



Notice of Annual General Meeting

Meeting Documents

- **Notice of Annual General Meeting**
- **Explanatory Statement**
- **Proxy Form**

Notice is given that the Annual General Meeting of the members of Gindalbie Metals Ltd will be held at the Fremantle Room, Parmelia Hilton Hotel, 14 Mill Street, Perth, Western Australia at 10:00am on Wednesday, 22 November 2006.

What Action You Need to Take

Read Meeting Documents

The 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. Details of the Resolutions are set out in the Notice of Annual General Meeting included in the Meeting Documents.

Shareholders should complete the Proxy Form that accompanies the Meeting Documents and return it by mail or facsimile so as to be received by the Company before 10.00am on 20 November 2006 whether or not they propose to attend the meeting. Proxy Forms received after this time will be invalid.

Entitlement to Vote

As permitted by the Corporations Act, the Company has determined that all shares of the Company registered as at the close of business closest to 48 hours before the time appointed for the meeting will be taken for the purposes of the meeting, to be held by the persons who are the registered holders thereof at 5.00pm Perth time, on 17 November 2006. Accordingly, transactions registered after that time will be disregarded in determining entitlements to attend and vote at the meeting.

Proxies

A Proxy Form accompanies this Notice of Annual General Meeting and to be effective must be lodged at, or sent by facsimile transmission to, the Company's office at Level 9 London House, 216 St George's Terrace, Perth WA 6000 or facsimile number (08) 9480 8799 by no later than 10.00am (Perth time) on 20 November 2006.

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

Key Dates

Date and time for determining eligibility to vote	17 November 2006 at 5.00pm
Deadline for lodgment of Proxy Forms	20 November 2006 at 10.00am
Date of Annual General Meeting	22 November 2006 at 10.00am

Queries

If you have any queries about any matter contained in the Meeting Documents please call the Company Secretary, Darren Gordon on (08) 9480 8700.

GINDALBIE METALS LTD
ABN 24 060 857 614

NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that the Annual General Meeting of the shareholders of Gindalbie Metals Ltd ("the Company") will be held at the Fremantle Room, Parmelia Hilton Hotel, 14 Mill Street, Perth, Western Australia at 10.00am on Wednesday, 22 November 2006 for the purpose of considering and if thought fit, passing the following resolutions, namely:

Ordinary Business:

To receive and accept the Chairman's Report.

To receive and accept the 2006 annual accounts including Income Statements, Balance Sheets, Statements of Changes in Equity and Statements of Cash Flows together with the reports of the Directors and Auditor.

Remuneration Report

1. To consider and, if fit, to pass, the following as an advisory resolution:

"To approve the Remuneration Report for the year ended 30 June 2006."

Re-election of Director

2. As an ordinary resolution to re-elect a director:

"That Tunku Ya'acob Bin Tunku Abdullah 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."

Election of New Director

3. As an ordinary resolution to appoint a director:

"That Michael John O'Neill who has been nominated as a director in accordance with the Company's Constitution, has consented to act and offers himself for election, be appointed as a director of the Company"

Employee Share Option Plan

4. As an ordinary resolution to consider and, if thought fit, to pass with or without amendment the following resolution:

"That the rules of the Company's Employee Share Option Plan ("Plan") be amended and the rules annexed to this Notice form the rules of the Plan from the date of this Meeting and approval is given under Rule 7.2 Exception 9 of the Listing Rules for the issue of options under the Company's Employee Share Option Plan as an exception to Rule 7.1 of the Listing Rules for a period of 3 years from the date of this Meeting".

Issue of Options to Michael John O'Neill

5. As an ordinary resolution to consider and if thought fit to pass with or without amendment the following resolution:

"That for the purposes of Listing Rule 10.11 and Section 208(1) of the Corporations Act the Company approves and authorises the issue of 600,000 options to subscribe for fully paid ordinary shares in the Company (and shares on exercise of those options) to Michael John O'Neill, the details for which are specified in the Explanatory Statement accompanying this Notice"

Voting Exclusion Statement

For Resolution 4, the Company will disregard any votes cast on the resolution by any Director of the Company or any associate of a Director.

For Resolution 5 the Company will disregard any votes cast on the resolution by Michael John O'Neill or any associate of Michael John O'Neill.

However, the Company need not disregard a vote if:

- it is cast by a person as proxy for a person who is entitled to vote, in accordance with the directions on the Proxy Form; or
- it is cast by the person chairing the meeting as proxy for a person who is entitled to vote in accordance with a direction on the Proxy Form to vote as the proxy decides.

