

# Notice of Annual General Meeting

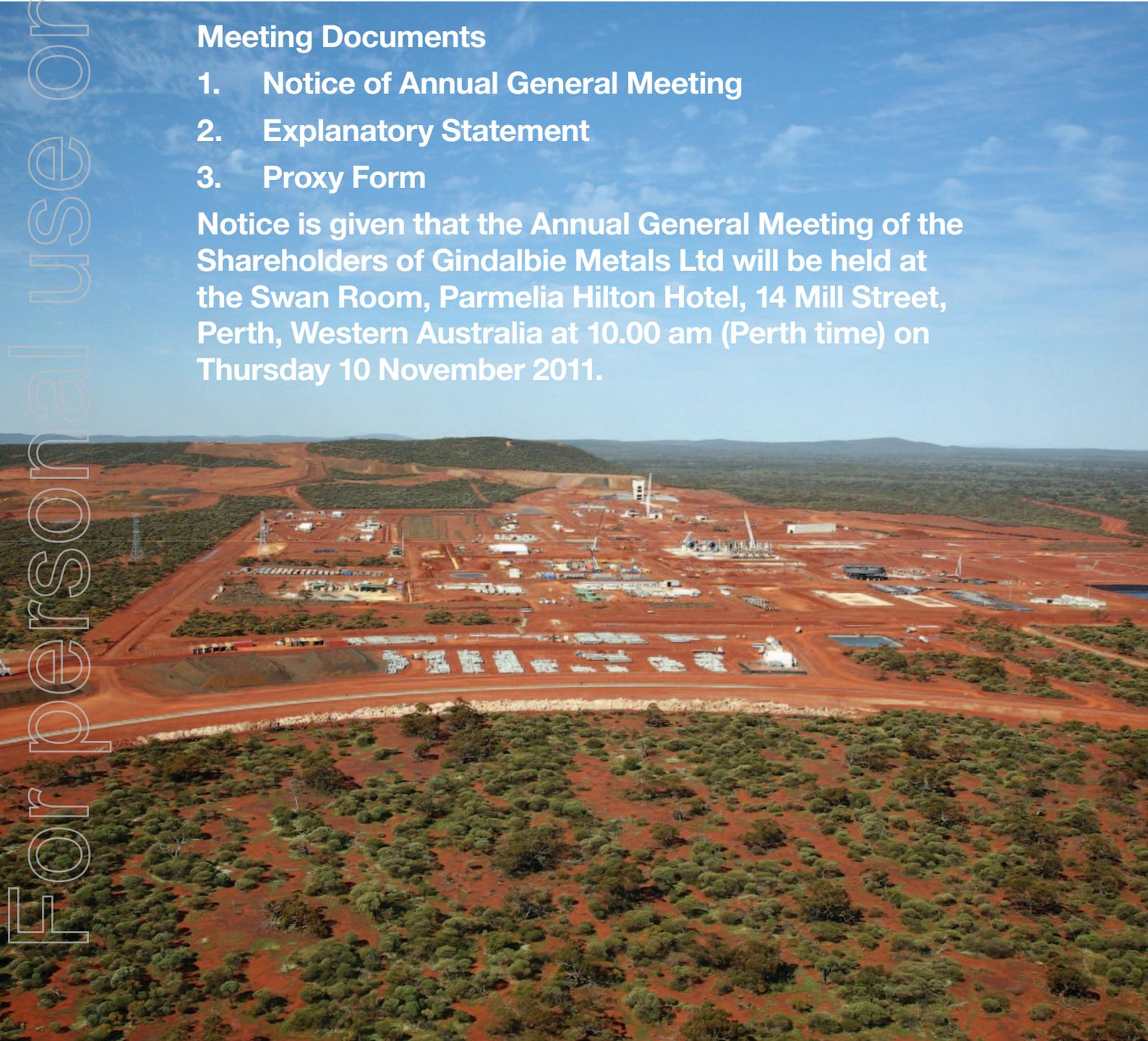


## Meeting Documents

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 at the Swan Room, Parmelia Hilton Hotel, 14 Mill Street, Perth, Western Australia at 10.00 am (Perth time) on Thursday 10 November 2011.

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# 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.

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 Tuesday 8 November 2011 whether or not they propose to attend the Meeting. Proxy Forms received after this time will be invalid.

## Entitlement to Vote

In accordance with Regulation 7.11.37 of the *Corporations Regulations 2001* (Cth), the Board has determined that a person's entitlement to vote at the 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 Tuesday 8 November 2011. Accordingly, transactions registered after that time will be disregarded in determining Shareholders entitled to attend and vote at the Annual General Meeting.

## Lodgement of a Proxy

Proxy Forms (and the certified copy of the power of attorney, if any, under which the Proxy Form is signed) must be received at the offices of Advanced Share Registry or the Company by no later than 8.00 am (Perth time) on Tuesday 8 November 2011. Proxy Forms received after this time will be invalid.

