of the Resolution. ASX and its officers take no responsibility for any decision a Shareholder may make in reliance on any of that documentation.

3.2 Proxies

Proxy Forms (and the certified copy of the power of attorney, if any, under which the Proxy Form is signed) must be received at the offices of Advanced Share Registry or the Company by no later than 8.00 am (Perth time) on Wednesday, 7 September 2011. Proxy Forms received after this time will be invalid.

For details on how to complete and lodge the Proxy Form please refer to the instructions on the Proxy Form.

3.3 Queries

If you have any queries on any matter arising out of the business proposed for the General Meeting, please call the Company Secretary, David Stokes, on +61 8 9480 8700.

Glossary

A\$	means Australian dollars.
Angang	means Angang Group Investment (Australia) Pty Ltd, a subsidiary of Ansteel.
Angang HK	means Angang Group Hong Kong (Holdings) Limited, a subsidiary of Ansteel.
Angang HK Entitlement	has the meaning given to it in section 2.1 of this Explanatory Memorandum.
Angang HK Placement	means the allotment and issue of up to 111,922,105 Shares to Angang HK or its nominee at an issue price of \$0.67 per Share to raise up to \$75 million.
Angang HK Placement Shares	means the number of Shares to be subscribed by Angang HK under the Angang Subscription Agreement.
Angang Subscription Agreement	has the meaning given to that term in section 2.1 of this Explanatory Statement.
Ansteel	means Anshan Iron and Steel Group Corporation.
Associate	has the meaning given to that term in section 11 and sections 13 to 17 of the Corporations Act.
ASX	means ASX Limited ACN 008 624 691, trading as the Australian Securities Exchange.
Board	means the board of Directors from time to time.
Company or Gindalbie	means Gindalbie Metals Ltd ACN 060 857 614.
Corporations Act	means the <i>Corporations Act 2001</i> (Cth).
Directors	mean the Directors of the Company from time to time and Director means any one of them.
End Date	has the meaning given in section 2.7 of this Explanatory Statement.
Entitlement Offer	a pro rata entitlement offer of 1 New Share for every 3 Shares held at the Record Date at an issue price of \$0.67 per New Share to raise \$209 million.
Equity Raising	means the Angang HK Placement and the Entitlement Offer.
Explanatory Statement	means this explanatory statement.
Foreign Acquisitions and Takeovers Act	means the <i>Foreign Acquisitions and Takeovers Act 1975</i> (Cth).
Independent Directors	means the directors of the Company who are not nominees of Ansteel or its subsidiaries.
Institutional Entitlement Offer	means the institutional component of the Entitlement Offer.
Institutional Closing Date	means the date on which the Institutional Entitlement Offer closes, being 20 July 2011.
Joint Lead Managers	means UBS AG, Australia Branch and Morgan Stanley Australia Securities Limited.
Karara	means Karara Mining Limited ACN 070 871 831.
Karara Project	means the Karara Iron Ore Project.
Listing Rules	means the official listing rules of the ASX as amended from time to time.

Meeting or General Meeting	means the general meeting of Shareholders convened by the Notice.
Meeting Documents	means the Notice of General Meeting and this Explanatory Statement.
New Share	means each new Share issued under the Equity Raising.
Notice or Notice of General Meeting	means the notice of meeting which accompanies this Explanatory Statement.
Pansteel	means Pangang Group Steel Vanadium & Titanium Co., Ltd.
Project Construction Cost	has the meaning given to it in section 1.3 of this Explanatory Statement.
Proxy Form	means the proxy form attached to the Meeting Documents.
Record Date	means 22 July 2011.
Resolution	means the Resolution set out in the Notice.
Share	means a fully paid ordinary share in the capital of the Company.
Shareholder	means a holder of a Share.
Underwriters	means UBS AG, Australia Branch and Morgan Stanley Australia Securities Limited.
Underwriting Agreement	means the underwriting agreement dated 19 July 2011 between the Company and the Underwriters under which the Underwriters have agreed to manage and underwrite the Entitlement Offer on the terms and conditions contained in that agreement.
Underwritten Amount	means \$134 million.
US\$	means United States dollars.

Important Information

This release does not constitute an offer to sell, or a solicitation of an offer to buy, securities in the United States or to any person that is, or is acting for the account or benefit of, a "U.S. person" (as defined in Regulation S under the U.S. Securities Act of 1933 (the "Securities Act") ("U.S. Persons")). The securities to be issued in the proposed offering have not been and will not be registered under the Securities Act, or under the securities laws of any state or other jurisdiction of the United States. Securities may not be offered or sold in the United States or to, or for the account or benefit of, U.S. persons, unless the securities have been registered under the Securities Act, or in a transaction exempt from, or not subject to, the registration requirements of the Securities Act and applicable U.S. state securities laws.

This announcement contains certain "forward looking" statements. The words "believe", "anticipate", "expect", "project", "forecast", "estimate", "potential", "could", "may", "target", "consider" and "will" and other similar expressions are intended to identify forward looking statements. Forward looking statements, opinions and estimates provided in this announcement are based on assumptions and contingencies which are subject to change without notice, as are statements about market and industry trends, which are based on interpretations of current market conditions. Forward-looking statements including projections, indications or guidance on future earnings or financial position and estimates are provided as a general guide only and should not be relied upon as an indication or guarantee of future performance. There can be no assurance that actual outcomes will not differ materially from these statements. To the full extent permitted by law, Gindalbie and its directors, officers, employees, advisers, agents and intermediaries disclaim any obligation or undertaking to release any updates or revisions to the information to reflect any change in expectations or assumptions.