Important Notes

1. For further information and explanation on the above resolutions, please refer to “Explanatory Statement” which is annexed to and forms part of this Notice of Annual General Meeting.
2. All resolutions are required pursuant to the provisions of the Listing Rules of the Australian Stock Exchange Ltd, the Constitution of the Company and the Corporations Act.

Dated: 20 October 2006

By order of the Board of Directors.

A handwritten signature in dark ink, appearing to read 'D Gordon', with a small flourish at the end.

D Gordon
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 (“the Company”) to be held on Wednesday, 22 November 2006, at the Fremantle Room, Parmelia Hilton Hotel, 14 Mill Street, Perth, Western Australia at 10.00am.

RESOLUTION 1 – Remuneration Report

The Annual Report for the year ended 30 June 2006 contains a Remuneration Report which sets out the remuneration policy for the Company and reports the remuneration arrangements in place for Key Management Personnel. A copy of the report is set out on pages 25 to 30 of the Annual Report and can also be found on the Company website at www.gindalbie.com.au

Under the provisions of the Corporations Act 2001, 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.

RESOLUTION 2 – Re-election of Tunku Ya’acob Bin Tunku Abdullah

It is a requirement under the Company’s Constitution that Tunku Ya’acob Bin Tunku Abdullah retires by rotation. Tunku Ya’acob Bin Tunku Abdullah has offered himself for re-election as a director of the Company.

The Company’s remaining Directors recommend to shareholders that Tunku Ya’acob Bin Tunku Abdullah be re-elected as a director of the Company.

RESOLUTION 3 – Election of Director

The Board agreed to the appointment of Michael John O’Neill as a Non-Executive Director of the Company with effect from 12 April 2006. Under the Company’s Constitution, Michael John O’Neill retires from office at the next General Meeting of Shareholders and offers himself for re-election as a Director of the Company.

The Company’s remaining Directors recommend to shareholders that Michael John O’Neill be re-elected as a non-executive director of the Company.

RESOLUTION 4 – Employee Share Option Plan

By a resolution of the Board of Directors of 23 October 2001, the directors of the Company resolved to adopt the Company’s Employee Share Option Plan (“Plan”). The purpose of the Plan is to assist in the recruitment, reward, retention and motivation of employees, and officers of the Company and encourage ownership of shares in the Company by employees including the Directors.

Approval of the terms of the Plan was renewed by shareholders at the 2004 Annual General Meeting held on 19 November 2004.

The Directors of the Company have resolved to update the terms of the Plan to reflect current practice and allow for greater flexibility in the offers which may be made to employees whilst complying with all legal requirements. Under the rules of the Plan the approval of shareholders is required to amend the terms of the Plan and consequently this Resolution is submitted for approval.

Under Listing Rule 7.1, the Company must not issue, in aggregate, securities (including options) equal to more than 15% of the issued capital of the Company in any rolling 12-month period without shareholder approval.

Resolution 4 also seeks approval under Listing Rule 7.2 Exception 9 for the issue of options under the Plan (and the issue of shares on exercise of those options) as an exception to Listing Rule 7.1 for a period of 3 years commencing on the date of the Meeting (ie issues of options under the Plan will be excluded from the calculations in determining the number of securities the Company can issue without shareholder approval under the 15% limit).

The rules of the amended Plan are annexed to and form part of this Statement.

A summary of the main provisions of the Plan (incorporating the proposed amendments) is set out below:

- (a) the Directors in their discretion may determine:
 - (i) which full or part time employees of the Company are entitled to participate in the Plan (the plan allows those employees to nominate their spouses or companies controlled by them or their spouses to be the holder of the options);

- (ii) which Directors of the Company are entitled to participate in the Plan, subject only to the approval of the shareholders in accordance with the Listing Rules and Corporations Act; and
 - (iii) the extent of the participation of any eligible person in the Plan and the terms and conditions of any offer to participate.
- (b) the period or periods during which the Options may be exercised is to be determined by the Directors;
 - (c) Options will be issued for no consideration;
 - (d) the Directors will nominate the exercise price of the options which must not be less than the average of the sale price of shares traded on the ASX during the 5 trading days immediately prior to the date on which the Options are granted plus 25%. If there have been no sales during that period, then the price will not be less than the last sale price prior to the grant of the Options plus 25%;
 - (e) on a reorganisation of the Company's capital the rights of the holder of the options will be altered to the extent necessary to comply with the Listing Rules of the ASX;
 - (f) the holder of the Options will be entitled to participate in any new securities offered to shareholders to the extent they have exercised the options prior to the relevant closing date for the issue of new securities;
 - (g) if the employee/Director to whom the options were originally offered ceases to be a Director of or employed by the Company or one of its related bodies corporate for any reason whatsoever the Options may be exercised during the following 3 months or such longer period determined by the Directors;
 - (h) Options may only be assigned or transferred to associated persons or entities of the employee with the consent of the Directors;
 - (i) the Plan may be terminated on 3 months' notice.

