



Notice of General Meeting

Meeting Documents

- 1. Notice of General Meeting**
- 2. Explanatory Statement**
- 3. Proxy Form**

Notice is given that a General Meeting of the Shareholders of Gindalbie Metals Ltd will be held in Meeting Room 8 (Level 2), Perth Convention & Exhibition Centre, 21 Mounts Bay Road, Perth, Western Australia at 10:00 am (Perth time) on Friday 8 February 2013.

**Gindalbie Metals is going green
You can now vote by proxy online at
www.advancedshare.com.au**

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 Resolutions 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 Resolutions

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

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 7:00 pm (Sydney time) on Wednesday 6 February 2013. Accordingly, transactions registered after that time will be disregarded in determining Shareholders entitled to attend and vote at the General Meeting.

Voting in Person

To vote in person, attend the General Meeting at the time, date and place set out below.

Voting by Proxy

Shareholders have a right to appoint a proxy. A proxy does not need to be a member of the Company. A Shareholder who is entitled to cast 2 or more votes may appoint 2 proxies. Each proxy may be appointed to represent a specific proportion of the Shareholder's voting rights. If such a proportion is not made then each proxy may exercise half of the Shareholder's voting rights. Fractions shall be disregarded.

Shareholders should complete the Proxy Form that accompanies the Meeting Documents and return it by mail, in person, by facsimile or by email so as to be received by the Company before 10:00 am (Perth time) on Wednesday 6 February 2013, whether or not they propose to attend the Meeting. Proxy Forms received after this time will be invalid. You can also vote using Proxy Online at www.advancedshare.com.au.

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 10:00 am (Perth time) on Wednesday 6 February 2013. 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 Gindalbie Metals Ltd – using the reply paid envelope
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	Share Registry - Advanced Share Registry +61 8 9389 7871
BY EMAIL	Share Registry – admin@advancedshare.com.au
ONLINE	www.advancedshare.com.au

Key Dates

Deadline for lodgement of Proxy Forms	10:00 am (Perth time) on Wednesday 6 February 2013
Deadline for Online Voting	10:00 am (Perth time) on Wednesday 6 February 2013
Date and time for determining eligibility to vote	7:00 pm (Sydney time) on Wednesday 6 February 2013
Date and time of General Meeting	10:00 am (Perth time) on Friday 8 February 2013
Last date for completion of Angang HK Placement	the End Date

Voting by Corporate Representative

A body corporate may elect to appoint an individual to act as its representative in accordance with section 250D of the Corporations Act. A certificate of appointment of the corporate representative will be sufficient for these purposes and must be lodged with the Company before the General Meeting or at the registration desk on the day of the General Meeting. Certificates of appointment of corporate representatives are available on request by contacting Advanced Share Registry on (08) 9389 8033 (within Australia) or +61 8 9389 8033 (outside Australia).

Queries

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

**GINDALBIE METALS LTD
ABN 24 060 857 614**

NOTICE OF GENERAL MEETING

Notice is hereby given that a General Meeting of the Shareholders of Gindalbie Metals Ltd (**Company**) will be held in Meeting Room 8 (Level 2), Perth Convention & Exhibition Centre, 21 Mounts Bay Road, Perth, Western Australia at 10:00 am (Perth time) on Friday 8 February 2013, for the purpose of considering, and if thought fit, passing the following Resolutions.

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

1. To consider and, if thought fit, pass the following as an ordinary Resolution:

“That, for the purposes of Listing Rule 10.11 and for all other purposes, approval is given for the Company to allot and issue 87,804,101 Shares to Angang Group Hong Kong (Holdings) Limited or its nominee pursuant to a placement at an issue price of A\$0.255 per Share, on the terms and conditions set out in the Explanatory Statement.”

Voting Exclusion Statement

In accordance with ASX Listing Rules 10.13 and 14.11, the Company will disregard any votes cast on Resolution 1 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 Resolution 1 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 it 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.

