



Notice of Annual General Meeting

Meeting Documents

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

Notice is given that the Annual General Meeting of the Shareholders of Gindalbie Metals Ltd will be held in the Stirling Room, Parmelia Hilton Hotel, 14 Mill Street, Perth, Western Australia at 10.00 am (Perth time) on Friday 16 November 2012.

**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 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 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 Annual 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 14 November 2012. Accordingly, transactions registered after that time will be disregarded in determining Shareholders entitled to attend and vote at the Annual General Meeting.

Voting in Person

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

Voting by Proxy

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 Wednesday 14 November 2012 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 8.00 am (Perth time) on Wednesday 14 November 2012. 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	8.00 am (Perth time) on Wednesday 14 November 2012
Deadline for Online Voting	8.00 am (Perth time) on Wednesday 14 November 2012
Date and time for determining eligibility to vote	5.00 pm (Perth time) on Wednesday 14 November 2012
Date and time of Annual General Meeting	10.00 am (Perth time) on Friday 16 November 2012

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 AGM or at the registration desk on the day of the AGM. 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).

Questions from Shareholders

The chairman of the meeting will allow a reasonable opportunity for Shareholders to ask questions or make comments on the management and performance of the Company.

Mr Trevor Hart of KPMG, as the auditor responsible for preparing the Auditor's report for the year ended 30 June 2012 (or his representative), will attend the AGM. The chairman of the meeting will allow a reasonable opportunity for the Shareholders as a whole to ask the Auditor questions at the meeting about:

- (a) the conduct of the audit; and
- (b) the content of the Auditor's report

To assist the Board and the Auditor of the Company in responding to any questions you may have, please submit any questions by fax or to the address below by no later than 5.00 pm (WST) on 9 November 2012.

By Post: PO Box 7200, Cloisters Square, Western Australia, 6850

By Facsimile: (08) 9480 8799 (within Australia)

By Facsimile: +61 8 9480 8799 (outside Australia)

In person: Level 9 London House, 216 St George's Terrace, Perth, Western Australia, 6000

As required under section 250PA of the Corporations Act, at the meeting, the Company will make available those questions directed to the Auditor received in writing at least five business days prior to the AGM, being questions which the Auditor considers relevant to the content of the Auditor's report or the conduct of the audit of the Annual Financial Report for the year ended 30 June 2012. The chairman of the meeting will allow a reasonable opportunity for the Auditor to respond to the questions set out on this list.

Annual Report

The Company advises that a copy of its Annual Report for the year ended 30 June 2012 is available to download at the website address, <http://www.gindalbie.com.au>.

When you access the Company's Annual Report online, you can view it and print a copy.

Please note that if you have elected to continue to receive a hard copy of the Company's annual reports, the Annual Report will accompany this Notice of Meeting or alternatively it will be mailed to you no later than 21 days before the AGM.

However, if you did not elect to continue to receive a hard copy of the Company's annual reports and now (or some time in the future) wish to receive a hard copy of the Company's annual reports, please contact the Share Registrar 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, Ian Gregory, on +61 8 9480 8700.

NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that the Annual General Meeting of the Shareholders of Gindalbie Metals Ltd will be held in the Stirling Room, Parmelia Hilton Hotel, 14 Mill Street, Perth, Western Australia at 10.00 am (Perth time) on Friday 16 November 2012, for the purpose of considering, and if thought fit, passing the following Resolutions.

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

Ordinary Business

Financial Reports

1. To receive and consider the annual financial report, together with the Directors' report and Auditor's report as set out in the Annual Report of the Company and its controlled entities for the year ended 30 June 2012.

Advisory Resolution - Remuneration Report

To pass the following as an advisory Resolution:

"To approve the Remuneration Report for the year ended 30 June 2012."

Notes:

If 25% or more of votes that are cast are voted against the adoption of the Remuneration Report at two consecutive Annual General Meetings, Shareholders will be required to vote at the second of those Annual General Meetings on a resolution (a "spill resolution") that another meeting be held within 90 days at which all of the Company's Directors (other than the Managing Director and CEO) must stand for re-election.