The Company has issued 14,530,000 options under the Plan since the date it was first approved by shareholders on 29 November 2001 with 2,040,000 shares being issued following exercise of the options, 3,270,000 options lapsing before or at expiry and 9,220,000 options yet to be exercised having expiry dates between 30 November 2006 and 30 September 2010.

RESOLUTION 5 – Issue of Options to Michael John O’Neill.

In accordance with sections 208(1) and 611 of the Corporations Act and Listing Rule 10.11, the Company seeks approval for the allotment and issue of a total of 600,000 options to Michael John O’Neill under the Company’s Employee Share Option Plan.

Options – Terms and Conditions

The proposed options will be issued in 3 tranches summarised as follows:

	Number	Vesting Date	Exercise Price
Tranche 1	150,000	23 November 2006	55 cents
Tranche 2	150,000	31 March 2007	55 cents
Tranche 3	300,000	31 March 2008	55 cents

The Vesting Date is the date after which the relevant options may be exercised by the holder. The expiry date for all of the options is 30 September 2010. The Options will not be listed.

The Options are governed by the Company’s Employee Share Option Plan. A copy of the Company’s Employee Share Option Plan is attached as Appendix A and its terms are summarised in the notes to Resolution 4.

Corporations Act/Listing Rules Requirements

Part 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 approval is obtained from shareholders to the giving of the financial benefit.

For the purposes of Part 2E, each Director of the Company is a related party of the Company and a grant of options constitutes the giving of a financial benefit.

The proposed issue of options to Michael John O'Neill is the provision of a financial benefit to a related party of the Company and as such requires prior shareholder approval.

By Listing Rule 10.11 the Company must not issue securities to a related party without the approval of shareholders.

In accordance with the requirements of Part 2E, and in particular with Section 219 of the Corporations Act and Listing Rule 10.13, the following information is provided to shareholders to allow them to assess the proposed issue of options to Michael John O'Neill:

- (a) the maximum number of options that may be acquired by Michael John O'Neill under this Resolution is 600,000;
- (b) the nature of the financial benefit to be given to Michael John O'Neill is the issuing of options to subscribe for ordinary shares in the numbers set out above;
- (c) the interest of Michael John O'Neill arises because he is a proposed recipient of options to subscribe for fully paid ordinary shares in the capital of the Company;
- (e) the Options are granted for no consideration;
- (f) the market sale prices of Gindalbie's shares on ASX during the 12 months immediately preceding the date of preparation of this Notice have ranged from a high of 78 cents on 4 April 2006 and a low of 15.5 cents on 26 October 2005.
- (g) the options to be issued will not be listed on ASX;
- (h) the Options will be offered to and, if accepted, granted to Michael John O'Neill as soon as is practicable after Resolution 5 is passed but not later than 1 month after the date of the Meeting. Notwithstanding their issue they remain subject to the vesting dates referred to above before they may be exercised;
- (i) if the Company's shares are trading on the ASX at a price in excess of the exercise price of Options the holders of the Options will obtain a potential financial gain on the exercise of the options and subsequent sale of shares;
- (j) the Company has calculated a value per potential share arising out of the Options the subject of this Resolution based on the number of shares into which those Options could be converted on exercise as 14.74 cents per potential share for each tranche of options. This calculation has been made using the Black & Scholes formula which is the standard formula used for calculating the valuation of an option. The formula requires the use of different variables to calculate a value for the options.

The variables used by the Company for the calculation are:

- the exercise price and period of the proposed options,
- a current share price of 42 cents,
- a future volatility factor for the Company's share price of 47.8% which was calculated by the Company by reference to the Bloomberg Historical Price Volatility (50 Day) which produces this factor based on the historical share capital and share price of the Company, and
- a discount rate of 5.515% by reference to the current 10 year Government Bond Rate.

On the basis of that valuation, the total value of the options proposed to be issued to Michael John O'Neill is \$88,440.