Resolution 2 – Ratification of prior issue of Shares

2. To consider and, if thought fit, pass the following as an ordinary Resolution:

“That, for the purposes of Listing Rule 7.4 and for all other purposes, this meeting of Company Shareholders hereby approves and ratifies the allotment and issue of 156,862,746 Shares at A\$0.255 each on 7 December 2012 pursuant to a placement to sophisticated and institutional investors for the purposes and on the terms set out in the Explanatory Statement.”

Voting Exclusion Statement

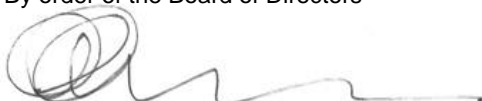
In accordance with Listing Rules 7.5 and 14.11, the Company will disregard any votes cast on Resolution 2 by any person who participated in the Institutional Placement and their Associates. However, the Company need not disregard a vote if it is cast by a person as a proxy for a person who is entitled 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

1. For further information and explanation on the above Resolutions, please refer to the Explanatory Statement which accompanies this Notice of General Meeting.
2. All Resolutions are required pursuant to the provisions of the Listing Rules of ASX.

Dated: 19 December 2012

By order of the Board of Directors



Christopher Gerrard
Company Secretary

GINDALBIE METALS LTD
ABN 24 060 857 614
EXPLANATORY STATEMENT

This Explanatory Statement has been prepared to assist Shareholders with their consideration of the Resolutions proposed for the General Meeting of Gindalbie Metals Ltd (**Gindalbie** or **Company**) to be held in Meeting Room 8 (Level 2), Perth Convention & Exhibition Centre, 21 Mounts Bay Road, Perth, Western Australia at 10:00 am (Perth time) on Friday 8 February 2013.

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 THE RESOLUTIONS

1.1 Karara Iron Ore Project

Gindalbie and Ansteel 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 subsidiary of Ansteel. Angang Group Hong Kong (Holdings) Limited (**Angang HK**) is also a 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 the end of October 2012, approximately A\$2.636 billion has been spent 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 planned to be 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 the Karara Project is already underway. DSO production is expected to ramp up to a rate of approximately 2Mtpa by the end of 2012. Commissioning of various components of the main Karara Project Concentrator has commenced, leading to the anticipated first shipment of magnetite concentrate in 2013. Ramp-up of magnetite production is expected to take approximately six months with the full magnetite production rate of 8Mtpa scheduled to be achieved during the second quarter of 2013.

1.3 Karara Project Funding

The ongoing construction of the Karara Project is underpinned by the existing US\$1.8 billion Karara Project Loan Facility, which is fully drawn down, as well as the equity payments of A\$1.33 billion already made to Karara by Gindalbie and Angang. Karara management has called on the joint venture partners to contribute an additional A\$100 million of funding, to ensure that the project has sufficient funds to meet all liabilities during the commissioning phase of the Karara Project.

1.4 Equity Raising

Gindalbie has undertaken an equity placement to institutional and sophisticated investors (see ASX releases dated 30 November and 3 December 2012) and seeks approval for an additional share placement to Angang HK (together the **Equity Raising**). The Angang HK Placement will allow Ansteel to regain its approximate 36% equity interest in Gindalbie, which it held prior to the Institutional Placement. The Equity Raising is to ensure that Gindalbie has adequate funds available to satisfy its 50% share of the additional funding requirement for the Karara Project.

There remains a high degree of confidence the Karara Project will be completed within the construction cost estimate, subject to no material commissioning issues, and resolution of all outstanding contractual matters within forecast limits.

There is, however, the potential for an increase in working capital requirements compared to the previously disclosed estimates due to the delays in the start of hematite DSO and magnetite concentrate sales. The exact financial impact is difficult to estimate with any certainty because it will be dependent on the success of the production ramp up against internal forecasts, as well as the future iron ore price, exchange rate and shipping schedules over that period.