Voting Exclusion Statement

*No votes can be cast by or on behalf of a member of Key Management Personnel (as identified in the Remuneration Report) (KMP) and their closely Related Parties (collectively referred to as a **Prohibited Voter**). However, a Prohibited Voter may vote directed proxies for someone other than a Prohibited Voter, and, where the person chairing the meeting is a Prohibited Voter, he/she may also vote undirected proxies by marking the relevant box on, and submitting, the Proxy Form (by doing so, you authorise the person chairing the meeting to exercise the proxy even though this resolution is connected directly or indirectly with the remuneration of a KMP).*

Resolution 1 - Re-election of Director – Mr Michael O'Neill

2. To pass the following as an ordinary Resolution:

"That Mr Michael O'Neill, who retires by rotation in accordance with the Company's Constitution and, being eligible, offers himself for re-election, be re-elected as a Director of the Company."

Resolution 2 – Re-election of Director – Mr Shao An Lin

3. To pass the following as an ordinary Resolution:

"That Mr Shao An Lin, who retires by rotation in accordance with the Company's Constitution and, being eligible, offers himself for re-election, be re-elected as a Director of the Company."

Resolution 3 - Election of Director – Mr Paul Hallam

4. To pass the following as an ordinary Resolution:

"That Mr Paul Hallam, who was appointed to the Board since the last Annual General Meeting of the Company to fill a casual vacancy and who retires in accordance with clause 13.5 of the Company's Constitution and, being eligible, offers himself for election, be elected as a Director of the Company."

Resolution 4 – Approval of Employee Share Option Plan

5. To pass the following as an ordinary Resolution:

"That, for the purposes of ASX Listing Rule 7.2 (Exception 9(b)) and for all other purposes, approval is hereby given for the grant of options under the Company's Employee Share Option Plan, and the issue of fully paid ordinary shares in the capital of the Company pursuant to those options, from time to time upon the terms and conditions specified in the rules of the Employee Share Option Plan (which are summarised in the Explanatory Statement) as an exception to ASX Listing Rule 7.1."

Voting Exclusion Statement

In accordance with ASX Listing Rules 7.2 (Exception 9(b)) and 14.11, the Company will disregard any votes cast on Resolution 4 by a director of the Company (except a director who is ineligible to participate in any employee incentive scheme in relation to the Company) or by an associate of such a director. 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.

Resolution 5 – Approval of Grant of Options to Managing Director Mr Timothy Netscher

6. To pass the following as an ordinary Resolution:

"That, for the purposes of ASX Listing Rule 10.14 and for all other purposes, Shareholders approve the grant of 1,148,822 Options to Mr Tim Netscher (or his permitted nominee) in accordance with the Employee Share Option Plan and otherwise on the terms and conditions set out in the Explanatory Statement."

Voting Exclusion Statement

In accordance with Listing Rules 10.15 and 14.11, the Company will disregard any votes cast on this Resolution by a Director (except a Director who is ineligible to participate in any employee incentive scheme in relation to the Company) or by an associate of that Director. 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.

Important Notes

1. For further information and explanation on the above Resolutions, please refer to the Explanatory Statement which accompanies this Notice of Annual General Meeting.
2. All Resolutions are required pursuant to the provisions of the Listing Rules of ASX, the Constitution of the Company and the Corporations Act 2001 (Cth).

Dated: 5 October 2012
By order of the Board of Directors



Ian Gregory
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 Annual General Meeting of Gindalbie Metals Ltd (**Gindalbie** or **Company**) to be held in the Stirling Room, Parmelia Hilton Hotel, 14 Mill Street, Perth, Western Australia at 10.00 am (Perth time) on Friday 16 November 2012.

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

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

Ordinary Business

1. Financial Reports

The Corporations Act requires the Company to lay its financial statements, Directors' report and Auditor's report for the last financial year before the Annual General Meeting.