The model and option valuation does not take into consideration the facts that:

- (a) Tranche 2 and Tranche 3 options do not vest in Michael John O'Neill until 4 months and 16 months respectively after the issue of the options;
- (b) the Options are unlisted;
- (c) the Options may not be transferred to other than associated entities; and
- (d) Michael John O'Neill must remain as an officer of the Company until at least the relevant vesting date to enable him to derive any benefit from the Options.
- (k) if all of the options are exercised, this will have a dilution effect on the holding of existing shareholders of 1.39%;
- (l) ownership of shares pursuant to the exercise of the options will entitle the holders of shares to receive benefits of ownership / membership, on the same basis as existing shareholders of the Company;
- (m) no Fringe Benefits Tax liability will arise to the Company for the proposed issue of Options to Michael John O'Neill. The liability to income tax will be borne by the recipient of the Options who may be required to include certain amounts in their assessable income;

- (n) The Company will not be loaning any money to any party for an acquisition or exercise of the Options;
- (o) As at the date of preparation of this Statement, Michael John O'Neill had a beneficial interest in the following securities:

Fully Paid Ordinary Shares

Michael John O'Neill	1,000,000
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- (p) the total remuneration for Michael John O'Neill for the year ended 30 June 2006, as disclosed in the 2006 Annual Report is as follows:

	Base Emolument	Superannuation	Directors & Officers Insurance Cover
Michael John O'Neill (Appointed 12 April 2006)	\$8,558	Nil	\$701

The Company anticipates the remuneration for Michael John O'Neill will be \$48,000 for the year ended 30 June 2007.

- (q) other than the information specified in this Statement, the Company believes there is no other information that would be reasonably required by shareholders in order to decide whether it is in the best interests of the Company to pass the resolution.

Recommendation

The remaining Directors have no interest in the issue of the proposed Options to Michael John O'Neill. They recommend that shareholders approve this Resolution 5 and the issue of the Options as being in the best interests of the Company to assist in Michael John O'Neill's retention during the development of the Karara Iron Ore Project.

ASIC and ASX's Role

The fact that the accompanying Notice of Meeting, this Explanatory Statement and other relevant documentation has been received by ASX and ASIC is not to be taken as an indication of the merits of the Resolutions. ASIC, ASX and their respective officers take no responsibility for any decision a shareholder may make in reliance on any of that documentation.

Proxies

Members can return their proxy appointments to the Company by facsimile on the facsimile number set out on the proxy form.

Queries

If you have any queries on any matter arising out of the business proposed for the Annual General Meeting, please call Mr Darren Gordon or Mr David McSweeney on (08) 9480 8700.

APPENDIX A

**RULES OF THE
EMPLOYEE SHARE OPTION PLAN
OF GINDALBIE METALS LIMITED**

**RULES OF THE
EMPLOYEE SHARE OPTION PLAN
OF GINDALBIE METALS LIMITED
ACN 060 857 614**

1. DEFINITIONS AND INTERPRETATION

1.1 Definitions

Where commencing with a capital letter:

“Acceptance Notice” means a notice in the form of Schedule 1 to these rules as varied from time to time by the Directors;

“ASX” means Australian Stock Exchange Limited;

“Company” means Gindalbie Metals Limited (ACN 060 857 614);

“Directors” means the directors for the time being of the Company;

“Eligible Person” means:

- (a) a full or part-time employee of the Company or a Related Body Corporate of the Company;
- (b) subject to the approval of the shareholders of the Company in accordance with the Listing Rules and the Corporations Act, a Director or a director of a Related Body Corporate of the Company;
- (c) the spouse of any person specified in paragraphs (a) or (b);
- (d) a company controlled by any person specified in paragraphs (a), (b) or (c); or
- (e) any trust or superannuation fund of which any person or company specified in paragraphs (a) to (d) inclusive are the sole trustee.

whom the Directors determine is entitled to participate in the Plan;

“Exercise Notice” means a notice in the form of schedule 2 to these rules as varied from time to time by the Directors;

“Exercise Price” means the price for exercise of Options determined in accordance with rule 4.2 subject to adjustment in accordance with rule 5;

“Holder” means the holder of an Option;

“Holding Statement” means a statement referred to in rule 3.5;

“Listing Rules” means the listing rules of the ASX;

“Nominated Employee” means the employee or Director of the Relevant Company to whom the Options have been or were offered whether or not that person is the Eligible Person or Holder;

“Offer” means an offer by the Company to an Eligible Person referred to in rule 2.2(a);

“Option” means an option to acquire a Share issued to an Eligible Person pursuant to the Plan and **“Options”** means two or more of them;

“Option Exercise Period” means such period or periods as the Directors determine pursuant to rule 6.1;

“Original Holder” means the Eligible Person to whom the Options were originally granted;

“Record Date” has the meaning given to that term in the Listing Rules;

“Related Body Corporate” has the meaning given to that term in section 50 of the Corporations Act;

“Relevant Company” means the Company or a Related Body Corporate of the Company;

“Relevant Date” means for an Option, the date on which the Company grants the Option;

“Plan” means the share option plan established by these rules;

“Shares” means an ordinary fully paid share in the capital of the Company.