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The funds received under the Equity Raising, together with Gindalbie's existing A\$33 million held in cash reserves, will be used to strengthen Gindalbie's balance sheet and to fund Gindalbie's 50% share of the requested further funding requirements for the Karara Project.

The Independent Directors believe the structure of the Equity Raising is the most efficient form of fundraising for Gindalbie and places Gindalbie in a sound financial position and enables Gindalbie to meet the further funding 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.

If the Angang HK Placement proceeds, the impact on Gindalbie's capital structure will be as follows:

Issued Shares as at the date of this Notice (this includes the 156,862,746 Shares already issued under the Institutional Placement)	1,404,350,200
Shares to be issued under the Angang HK Placement	87,804,101
Total Shares	up to 1,492,154,301

In the event the Angang HK Placement does not proceed, Angang HK's shareholding will remain at 31.88% (unless it acquires shares by other means), a dilution from its 35.89% prior to the Institutional Placement.

2. ORDINARY RESOLUTION 1 – Issue of Shares to Angang Group Hong Kong (Holdings) Limited or its nominee

2.1 Background to the Resolution

On 30 November 2012, Gindalbie announced its intention to raise approximately A\$62 million through:

- (a) A A\$40 million Institutional Placement offer and
- (b) A further A\$22 million share placement to Angang HK

On 3 December 2012, Gindalbie announced it had completed the Institutional Placement raising gross proceeds of approximately A\$40 million.

This Resolution 1 seeks Shareholder approval to make the Angang HK Placement for the purposes of Listing Rule 10.11. Angang HK is a subsidiary of Ansteel and currently holds a 31.88% shareholding in the Company. Prior to the Institutional Placement Angang HK held 35.89% of the Shares in the Company. The raising under the Angang HK Placement is at the same issue price as the Institutional Placement for a total amount of approximately A\$22 million and is subject to the satisfaction of certain conditions (see section 2.2 of this Explanatory Statement for information about the conditions).

To give effect to this, the Company will enter into a subscription agreement with Angang HK, pursuant to which the Company shall agree to allot and issue 87,804,101 Shares at an issue price of A\$0.255 per Share (**Angang Subscription Agreement**). The key terms of the Angang Subscription Agreement are summarised in section 2.2 of this Explanatory Statement.

If Shareholders pass Resolution 1, then Angang HK will have the opportunity to participate under the Angang HK Placement, subject to the satisfaction of the conditions summarised in section 2.2 of this Explanatory Statement. Under the terms of the Angang Subscription Agreement, the Angang HK Placement must be completed by the End Date.

Angang HK is very supportive of the Equity Raising and does not wish to be diluted below the shareholding of approximately 36%, which it held prior to the Institutional Placement. Angang HK has indicated to the Board that it 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 may need to consider other financing alternatives, including a potential further equity raising.

The Independent Directors believe that the Angang HK Placement is in the best interests of Shareholders as it ensures Gindalbie is able to meet any further funding requirements for Karara and strengthens the balance sheet of Gindalbie. Angang HK is Gindalbie's largest Shareholder at 31.88% 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 Angang Subscription Agreement

Under the Angang Subscription Agreement, Angang HK shall agree to subscribe for and Gindalbie shall agree to issue 87,804,101 Shares for A\$0.255 per Share, the same price as under the Institutional Placement. 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 Resolution 1);
- (b) Approval by the Treasurer under the Foreign Acquisitions and Takeovers Act or Australia's foreign investment policy;
- (c) Angang HK obtaining all PRC legal and regulatory approvals required for its participation in the Angang HK Placement;
- (d) Pansteel's board having approved the Angang HK Placement;
- (e) Approval of 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; and
- (g) Each of the warranties given by Gindalbie under the Angang Subscription Agreement being true, complete and accurate in all material respects.