No Resolution is required for this item, but Shareholders will be given a reasonable opportunity to ask questions and to make comments on the reports and the management and performance of the Company.

The Company's Auditor will also be present at the meeting and Shareholders will be given a reasonable opportunity to ask the Auditor questions about the conduct of the audit, the preparation and content of the Auditor's report, the accounting policies adopted by the Company and the independence of the Auditor.

2. Advisory Resolution – Remuneration Report

The Annual Report of the Company for the year ended 30 June 2012 contains a Remuneration Report which sets out the remuneration policy for the Company and reports the remuneration arrangements in place for Directors and specified senior managers. A copy of the report is set out on pages 34 – 43 of the 2012 Annual Report, which is available from the Company's website www.gindalbie.com.au.

The Corporations Act requires that a resolution in relation to the Remuneration Report be included in the Notice of Meeting. The Shareholder vote is advisory only and if the resolution is not passed the Company is not required to alter any arrangements detailed in the Remuneration Report. However, the Board will take the outcome of the vote into consideration when considering remuneration policy and practices.

Please note the voting exclusion statement provided in the Notice of Meeting with respect to this Resolution.

Shareholders will have a reasonable opportunity at the meeting to ask questions and make statements on the Remuneration Report.

Under the Corporations Act 2001 (Cth), if 25% or more of votes that are cast are voted against the adoption of the Remuneration Report at two consecutive Annual General Meetings, Shareholders will be required to vote at the second of those Annual General Meetings on a resolution (a "spill resolution") that another meeting be held within 90 days at which all of the Company's Directors (other than the Managing Director and CEO) must stand for re-election.

3. Ordinary Resolution 1 – Re-election of Director – Mr Michael O'Neill

It is a requirement under clause 13.2 of the Company's Constitution and Listing Rule 14.4 that one third of the Directors must retire each year (excluding the Managing Director and alternate Directors) to ensure no Director holds office for more than 3 years. Mr O'Neill has offered himself for re-election as a Director of the Company.

Mr O'Neill was appointed as a Director of the Company on 12 April 2006. Mr O'Neill joined the ANZ Bank in Rangiora, New Zealand in 1963. In 1979, he was appointed Manager, Corporate Accounts, followed by a period in Strategic Planning NZ, where he was appointed Senior Manager in 1983. In 1984 he was transferred to Australia as Senior Manager, Liquidity Control. Other positions in Australia were as Senior Manager, Treasury and Chief Manager, Australian Treasury. He was appointed General Manager Retail Banking, New Zealand in 1989, where he oversaw the integration of PostBank into the ANZ Group before returning to Australia in 1993 and undertook a series of project management roles. Subsequent appointments included, Chief Manager, Melbourne Central Zone and, in January 1996, General Manager, Western Australia. Since his retirement from the ANZ Bank in November 2002, Mr O'Neill has established and operated a boutique investment bank, Cornhill Group Pty Ltd. He is also an independent director of Perth Market Authority and is on the Board of the Western Australian Institute of Sport.

Directors' Recommendation

The Company's Directors (other than Mr O'Neill) recommend that Shareholders vote in favour of Resolution 1.

4. Ordinary Resolution 2 – Re-election of Director – Mr Shao An Lin

It is a requirement under clause 13.2 of the Company's Constitution and Listing Rule 14.4 that one third of the Directors must retire each year (excluding the Managing Director and alternate Directors) to ensure no Director holds office for more than 3 years. Mr Shao An Lin has offered himself for re-election as a Director of the Company.

Mr Shao An Lin has been working for China's Ansteel Group for more than 20 years. He has a PHD in Mining and has held a host of senior positions in Ansteel's iron ore operation, including Chief Engineer of Dong An Shan Iron Ore Mine, General Manager of Yan Qian Shan Iron Ore Mine and Deputy General Manager of Gong Chang Ling Iron Ore Co.