1.2 Presumptions of interpretation

- (a) Unless the context otherwise requires a word which denotes:
 - (i) the singular denotes the plural and vice versa;
 - (ii) any gender denotes the other genders; and
 - (iii) a person includes an individual, a body corporate, and a government.
- (b) Unless the context otherwise requires a reference to:
 - (i) any legislation includes any regulation or instrument made under it and where amended, re-enacted or replaced means that amended, re-enacted or replacement legislation;
 - (ii) any agreement or instrument where amended or replaced means that agreement or instrument as amended or replaced;
 - (iii) a rule or schedule is a reference to a rule of or schedule to these rules;
 - (iv) a group of persons includes any one or more of them;
 - (v) a thing or amount is a reference to the whole and each part of it; and
 - (vi) where a word or phrase is given a defined meaning another part of speech or other grammatical form for that word or phrase has a corresponding meaning.

1.3 Reference to rules

A reference to these rules includes any schedules to these rules and where amended means these rules as so amended.

1.4 Headings and table of contents

Headings and the table of contents must be ignored in the interpretation of these rules.

2. OFFER OF OPTIONS

2.1 Extent of participation

The Directors may determine the extent to which Eligible Persons’ participate in the Plan.

2.2 Method of offer

- (a) The Company may by notice in writing offer Options to an employee pursuant to the Plan;
- (b) Subject to rule 2.2(c), Offers may be made at the times, in the manner and contain the conditions (including, without limitation, vesting dates for all or any of the options, pre-conditions to vesting, circumstances leading to deemed vesting and formulae to apply in those situations to calculate the numbers which vest) the Directors determine; and
- (c) Each Offer made by the Directors under rule 2.2 will specify the number of Options and attach a copy of these Rules.

2.3 Offer of Options to Directors

Options will not be offered to a Director (or their associates) except where approval is given to or by the shareholders of the Company in general meeting in accordance with the Listing Rules and the Corporations Act.

3. ACCEPTANCE OF OFFERS

3.1 Method of acceptance

An employee may only accept an Offer by completing an Acceptance Notice including specifying the Eligible Person and Original Holder and lodging it with the Company at the times and in the manner determined by the Directors from time to time.

3.2 Renunciation of Offer

An employee may in accepting the Offer specify an Eligible Person associated with them as defined in the definition of Eligible Persons other than themselves to be issued the Options and subject to the approval of the Directors to the nomination of that Eligible Person the Options will then be issued to that Eligible Person as the Original Holder and the Nominated Employee must ensure that Eligible Person complies with these Rules but that at all times those Options will be associated with the Nominated Employee particularly in connection with the application of Rule 6.3.

3.3 Consideration

No Consideration is payable by an Eligible Person for the grant of an Option.

3.4 Options accepted

An Eligible Person may accept an Offer in whole or in part in multiples of 5,000 Options.

3.5 Option Holding Statement

The Company will following receipt of an Acceptance Notice in accordance with these rules, issue to the Eligible Person a Holding Statement for the Options.

3.6 Options not listed

The Options will not be listed on the ASX and application will not be made to the ASX for official quotation of the Options.

4. EXERCISE PRICE

4.1 The Directors may, at the time of granting an Option, nominate the exercise price which must not be less than the market price calculated in accordance with rule 4.3 plus 25%.

4.2 If no exercise price is nominated by the Directors at the time of granting an Option the exercise price is the market price calculated in accordance with rule 4.3 plus 25%.

4.3 The market price for the exercise of Options is, for each Share, the average sale price of Shares traded on the ASX during the 5 trading days immediately prior to the Relevant Date or, if there have been no sales on the ASX in that period, the sale price of Shares last traded on the ASX immediately prior to the Relevant Date.

5. LAPSE OF OPTIONS

Unless an Option has previously lapsed it lapses on and may not be exercised by the Holder after the expiration of the Option Exercise Period.

6. EXERCISE OF OPTIONS

6.1 The Directors may resolve, at the time of granting an Option, that the Options granted to an Eligible Person may only be exercised by the Holder during the period or periods determined by the Directors including, without limitation, the specification of different time periods for various Options.

6.2 Where the Nominated Employee, whether they remain the Holder or not, is employed by a Relevant Company an Option which has not lapsed may be exercised at any time during the Option Exercise Period by the Holder.