The PRC legal and regulatory approvals contemplated by the conditions in section 2.2(c) above (**PRC Regulatory Conditions**) are: approval from the PRC State-owned Assets Supervision and Administration Commission (**SASAC**), National Development and Reform Commission (**NDRC**), Ministry of Commerce (**MOFCOM**), State Administration of Foreign Exchange (**SAFE**) and the board or management committee of Pansteel. In respect of the PRC legal and regulatory approvals:

- (a) approval from **SASAC** ordinarily takes up to 2 months after the date of application. SASAC is the PRC governmental authority which takes charge of, amongst other things, the review and approval of inbound and outbound project investment conducted by state-owned PRC enterprises;
- (b) approval from the **NDRC** ordinarily takes up to 3 months after the date of application. The NDRC is the PRC governmental authority which oversees outbound project investments to make sure they align with the PRC's overall economic development policy, and are financially and technically feasible;
- (c) approval from **MOFCOM** ordinarily takes up to 1 month after the date of application. MOFCOM is the PRC governmental authority which reviews and approves the establishment of foreign-investment enterprises by foreign investors in the PRC and the creation of entities outside of the PRC by PRC enterprises. MOFCOM approval cannot be applied for until after SASAC and NDRC approval have been granted; and
- (d) approval from **SAFE** ordinarily takes up to 1 month after the date of application. SAFE is the PRC governmental authority which regulates foreign exchange control issues in connection with cross-border capital investments as well as trade of goods. SAFE approval cannot be applied for until after MOFCOM approval has been granted.

Pansteel is a subsidiary of Ansteel listed on the Shenzhen Stock Exchange through which Ansteel indirectly owns Angang HK.

The Angang HK Placement will not proceed if:

- (a) The remaining conditions are not satisfied or waived by the End Date; or
- (b) Conditions 2.2(b) or 2.2(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 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 Angang HK.

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.

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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 number of Shares to be issued to Angang HK of 87,804,101 under the Angang HK Placement was determined on the basis that Angang HK would participate in a placement only to the extent required to regain its voting power in the Company of approximately 36%, which it held prior to the Institutional Placement.

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 A\$0.255 is equal to the issue price under the Institutional Placement, which was determined by the Lead Manager in consultation with the Company. The placement price represents a discount of approximately 13.6% to the last closing price of the Company's Shares on ASX on 29 November 2012, immediately preceding the trading halt on 30 November 2012.

2.3 Listing Rule 10.11

Listing Rule 10.11 provides that, unless one of the exceptions in Listing Rule 10.12 applies, a listed company must not, without the approval of 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.

2.4 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 Resolution 1 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.

2.5 ASX Waiver of Listing Rule 10.13.3

If Gindalbie shareholders pass Resolution 1, Listing Rule 10.13.3 requires the Shares to be issued under the Angang HK Placement within one month after the date of the General Meeting.

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 the Company receives written confirmation that the PRC Regulatory Conditions (summarised in section 2.2 of this Explanatory Statement) have been satisfied or waived in accordance with the terms of the Angang Subscription Agreement, and in any event before the End Date.

2.6 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 Resolution 1:

- (a) Under the Angang HK Placement, the Company intends to issue 87,804,101 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 Corporations Act) in the Company shall be 35.89% (assuming no other shares are issued or acquired by the Ansteel group).
- (b) If Resolution 1 is passed, the issue of the Angang HK Placement 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 2.2 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 voting power of 31.88% in Gindalbie. It previously had voting power of 35.89% in Gindalbie prior to the Institutional Placement. Angang is also Gindalbie's joint venture partner in the development of the Karara Project. As set out above, Angang HK is not considered by Gindalbie to be a Related Party of the Company, however, ASX has determined, in its opinion, under Listing Rule

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10.11.2 that Angang HK is a person whose relationship with the Company is such 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 A\$0.255 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 funding to be made by the Company to Karara to develop the Karara Project.
- (g) A voting exclusion statement in respect of Resolution 1 is set out in both the Notice of General Meeting and section 2.8 of this Explanatory Statement.