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

## Documents may be lodged:

### BY MAIL

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

### IN PERSON

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

### Registered Office

Gindalbie Metals Ltd, Level 9 London House  
216 St Georges Terrace, Perth WA 6000  
Australia

### BY FAX

+61 8 9389 7871

## Key Dates

Deadline for lodgement of Proxy Forms	8.00 am (Perth time) on Tuesday 8 November 2011
Date and time for determining eligibility to vote	5.00 pm (Perth time) on Tuesday 8 November 2011
Date and time of Annual General Meeting	10.00 am (Perth time) on Thursday 10 November 2011

## Queries

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

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# Notice of Annual General Meeting

Notice is hereby given that the Annual General Meeting of the Shareholders of Gindalbie Metals Ltd will be held at the Swan Room, Parmelia Hilton Hotel, 14 Mill Street, Perth, Western Australia at 10.00 am (Perth time) on Thursday 10 November 2011, 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

To receive, consider and accept 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 2011.

### ADVISORY RESOLUTION Remuneration Report

To pass the following as an advisory Resolution:  
"To approve the Remuneration Report for the year ended 30 June 2011."

#### 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 go up 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.*

*If you do not direct the person chairing the meeting how to vote and you are not a Prohibited Voter, by marking the box on, and submitting, the Proxy Form 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, and you will be taken to have directed the Chair to vote in accordance with his stated intention to vote in favour of this resolution. If you do not want your vote exercised in favour of this resolution you should direct the person chairing the meeting to vote "against", or abstain from voting on, this resolution.*

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**RESOLUTION 1****Re-election of Director – Michael O'Neill**

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 – Yu Wanyuan**

To pass the following as an ordinary Resolution:

*“That Mr Yu Wanyuan, 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****Re-election of Director – Chen Ping**

To pass the following as an ordinary Resolution:

*“That Mr Chen Ping, 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 4****Election of Director – Robin Marshall**

To pass the following as an ordinary Resolution:

*“That Mr Robin Marshall, 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 5****Election of Director – Shao AnLin**

To pass the following as an ordinary Resolution:

*“That Mr Shao AnLin, 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.”*

**Special Business****RESOLUTION 6****Amendments to Employee Share Option Plan**

To pass the following as an ordinary Resolution:

*“That, for the purposes of rule 11 of the Company's Employee Share Option Plan and for all other purposes, approval is hereby given for the Company to amend the Employee Share Option Plan as provided in the Explanatory Statement.”*

**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: 26 September 2011

By order of the Board of Directors.



**David Stokes**

Company Secretary

# Explanatory Statement

This Explanatory Statement has been prepared to assist Shareholders with their consideration of the Resolutions proposed for the Annual General Meeting of Gindalbie Metals Ltd (**Gindalbie** or **Company**) to be held at the Swan Room, Parmelia Hilton Hotel, 14 Mill Street, Perth, Western Australia at 10.00 am (Perth time) on Thursday 10 November 2011.

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 the 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 the 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 2011 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 40 to 43 of the 2011 Annual Report available from the Company's website.

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 go up for re-election.

### 3. ORDINARY RESOLUTION 1

#### Re-election of Director – Michael O'Neill

It is a requirement under clause 13.2 of the Company's Constitution and Listing Rule 14.4 that Mr Michael O'Neill retires by rotation. 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 undertaking 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.

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**4. ORDINARY RESOLUTION 2****Re-election of Director – Yu Wanyuan**

It is a requirement under clause 13.2 of the Company's Constitution and Listing Rule 14.4 that Mr Yu Wanyuan retires by rotation. Mr Yu has offered himself for re-election as a Director of the Company.

Mr Yu is currently Vice President and Chief Financial Officer of Ansteel and Manager of Angang Group Finance Co Ltd, positions he has held since 2001. He was previously Assistant General Manager and Deputy Chief Accountant with Ansteel and, before joining the Ansteel Group in 1998, held a number of senior academic and management positions at the Northeastern Institute of Technology in China.

Mr Yu is one of Ansteel's representatives on the Board of the Company.

**Directors' Recommendation**

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

**5. ORDINARY RESOLUTION 3****Re-election of Director – Chen Ping**

It is a requirement under clause 13.2 of the Company's Constitution and Listing Rule 14.4 that Mr Chen Ping retires by rotation. Mr Chen has offered himself for re-election as a Director of the Company.

Mr Chen is currently Vice President of Ansteel and the former Chairman of its subsidiary, Anshan Mining Co. He has held a wide range of engineering and senior management positions with Anshan Mining Co since 1982, including Assistant Manager, General Manager and Chairman. He was appointed as Vice President of Ansteel in November 2005.

Mr Chen is one of Ansteel's representatives on the Board of the Company.