6.3 Where the Nominated Employee, whether they remain the Holder or not, ceased to be employed by a Relevant Company, for any reason whatsoever, an Option which has not lapsed may only be exercised by the Holder during the period of 3 months next following the date that the Nominated Employee so ceases to be employed by a Relevant Company (or such longer period determined by the Directors and which determination may be made at any time) or prior to the last day of the Option Exercise Period whichever is the earlier.

- 6.4 An Option that may be exercised pursuant to this rule 6 may only be exercised by completing an Exercise Notice and lodging it with the Company in the manner determined by the Directors from time to time together with payment for the Shares in accordance with the Exercise Notice.
- 6.5 The Company will, within 7 days of receipt of an Exercise Notice in accordance with these terms, allot the number of Shares referred to in the Exercise Notice to the Holder.
- 6.6 Upon allotment of Shares in accordance with rule 6.5 the Company must issue a new Holding Statement for the balance of any unexercised options where only part of the outstanding Options have been exercised.
- 6.7 For the purposes of this Clause 6, a person is “employed by a Relevant Company” if he is an employee or a director of a Relevant Company.

7. ADJUSTMENTS

7.1 Rights/entitlements and bonus issues

If during the Option Exercise Period of an Option, the Company makes a pro rata offer or invitation or bonus issue to holders of Shares or other securities of the Company or any other entity, the Company must give the Holder notice not less than 9 Business Days before the Record Date to determine entitlements to receive that offer, invitation or issue to enable the Holder to exercise the Option and receive that offer, invitation or issue for the Share issued on exercise of the Option.

7.2 New issues

If before the end of the Option Exercise Period the Company gives holders of Shares the right (pro rata with existing shareholdings) to subscribe for additional securities and the Option is not exercised in time to enable the Holder to obtain the Share issued on exercise of the Option with the right to subscribe for additional securities, the Exercise Price of an option after the issue of those securities is adjusted in accordance with the formula set out in the Listing Rules.

7.3 Sub-division or consolidation

If during the Option Exercise Period the Company subdivides or consolidates its Shares, the Options must be subdivided or consolidated (as the case may be) in the same ratio as the Shares and the Exercise Price must be amended in inverse proportion to that ratio.

7.4 Return of capital

If during the Option Exercise Period 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 the amount returned in relation to each Share.

7.5 Cancellation of capital that is lost

If during the Option Exercise Period the Company makes a cancellation of any paid up share capital that is lost or not represented by available assets, the number of Options and the Exercise Price of each Option is unaltered.

7.6 Pro rata cancellation of capital

If during the Option Exercise Period the Company reduces its issued share capital on a pro rata basis, the number of Options must be reduced in the same ratio as the Shares and the Exercise Price of each Option must be amended in inverse proportion to that ratio.

7.7 General reorganisation

If during the Option Exercise Period the Company reorganises its issued share capital in any way not contemplated by this Rule 7, the number of Options or the Exercise Price, or both, must be reorganised so that the Holder will not receive a benefit that holders of Shares do not receive.

7.8 Cumulative adjustments

Each adjustment under rules 7.1 to 7.8 must be made for every unexercised Option every time the relevant clause applies during the Option Exercise Period.

7.9 Rounding

Until an Option is to be exercised, all calculations adjusting the number of Shares or the Exercise Price must be carried out to include all fractions, but on exercise the number of Shares issued is rounded down to the next lower whole number and the Exercise Price rounded up to the next higher cent.

7.10 **Notice of adjustment**

The Company must give notice to Holders of any adjustment to the number, description or items of security which are to be issued on exercise of an Option or to the Exercise Price, and must do so in accordance with any applicable Listing Rules. This notice may be in the form of a revised Holding Statement.

7.11 **Listing Rules**

An adjustment must not be made under this rule 7 unless it is consistent with the Listing Rules. The Company may amend the terms of any Option, or the rights of any Holder under this Plan, to comply with the Listing Rules applying at the time to any reorganisation of capital of the Company.

8. THE SHARES

8.1 **Rights attaching to Shares**

Shares issued pursuant to the exercise of an Option rank pari passu in all respects with all ordinary issued shares of the Company.

8.2 **Listing of Shares**

The Company must use its best endeavours to have Shares issued pursuant to the exercise of an Option quoted on the ASX.

8.3 **Interest in Shares**

A Holder has no interest in Shares the subject of their Options until those Options are exercised in accordance with these rules and Shares allotted to the Holder pursuant to that exercise.