2.7 Directors' Recommendation

The Directors (other than Mr Yu Wanyuan, Mr Chen Ping and Mr Shao An Lin, 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 Resolution 1 for the reasons set out in section 2.1 of this Explanatory Statement.

In particular, the Independent Directors consider that the issue of 87,804,101 Shares at A\$0.255 per Share to Angang HK is reasonable, as the terms are consistent with the Institutional Placement and Angang HK's voting power in the Company will not increase above its voting power prior to the Institutional Placement.

2.8 Voting Exclusion Statement

In accordance with Listing Rules 10.13 and 14.11, the Company will disregard any votes cast on Resolution 1 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 Resolution 1 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 it 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. ORDINARY RESOLUTION 2 – Ratification of prior issue of Shares

3.1 Background

On 30 November 2012 the Company announced a fully underwritten placement to sophisticated and institutional investors which raised gross proceeds of approximately A\$40 million by way of the issue of 156,862,746 Shares at an issue price of A\$0.255 per Share. The Shares were issued pursuant to the Company's 15% capacity under Listing Rule 7.1 (**Institutional Placement**).

3.2 Listing Rule 7.1

Listing Rule 7.1 provides, in summary, that subject to certain exceptions, a listed company may not issue equity securities in any 12 month period which exceed 15% of the number of securities of the company on issue at the beginning of the 12 month period, except with the prior approval of the shareholders of the company in general meeting of the precise terms and conditions of the proposed issue.

The outcome of this Resolution 2 will have no effect on the issue of the 156,862,746 Shares to sophisticated and institutional investors as the Company has already issued those Shares within the Company's annual 15% limit prescribed by Listing Rule 7.1. If Resolution 2 is approved Gindalbie will be able to ratify the issue and allotment of Shares under the Institutional Placement and preserve Gindalbie's ability to issue further securities (if necessary) under Listing Rule 7.1. If Resolution 2 is not approved by Shareholders, it will restrict the ability of the Company to issue securities without Shareholder approval until the Company's 15% capacity is replenished, in accordance with Listing Rule 7.1.

3.3 Listing Rule 7.4

Listing Rule 7.4 permits a company to subsequently approve an issue of securities made without approval under Listing Rule 7.1. Resolution 2 has been included in the Notice to preserve the Company's ability to issue further securities (if necessary) under Listing Rule 7.1.

Listing Rule 7.4 states that an issue of securities made without approval under Listing Rule 7.1 is treated as having been made with approval for the purpose of Listing Rule 7.1 if the issue did not breach Listing Rule 7.1 and the shareholders of the company subsequently approve it.

3.4 Listing Rule Requirements

In accordance with Listing Rule 7.5, the following information is provided to Shareholders to allow them to assess whether to approve Resolution 2:

- (a) A total of 156,862,746 Shares were allotted and issued on 7 December 2012.
- (b) The Shares were issued at a price of A\$0.255 per Share.
- (c) The Shares issued pursuant to this Resolution 2 rank equally in all respects with all other Shares in the Company and are listed on ASX.
- (d) The Shares were allotted and issued to sophisticated and institutional investors and who are not Related Parties of the Company.
- (e) Approximately A\$40 million was raised by the Institutional Placement. It is intended that the funds raised will be used by the Company to strengthen the Company's balance sheet, and to fund its share of contributions to Karara required during commissioning of the Karara Project if required.
- (f) A voting exclusion statement in respect of Resolution 2 is set out in both the Notice and section 3.6 of this Explanatory Statement.

3.5 Directors' Recommendation

The Company's Directors recommend that Shareholders vote in favour of Resolution 2.

3.6 Voting Exclusion Statement

In accordance with Listing Rules 7.5 and 14.11, the Company will disregard any votes cast on Resolution 2 by any person who participated in the Institutional Placement 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 the direction on the Proxy Form to vote as the proxy decides.