In 2006, Mr Shao was appointed General Manager of Ansteel Group Mining Company. He is also the President of the Metallurgical Mine Association of China.

Directors' Recommendation

The Company's Directors (other than Mr Shao An Lin) recommend that Shareholders vote in favour of Resolution 2.

5. Ordinary Resolution 3 – Election of Director – Mr Paul Hallam

It is a requirement under clause 13.5 of the Company's Constitution and Listing Rule 14.4 that as Mr Paul Hallam was appointed to the Board since the last Annual General Meeting of the Company he must now retire and stand for election if he is to continue as a Director of the Company.

Mr Hallam is an accomplished and respected resource industry leader who has over 30 years' experience working in senior executive positions with leading Australian and International resource companies.

From 2008 to 2011, Mr Hallam held the position of Director – Operations with Fortescue Metals Group, where he led FMG's operational turnaround during the Global Financial Crisis and stabilised operations to underpin the expansion of production. He was previously Executive General Manager – Development & Projects with Newcrest Mining Limited, where he oversaw completion of the Telfer Expansion Project within a reset budget and schedule in a period of unprecedented competition for labour and materials. Mr Hallam previously held senior positions with Alcoa World Alumina Australia, including Director – Victorian Operations and General Manager of the Kwinana Alumina Refinery, and Executive General Manager of North Limited's Base and Precious Metals Division, General Manager of North Limited's Gold Business Unit and General Manager of the Kanowna Belle Gold Mine.

Directors' Recommendation

The Company's Directors (other than Mr Hallam) recommend that Shareholders vote in favour of Resolution 3.

6. Ordinary Resolution 4 – Approval of Employee Share Option Plan

On 23 October 2001, the Board established the Employee Share Option Plan of Gindalbie Metals Ltd (**ESOP**).

The ESOP was first approved by Shareholders at the 2004 Annual General Meeting held on 19 November 2004, and then subsequently amended and/or approved by shareholders at the Annual General Meetings held on 22 November 2006, 5 November 2009 and 10 November 2011.

Listing Rule 7.1

Listing Rule 7.1 provides, in summary, that, subject to certain conditions, the Company must not issue or agree to issue equity securities, including options, in any 12 month period equal to more than 15% of the number of issued fully paid ordinary shares of the Company at the beginning of the 12 month period, unless an exception applies.

Exception to Listing Rule 7.1

One of the exceptions to Listing Rule 7.1 is Listing Rule 7.2 (Exception 9(b)), which provides that Listing Rule 7.1 does not apply to an issue of securities under an employee incentive scheme if, within 3 years before the date of the issue, Shareholders have approved the issue of securities under the employee incentive scheme as an exception to Listing Rule 7.1. The ESOP was last approved in accordance with Listing Rule 7.2 (Exception 9(b)) on 5 November 2009.

Resolution 4 seeks Shareholder approval under Listing Rule 7.2 (Exception 9(b)), for the grant of options under the ESOP (and the issue of fully paid ordinary shares in the capital of the Company on exercise of those options) from time to time as an exception to Listing Rule 7.1 for a period of three years commencing on the date of the Meeting without

being required to count those securities as part of, and without reducing, the number of securities which the Company can issue under its annual 15% limit. The impact is that for a period of three years the grant of options, or issue of Shares upon exercise of options, will be excluded from the number of securities used to determine the Company's annual 15% limit in each rolling 12 month period.

In accordance with Listing Rule 7.2 (Exception 9(b)), the following information is disclosed to Shareholders for the purposes of Resolution 4:

- (a) a summary of the terms and conditions of the ESOP is set out below. A copy of the full terms of the ESOP will be sent free of charge to any Shareholder on request;
- (b) since 5 November 2009, 5,750,000 options have been granted under the ESOP and 9,100,000 options granted under the ESOP since its inception have been exercised; and
- (c) a voting exclusion statement in respect of Resolution 4 is in the Notice and set out below.

Summary of the key terms and conditions of the ESOP

The following is a summary of the key terms and conditions of the ESOP.