9. TRANSFER OF OPTIONS

Options Transferable with Consent

9.1 A Holder may only assign or transfer Options with the consent of the Directors and any Options assigned or transferred pursuant to these rules will be and remain subject to these rules and may only be transferred to another Eligible Person associated with the Nominated Employee.

9.2 As a condition of giving their consent the Directors may require the Holder to procure from the assignee or transferee an acknowledgment in a form determined by the Directors that the assignee or transferee will hold the Options pursuant to these rules.

9.3 If a Holder assigns or transfers or attempts to assign or transfer any right title or interest in the Options held by the Holder without the consent of the Directors, the Options thereby lapse and may not be exercised.

9.4 **Death or mental health**

A legal personal representative of a Holder who has died or whose estate is liable to be dealt with under laws relating to mental health is entitled to be registered as the Holder of the Options held by the first mentioned Holder after production to the Directors of such documents or other evidence as the Directors may reasonably require to establish that entitlement.

10. PLAN EXPENSES

The Company must bear all expenses of the Plan.

11. AMENDMENT OF THE PLAN

Subject to compliance with the Listing Rules, the Corporations Act and the Constitution of the Company, the Company may by resolution amend these rules.

12. TERMINATION OF THE PLAN

12.1 **Termination by notice**

The Company may terminate the Plan on 3 months' notice to Eligible Persons who are Nominated Employees or who hold Options under the Plan at the time of the notice.

12.2 Effect of termination

Any Options not exercised by the date of termination of the Plan pursuant to rule 12.1 may be exercised in accordance with these rules notwithstanding termination.

13. MISCELLANEOUS

13.1 Rights of Employees

Nothing in these rules:

- (a) confers on any Eligible Person or Nominated Employee the right to continue as an employee of the Company or any Related Body Corporate of the Company; or
- (b) affects any rights of the Company or a Related Body Corporate of the Company to terminate the employment of an Eligible Person or Nominated Employee.

13.2 Relationship to other schemes

Participation in the Plan does not affect participation in any other employee or executive share or option plan of the Company except as provided in these rules or the rules of the other plan.

13.3 Decisions of Directors

Any consent given by the Directors and any determination, nomination or resolution made by or of the Directors in accordance with or in connection with these rules is given or made in their absolute discretion.

13.4 Notices

A notice which is given to any Eligible Person under these rules may be delivered to the Eligible Person or posted by ordinary prepaid post to the last known address of the Eligible Person.

13.5 A notice is deemed to have been received:

- (a) if delivered to the Eligible Person, on receipt; and
- (b) if posted by ordinary prepaid post to the Eligible Person, 3 business days after posting.

13.6 Governing Law

These rules are governed by and must be construed in accordance with the laws of Western Australia.

**SCHEDULE 1
GINDALBIE METALS LIMITED**

ACN 060 857 614

**SHARE OPTION PLAN
ACCEPTANCE NOTICE**

TO: Gindalbie Metals Limited (“The Company”)

I,
(full name)

of
(address)

accept the offer by the Company of options to acquire [] fully paid ordinary shares in the Company pursuant to the Share Option Plan of the Company (“Plan”).

I nominate _____ of _____ as an

Eligible Person associated with me under the Plan to hold the options and acknowledge I will be the Nominated Employee as that term is defined in the Plan at all times in relation to the ongoing holding of the options.

I agree to be bound by and will ensure the person nominated as the Eligible Person complies with the terms and conditions of the Plan as set out in the rules of the Plan (“Rules”).

I acknowledge that the options issued to me or the nominated Eligible Person pursuant to the Plan are issued subject to the Rules and the Constitution of the Company.

Signature:

Date:

**SCHEDULE 2
GINDALBIE METALS LIMITED
ACN 060 857 614
("Company")**

**SHARE OPTION PLAN
EXERCISE NOTICE**

TO: Gindalbie Metals Limited ("Company")

I,
(full name)

of
(address)

wish to exercise options held by me to acquire [] fully paid ordinary shares ("Shares") in the Company pursuant to the Share Option Plan of the Company ("Plan").

I enclose:

- (a) a cheque made payable to the Company in the amount of \$[] being the Exercise Price for the Options (as defined in the terms and conditions of the Plan as set out in the rules of the Plan ("Rules")); and
- (b) the Option Certificates (as defined in the Rules) for the Options.

I request you allot to me and I agree to accept the Shares subject to the Constitution of the Company. If this notice is signed by an attorney, the attorney hereby declares that he has no notice of revocation of the power under authority of which this application is signed.