4. OTHER MATTERS

4.1 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 Resolutions. ASX and its officers take no responsibility for any decision a Shareholder may make in reliance on any of that documentation.

4.2 Proxies

Shareholders have a right to appoint a proxy. A proxy does not need to be a member of the Company. A Shareholder who is entitled to cast 2 or more votes may appoint 2 proxies. Each proxy may be appointed to represent a specific proportion of the Shareholder's voting rights. If such a proportion is not made then each proxy may exercise half of the Shareholder's voting rights. Fractions shall be disregarded.

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 10:00 am (Perth time) on Wednesday 6 February 2013. 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.

4.3 Queries

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

GLOSSARY

If a word or phrase is given a defined meaning, any other part of speech or grammatical form of that word or phrase has a corresponding meaning.

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 Placement means the allotment and issue of up to 87,804,101 Shares to Angang HK or its nominee at an issue price of A\$0.255 per Share to raise approximately A\$22 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 Ansteel Group Corporation.

Associate has the meaning given to that term in section 11 and sections 13 to 17 of the Corporations Act. Section 13 is to be applied as if it was not confined to associate references occurring in Chapter 7.

ASX means ASX Limited (ABN 98 008 624 691), trading as the Australian Securities Exchange.

Board means the Board of Directors of the Company.

Company or **Gindalbie** means Gindalbie Metals Ltd (ACN 060 857 614).

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

Directors means the directors of the Company from time to time and **Director** means any one of them.

End Date means 7 June 2013.

Equity Raising means the Institutional Placement and the Angang HK Placement.

Explanatory Statement means this Explanatory Statement.

Foreign Acquisitions and Takeovers Act means the *Foreign Acquisitions and Takeovers Act 1975* (Cth).

General Meeting means the general meeting of Shareholders convened by this Notice of General Meeting.

Independent Directors means the Directors of the Company who are not nominees of Ansteel or its subsidiaries.

Institutional Placement has the meaning given in section 3.1 of this Explanatory Statement.

Karara means Karara Mining Limited ACN 070 871 831.

Karara Project Loan Facility means the aggregate of the syndicated term loan and guarantee facilities provided to Karara by China Development Bank Corporation as the mandated exclusive lead arranger under the original facility agreement dated 21 June 2010 (tranche 1 facility), and the subsequent amended and increased facilities agreements (tranche 2 & 3 facilities).

Karara Project means the Karara Iron Ore Project.

Lead Manager means UBS AG, Australia Branch.

Listing Rules means the official listing rules of the ASX as amended from time to time.

Meeting Documents means the Notice of General Meeting and this Explanatory Statement.

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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.

PRC means the People's Republic of China.

PRC Regulatory Conditions has the meaning given in section 2.2.

Proxy Form means the proxy form attached to the Meeting Documents.

Related Party has the meaning given to it in the Listing Rules.

Resolution means a resolution set out in the Notice of General Meeting.

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

Shareholder means a holder of a Share.

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.

GINDALBIE METALS LIMITED

Appointment of proxy

All Registry communication to:
Advanced Share Registry Ltd

150 Stirling Highway
Nedlands WA 6009
PO Box 1156

Nedlands WA 6909
Telephone: (08) 9389 8033
Facsimile: (08) 9389 7871

Website: www.advancedshare.com.au
www.gindalbie.com.au



Gindalbie Metals is going green.
You can now vote online at www.advancedshare.com.au

I/We being a member(s) of Gindalbie Metals Limited ABN 24 060 857 614 and entitled to attend and vote hereby appoint.

the Chairman of the Meeting (mark box)

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

Or failing the person so named or, if no person is named, the Chair of the General Meeting, or the Chair's nominee, to vote in accordance with the following directions, or, if no directions have been given, and subject to the relevant laws as the proxy sees fit, at the General Meeting to be held at Room 8, Level 2, Perth Convention & Exhibition Centre, 21 Mounts Bay Road, Perth Western Australia on Friday 8 February 2013 at 10:00am or any adjournment thereof (the "Meeting").