Eligible Person means:

- a full or part time employee;
- a director of the Company or a related body corporate;
- a spouse of an above employee or director;
- a company controlled by any of the above persons;
- a trust or superannuation fund where any of the above persons is the sole trustee; and
- any employee option or share trust established to implement the ESOP for the benefit of employees or directors, whom the Directors determine is entitled to participate in the ESOP.

Offers of Options - The Directors may offer options, each an option to acquire a fully paid ordinary share in the capital of the Company, under the ESOP ("**Options**") to employees at the times, in the manner and subject to any conditions (including vesting dates and pre-conditions to vesting) as the Directors determine. Options will not be offered to a Director without Shareholder approval in accordance with the Corporations Act and ASX Listing Rules. An employee may in accepting an offer, nominate an Eligible Person to be issued the Options which will be subject to the approval of the Directors.

Options - Options are granted for no consideration. Options will not be quoted on ASX. Shares issued pursuant to the exercise of Options rank pari passu with all ordinary issued shares of the Company.

Exercise Price - The exercise price is determined by the Board in its absolute discretion.

Vesting Conditions - The Board may determine the periods within which an Option may be exercised.

Exercising Options - Options can be exercised at any time after the Options have vested and prior to the Option expiry date by notice to the Company in the prescribed form.

Lapsing of Options - Options lapse if they are not exercised by the Option expiry date. Unless determined otherwise by the Directors, where the relevant employee or Director in respect of an Option ceases their employment with the Company or a related body corporate, the holder of the Option has 3 months in which to exercise any vested Options or until the Option expiry date, whichever is earlier.

Transfer of Options - Options may only be transferred with the approval of the Directors to another Eligible Person of the relevant employee or to persons who are not Eligible Persons subject to any conditions imposed by the Directors that they consider appropriate in their absolute discretion.

Rights/Entitlements and Bonus Issues - Holders of Options will not be entitled to participate in new issues of capital offered to Shareholders. However, the Company will give holders of Options not less than 9 business days' notice before the record date for determining entitlements to any such issue to provide holders of Options with the opportunity to exercise their Options prior to the record date.

New Issues - If the Company makes a pro rata issue of securities and the holder of an Option does not exercise it in time to enable the holder to participate, the exercise price of an Option after the issue of those securities will be adjusted in accordance with the ASX Listing Rules.

Sub-division or Consolidation - If the Company sub-divides or consolidates its Shares, the Options must be sub-divided or consolidated in the same ratio and the exercise price amended in inverse proportion to that ratio.

Return of Capital - If the Company makes a return of capital, the number of Options remains the same and the exercise price of each Option is reduced by the same amount as returned in relation to each Share.

Cancellation of Capital - If the Company makes a pro rata reduction of capital, the number of Options must be reduced in the same ratio as Shares, and the exercise price of each Option must be amended in inverse proportion to that ratio. If the Company makes a cancellation of capital that is lost or not represented in available assets, the number of Options and the exercise price of each Option remains unchanged.

Reorganisation - In the event of a reorganisation of the capital of the Company, other than as set out above, Options will be reorganised so that a holder of Options will not receive a benefit that Shareholders do not receive.

Trust - On 10 November 2011, the Company (with the approval of Shareholders) amended the ESOP rules to permit the Company to deliver Shares through an Employee Share Trust (**EST**), which operates in conjunction with the ESOP. The beneficial interest in the EST will be divided into share units. The EST will allow certain Employees selected by the Board to be offered the benefit of Shares and Options in the Company. The EST will have flexibility in terms of payment for share units. Generally the key steps that will occur when options are issued to the EST under the ESOP for the benefit of the Employee will be as follows:

- The Company will issue the Options to the EST. The Company will make a contribution to the EST equal to the value of the Options (as determined under AASB 2 –“Share-based Payments”) and the Options will be issued to the EST at that value;
- The EST will provide an interest free loan to the Employee equivalent to the value of the Options to enable the Employee to subscribe for share units in the EST. The loan will be non-recourse. The share units in the EST will be issued for a consideration equal to the value of the Options issued for the benefit of the Employee;
- After the applicable vesting period the Employee can direct the EST to exercise the Options. If the EST requires additional cash to exercise the Options, this amount may be advanced by Gindalbie to the EST, subject to repayment upon exercise by the Employee, or an amount debited to their total remuneration package;
- If, following exercise of the Options, the underlying Shares are to be sold, the Employee's share units will be redeemed and the Employee will receive an amount equivalent to the net consideration from the sale of the underlying Shares (less repayment of any loans and other amounts owing by the Employee).

Amendments - The rules of the ESOP may be amended by the Company, subject to compliance with the ASX Listing Rules, Corporations Act and the Constitution of the Company.

Voting Exclusion Statement

In accordance with Listing Rules 7.2 (Exception 9(b)) and 14.11, the Company will disregard any votes cast on this Resolution by a Director (except a Director who is ineligible to participate in any employee incentive scheme in relation to the Company) or by an associate of such a director. 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.

7. Ordinary Resolution 5 – Approval of Grant of Options to Managing Director Mr Timothy Netscher

7.1 Background

Resolution 5 seeks Shareholder approval for the grant by the Company of Options to Mr Tim Netscher (or his permitted nominee) in terms of the deferred component of the Company's incentive program for its senior executives, representing the equivalent in value of double the value of Mr Netscher's short term incentive payment (**STIP**) for the financial year ended 30 June 2012.

Given Mr Netscher's STIP for the financial year ended 30 June 2012 was \$170,887.30, the value of Options proposed to be granted to Mr Netscher is \$341,774.60. The number of Options proposed to be granted to Mr Netscher was determined by dividing the volume weighted average price of the Company's Shares, over the 10 trading days following the release of its end of year financial results (\$0.2975). Accordingly, the number of Options proposed to be granted is 1,148,822.

The grant of Options is considered an appropriate remuneration strategy to align the interests of the individual with those of the Company's strategic plan focusing on optimising performance with the benefits flowing through to enhanced Shareholder returns.

Details of the Company's executive incentive and retention program are contained in the Remuneration Report of the Company's 2012 Annual Report.

7.2 Key Details of the Options

It is proposed that the Company will grant to Mr Netscher the number of Options calculated in accordance with the formula in section 7.1 (1,148,822 Options) to vest in three (3) equal tranches, and with the following key terms:

Tranche	Vesting Date	Exercise Price	Expiry Date
1	3 July 2013	Zero	Four years from the date of grant of the Options (Refer to 7.4 (g) below)
2	3 July 2014	Zero	Four years from the date of grant of the Options (Refer to 7.4 (g) below)
3	3 July 2015	Zero	Four years from the date of grant of the Options (Refer to 7.4 (g) below)

Each proposed Option entitles Mr Netscher to subscribe for, be allocated or receive the transfer of 1 Share in the capital of the Company.

Mr Netscher's proposed Options will be capable of being exercised at any point from the date of their vesting, until each expiry date.

The proposed Options will be granted pursuant to the terms and conditions of the ESOP which are summarised in section 6 to this Explanatory Statement.

7.3 Listing Rule 10.14

Listing Rule 10.14 provides, in essence, that the approval of shareholders is required before any of the following persons can acquire securities under an employee incentive scheme:

- (a) a director;
- (b) an associate of a director; or
- (c) a person whose relationship with the company or a person referred to in paragraph (a) or (b) is, in ASX's opinion, such that approval should be obtained.

Mr Netscher is a director for the purposes of Listing Rule 10.14. Accordingly, in order for Mr Netscher to acquire a beneficial interest in the proposed Options, the Company must obtain Shareholder approval pursuant to Listing Rule 10.14.

7.4 Details of the proposed issue

Listing Rule 10.15 sets out a number of matters which must be included in a notice of meeting where the notice requests shareholder approval under Listing Rule 10.14.