DATED:

SIGNED:

.....
Name

A. For use by companies having a common seal

THE COMMON SEAL of
the fixing of which was witnessed by:

Signature of director/secretary*

Signature of director/sole director*

Name

Name

B. For use by companies not having a common seal

EXECUTED by

Signature of director/secretary*

Signature of director/sole director*

Name

Name

* Delete whichever is not applicable

GINDALBIE METALS LTD
ABN 24 060 857 614
PROXY FORM

The Company Secretary
 Gindalbie Metals Ltd
 Level 9 London House
 216 St George's Terrace
 PERTH WA 6000
 Telephone (08) 9480 8700
 Facsimile (08) 9480 8799

Insert Name & Address of Shareholder

being a member(s) of GINDALBIE METALS LTD
 hereby appoint the Chairman of the meeting
 (mark with an X)

OR

Write here the name of the person you are appointing if this person is someone other than the Chairman of the meeting.

or failing that, the Chairman of the Meeting as my/our proxy to vote for me/us and on my/our behalf at the Annual General Meeting of the Company to be held on Wednesday, 22 November 2006 at 10.00am at the Fremantle Room, Parmelia Hilton Hotel, 14 Mill Street, Perth, Western Australia and at any adjournment thereof.

If appointing two proxies, please show proportion of voting rights attaching to this proxy: _____%

If you wish to direct your proxy how to vote on the proposed resolutions, please indicate the manner in which your proxy is to vote by ticking the appropriate column below, otherwise your proxy may vote as he thinks fit.

If you do not wish to direct your proxy how to vote, please place a mark in this box. By marking this box you acknowledge the Chairman of the Meeting may exercise your proxy even if he has an interest in the outcome of the resolutions and votes cast by him, other than as proxy holder, would be disregarded because of that interest. The Chairman of the Meeting intends to vote undirected proxies in favour of each of the resolutions.

	FOR	AGAINST	ABSTAIN
Advisory Resolution 1 – Remuneration Report	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Ordinary Resolution 2 – Re-election of Tunku Ya'acob BT Abdullah	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Ordinary Resolution 3 – Appointment of Michael John O'Neill	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Ordinary Resolution 4 – Approval of Employee Share Option Plan	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Ordinary Resolution 5 – Issue of Options to Michael John O'Neill	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

PLEASE SIGN HERE This section *must* be signed in accordance with the instructions overleaf to enable your directions to be implemented

Individual or Security Holder 1

Sole Director and
Sole Company Secretary

Security Holder 2

Director

Security Holder 3

Director/Company Secretary

Contact Name

Contact Daytime Telephone or
Email

____/____/____
Date

Proxy Instructions

Generally

A shareholder entitled to attend and vote at the Annual General Meeting convened by the Notice is entitled to appoint not more than 2 proxies to vote on the shareholder's behalf. A proxy need not be a shareholder. The proxy appointment may be a standing appointment for all general meetings until it is revoked. Additional proxy forms are available from the Company.

If a representative of a company security holder or proxy is to attend the meeting the appropriate "Certificate of Appointment of Corporate Representative" must be produced prior to admission. A form of the certificate may be obtained from the Company's share registry.

Appointing Two Proxies

A shareholder entitled to cast 2 or more votes may appoint 2 proxies. Where 2 proxies are appointed, the appointment will be of no effect unless each proxy is appointed to represent a specified proportion of the shareholder's voting rights and the proportions are specified on the proxy form.

Signing Instructions

Individuals: The shareholder must sign personally. If the holding is in more than 1 name, all of the shareholders must sign.

Company: Must be signed by the company in accordance with the shareholder's Constitution.

The form provides for a body corporate to sign by affixing a common seal to be witnessed by 2 directors or a director and secretary. If the shareholder's Constitution permits or requires the Company to sign by other means the signing provision should be altered by the shareholder to correctly specify the permitted method of signing for example, a common seal witnessed by a sole director or signing by 2 directors or a sole director with no common seal required.

Power of Attorney: the attorney must sign and the power of attorney must be deposited at the Company's registered office for inspection and return, when the proxy is lodged.

Lodgement of a Proxy

Proxy forms (and the power of attorney, if any, under which the proxy form is signed) must be received at the offices of the Company no later than 10.00am, 20 November 2006.

Documents may be lodged:

IN PERSON Registered Office – Level 9 London House, 216 St George's Terrace, Perth WA 6000
BY MAIL PO Box 7200, Cloisters Square, WA 6850
BY FAX (08) 9480 8799

Your Address

This is your address as it appears on the Company's share register. If this information is incorrect, please make the correction on the form. Security holders sponsored by a broker (in which case your reference number overleaf will commence with an "X") should advise your broker of any changes. You cannot change ownership of your shares using this form.