If you have not appointed the Chairman of the Meeting as your proxy and you are appointing a second proxy please complete the following: Proxy 1 is appointed to represent _____% of my voting right and Proxy 2 is appointed to represent _____% of my total votes. My total voting right is _____ shares.

⚠ PLEASE NOTE: If the appointment does not specify the proportion or number of votes that the proxy may exercise, each proxy may exercise half the votes.

With respect to any amendment or variations to the matters identified in the Notice of Meeting and any other matters which may properly come before the Meeting, I/we confer discretionary authority on the person voting on behalf of me/us to vote as that person sees fit. At the time of printing this Form of Proxy, management knows of no such amendment, variation or other matter.

Voting on Business of the General Meeting

	FOR	AGAINST	ABSTAIN
1. Issue of Shares to Angang Group Hong Kong (Holdings) Limited or its nominee	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
2. Ratification of prior issue of Shares	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

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

If two proxies are being appointed, the proportion of voting rights this proxy represents is _____%

Signature of Member(s):

Date: _____

Individual or Member 1

Sole Director/Company Secretary

Member 2

Director

Member 3

Director/Company Secretary

Contact Name: _____

Contact Ph (daytime): _____

GINDALBIE METALS LIMITED

ABN 24 060 857 614

Instructions for Completing 'Appointment of Proxy' Form

1. **(Appointing a Proxy):** A member entitled to attend and vote at a General Meeting is entitled to appoint not more than two proxies to attend and vote on a poll on their behalf. The appointment of a second proxy must be done on a separate copy of the Proxy Form. A member who is entitled to cast 2 or more votes may appoint 2 proxies and may specify the proportion or number of votes each proxy is appointed to exercise. If the member appoints 2 proxies and the appointment does not specify the proportion or number of the member's votes, each proxy may exercise one-half of the votes. A duly appointed proxy need not be a member of the Company.
2. **(Direction to Vote):** A member may direct a proxy how to vote by marking one of the boxes opposite each item of business. Where a box is not marked the proxy may vote as they choose. Where more than one box is marked on an item the vote will be invalid on that item.
3. **(Signing Instructions):**
 - **(Individual):** Where the holding is in one name, the member must sign.
 - **(Joint Holding):** Where the holding is in more than one name, all of the members should sign.
 - **(Power of Attorney):** If you have not already provided the Power of Attorney with the registry, please attach a certified photocopy of the Power of Attorney to this form when you return it.
 - **(Companies):** Where the company has a sole director who is also the sole company secretary, that person must sign. Where the company (pursuant to Section 204A of the Corporations Act) does not have a company secretary, a sole director can also sign alone. Otherwise, a director jointly with either another director or a company secretary must sign. Please sign in the appropriate place to indicate the office held.
4. **(Attending the Meeting):** Completion of a Proxy Form will not prevent individual members from attending the General Meeting in person if they wish. Where a member completes and lodges a valid Proxy Form and attends the General Meeting in person, then the proxy's authority to speak and vote for that member is suspended while the member is present at the General Meeting.
5. **(Return of Proxy Form):** To vote by proxy, please complete and sign the enclosed Proxy Form and return to Advanced Share Registry Services by:
 - (a) **post to PO Box 1156, Nedlands WA 6909; or**
 - (b) **facsimile to the company registry on facsimile number +61 8 9389 7871; or**
 - (c) **email to the company registry at admin@advancedshare.com.au,**
 - (d) **[you can vote online at www.advancedshare.com.au](http://www.advancedshare.com.au),**

so that it is received not less than 48 hours prior to commencement of the Meeting.

Proxy forms received later than this time will be invalid.