In accordance with Listing Rule 10.15, the following information is provided to Shareholders in relation to Resolution 5:

- (a) the number of Options that may be granted by the Company to Mr Netscher (or his permitted nominee) for which approval is required was determined by calculating the volume weighted average price of the Company's Shares, over the 10 trading days following the release of its end of year financial results (\$0.2975), and dividing this figure into \$341,774.60, being the value of Mr Netscher's long term incentive payment for the year ending 30 June 2012. The exact number of Options to be granted is 1,148,822. If all of the Options are exercised by Mr Netscher, then he will be entitled to the equivalent number of Shares;
- (b) the proposed Options will be granted for no consideration and therefore no funds will be raised by the grant of the Options to Mr Netscher;
- (c) the exercise price for the proposed Options being granted to Mr Netscher is zero as set out in section 7.2;
- (d) no Director or associate of a Director has previously received securities under the ESOP since it last obtained Shareholder approval under Listing Rule 10.14;
- (e) as at the date of this Notice, the only person referred to in Listing Rule 10.14 who is entitled to participate in the ESOP is Mr Netscher;
- (f) no loans will be made by the Company in connection with the acquisition of the proposed Options by Mr Netscher;

- (g) if Resolution 5 is approved by Shareholders, the proposed Options will be granted by the Board no later than 1 month after the date of the Meeting and it is anticipated that the allotment will be on one date; and
- (h) a voting exclusion statement in respect of Resolution 5 is in both the Notice and section 7.7 of this Explanatory Statement.

7.5 Chapter 2E of the Corporations Act

Chapter 2E of the Corporations Act prohibits the Company from giving a "financial benefit" to a "Related Party" of the Company unless either:

- (a) the giving of the financial benefit falls within one of the nominated exceptions to the provisions; or
- (b) prior shareholder approval is obtained to the giving of the financial benefit.

For the purposes of Chapter 2E, Mr Netscher is considered to be a Related Party of the Company because he is a Director, and the proposed grant of Options by the Company constitutes the giving of a financial benefit. The proposed Options are being issued to Mr Netscher as part of his remuneration package in respect of services provided to the Company and to be provided to the Company. The ESOP forms an important part of the Company's long term incentive strategy.

Section 211 of the Corporations Act provides an exception to the need to obtain shareholder approval for the giving of a financial benefit to a Related Party where the financial benefit is remuneration to an officer of a public company and the giving of the remuneration would be reasonable given the respective circumstances of the public company and the Related Party (including the responsibilities involved in the office or employment).

The Board (with the exception of Mr Netscher) has considered the application of Chapter 2E and has resolved that the grant of Options to Mr Netscher is reasonable given the circumstances of the Company and Mr Netscher. Accordingly, the Company will not seek approval for the issue of the Options pursuant to Chapter 2E of the Corporations Act.

7.6 Directors' Recommendation

Mr Netscher does not wish to make a recommendation to Shareholders about the proposed Resolution 5 because he has an interest in the outcome of Resolution 5. The interest arises because Mr Netscher is the proposed recipient of a financial benefit in the form of Options and he may be considered to have a material personal interest in the outcome of Resolution 5.

The Company's remaining Directors recommend that Shareholders approve Resolution 5 for the reasons given in section 7.1 of this Explanatory Statement.

The Company's remaining Directors do not have an interest in the outcome of Resolution 5, except where they are Shareholders. As set out in the proxy form, the chairman of the Meeting intends to vote all undirected proxies in favour of all Resolutions to be considered at the Meeting.

7.7 Voting Exclusion Statement

In accordance with Listing Rules 10.15 and 14.11, the Company will disregard any votes cast on this Resolution by a Director (except a Director who is ineligible to participate in any employee incentive scheme in relation to the Company) or by an Associate of the Director.

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.

The Directors, other than Mr Netscher are ineligible to participate in any employee incentive schemes in relation to the Company. Accordingly, Mr Netscher and his associates, may not vote on Resolution 5.

8. OTHER MATTERS

8.1 ASX's Role

The fact that the accompanying Notice of Meeting, this Explanatory Statement and other relevant documentation have been received by 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.

8.2 Queries

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

GLOSSARY

AASB2 means the compiled standard of the Australian Accounting Standards Board, Share-based Payment.

Annual General Meeting or Meeting means the meeting convened by this Notice.

Annual Report means the Company's Annual Report for the year ended 30 June 2012; containing the Annual Financial Report, the Directors' Report and the Auditor's Report.

ASIC means the Australian Securities and Investments Commission.

ASX means ASX Limited (ABN 98 008 624 691).

ASX Listing Rules or **Listing Rules** means the listing rules of ASX and any other rules of ASX which are applicable while the Company is admitted to the official list of ASX, each as amended or replaced from time to time, except to the extent of any express written waiver by ASX.

Auditor means KPMG.

Board means the Board of Directors of the Company.

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

Constitution means the Company's constitution, as amended from time to time.

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.

Eligible Person has the meaning given to it in the Employee Share Option Plan.

Employee means a director or employee of the Company.

ESOP or Employee Share Option Plan means the Gindalbie Metals Ltd Employee Share Option Plan.

EST or Employee Share Trust means the Gindalbie Metals Ltd Employee Share Option Trust.

Explanatory Statement means this explanatory statement which accompanies the Notice.

Meeting Documents has the meaning given to it in the introductory page.

Notice or Notice of Meeting means this notice of Annual General Meeting.

Option has the meaning given to it in section 6.

Proxy Form means the proxy form attached to this Notice.

Related Party or Related Parties has the meaning given to that term in section 228 of the Corporations Act.

Resolution means a resolution contained in this Notice.

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

Shareholder means a holder of Shares.

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 Annual 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 Annual General Meeting to be held at 10.00 am (Perth time) on Friday 16 November 2012 in the Stirling Room, Parmelia Hilton Hotel, 14 Mill Street, Perth, Western Australia, and at any adjournment thereof.

Chair authorised to exercise undirected proxies on remuneration related resolutions: Where I/we have appointed the Chair of the Meeting as my/our proxy (or the Chair becomes my/our proxy by default), I/we expressly authorise the Chair to exercise my/our proxy on Items 1 and 5 (except where I/we have indicated a different voting intention below) even though Items 1 and 5 are connected directly or indirectly with the remuneration of a member of key management personnel, which includes the Chair.

Important Note: For Item 5, this express authority is also subject to you marking the box in the section below.

If the Chair of the Annual General Meeting is appointed as your proxy, or may be appointed by default, and you do not wish to direct your proxy how to vote as your proxy in respect of Item 5 please place a mark in this box.

By marking this box, you acknowledge that the Chair of the Annual General Meeting may exercise your proxy even if he has an interest in the outcome of Item 5 and that votes cast by the Chair of the Annual General Meeting for Item 5 other than as proxy holder will be disregarded because of that interest. If you do not mark this box, and you have not directed your proxy how to vote, the Chair will not cast your votes on Item 5 and your votes will not be counted in calculating the required majority if a poll is called on Item 5.

If no directions are given, the Chair will vote in favour of all the Items in which the Chair is entitled to vote undirected proxies.

OR

Voting on Business of the Annual General Meeting

	FOR	AGAINST	ABSTAIN
1. Advisory Resolution – Remuneration Report	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
2. Resolution 1 – Re-election of Director – Mr Michael O’Neill	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
3. Resolution 2 – Re-election of Director – Mr Shao An Lin	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
4. Resolution 3 – Election of Director – Mr Paul Hallam	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
5. Resolution 4 – Approval of Employee Share Option Plan	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
6. Resolution 5 – Approval of Grant of Options to Managing Director Mr Timothy Netscher	<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 an Annual 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 Annual General Meeting in person if they wish. Where a member completes and lodges a valid Proxy Form and attends the Annual 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 Annual 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.