**Directors' Recommendation**

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

**6. ORDINARY RESOLUTION 4****Election of Director – Robin Marshall**

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

Mr Marshall was appointed to the Gindalbie Board to further strengthen the Gindalbie Board in the key areas of project construction and management, mining and corporate strategy. Mr Marshall is the Chair of Gindalbie's Project Oversight Committee. Mr Marshall has previously held senior executive positions with Vale Inco and BHP Billiton Iron Ore.

Mr Marshall is a highly accomplished and experienced mining professional. At Vale Inco, he held the position of Project Director with responsibility for delivery of the multi-billion dollar Goro Nickel Project in New Caledonia through to its commissioning in early 2009.

At BHP Billiton Iron Ore, he held the position of Vice President – Asset Development Projects with responsibility for the development of a number of projects in the first wave of expansion in the iron ore business sector. These included a new greenfields mine and processing facility, railway, brownfields upgrade to an existing mine and processing plant and major capacity expansion to its rail system and port facility.

In addition to these roles, he previously held the key positions of Project Manager for the West Angelas Iron Ore Project with North Limited, Project Director with Iron Ore Company of Canada, Manager Projects for Forresteria Gold/LionOre Australia, Manager Engineering & Project Services for Western Mining Corporation and Project Manager for Nedpac (Signet Engineering).

**Directors' Recommendation**

The Company's Directors (other than Mr Marshall) recommend that Shareholders vote in favour of Resolution 4.

# Explanatory Statement

## 7. ORDINARY RESOLUTION 5

### Election of Director – Shao AnLin

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

Mr Shao 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) recommend that Shareholders vote in favour of Resolution 5.

### Special Business

## 8. ORDINARY RESOLUTION 6

### Amendments to 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 approved by shareholders at the 2006 annual general meetings held on 22 November 2006, and 5 November 2009. This exception is only available if there has been no material change to the terms of the ESOP. The Board considers that the proposed change will not materially alter the operation of the ESOP or the rights of participants under the ESOP.

The Board proposes to update the existing ESOP to extend the definition of "Eligible Person" to include any employee option or share trust established to implement the Plan for the benefit of eligible participants.

Under rule 11 of the ESOP shareholder approval is required to amend the ESOP. A copy of the full terms of the ESOP, as approved by shareholders at the 2009 annual general meeting, and the proposed amendments is available from the Company on request.

The reason for the amendment is to give Gindalbie the flexibility to establish an Employee Share Trust that may be issued options under the ESOP. The EST will effectively operate in conjunction with the existing ESOP. The EST Trustee will be an independent entity known as Trinity Management Pty Ltd (ACN 118 314 515) and the beneficial interest in the EST will be divided into share units.

The EST will allow certain Directors and employees selected by the Board to be offered the benefit of Shares and Options in Gindalbie.

The key reasons for the establishment of the EST are:

- Gindalbie has found that a traditional employee option plan on its own does not facilitate retention of Shares by employees after exercise of their options. The reason is that many employees find it necessary to immediately sell their Shares in order to fund the exercise of their options. The EST structure enables the exercise of employee options to be funded from the EST, as described below. This will enable Shares to be retained in the EST for the benefit of employees following the exercise of options.
- Facilitating the retention of Shares for the benefit of employees after the exercise of options will also assist with the retention of key employees.
- A traditional employee option plan on its own creates complex taxation issues for employees. The taxation issues for employees arising from the EST are simpler because the employees own share units in the EST and they do not directly own 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 a Director or an employee (the **Employee**) will be as follows:

- Gindalbie will issue the Options to the EST. Gindalbie will make a contribution to the EST equal to the value of the Options (as determined under AASB2) 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).

#### **Directors' Recommendation**

The Company's Directors recommend that Shareholders vote in favour of Resolution 6.

## **9. OTHER MATTERS**

### **9.1 ASIC and ASX's Role**

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

### **9.2 Proxies**

Proxy Forms (and the certified copy of the power of attorney, if any, under which the Proxy Form is signed) must be received at the offices of Advanced Share Registry or the Company by no later than 8.00 am (Perth time) on Tuesday 8 November 2011. Proxy Forms received after this time will be invalid.

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

### **9.3 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, David Stokes, on +61 8 9480 8700.

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# Glossary

<b>AASB2</b>	means the compiled standard of the Australian Accounting Standards Board, Share-based Payment.
<b>Annual General Meeting or Meeting</b>	means the meeting convened by this Notice.
<b>Annual Report</b>	means the Company's Annual Report for the year ended 30 June 2011; containing the Annual Financial Report, the Directors' Report and the Auditor's Report.
<b>Ansteel</b>	means Anshan Iron and Steel Group Corporation.
<b>ASIC</b>	means the Australian Securities and Investments Commission.
<b>ASX</b>	means ASX Limited (ABN 98 008 624 691).
<b>ASX Listing Rules or Listing Rules</b>	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.
<b>Auditor</b>	means KPMG.
<b>Board</b>	means the Board of Directors of the Company.
<b>Company or Gindalbie</b>	means Gindalbie Metals Ltd (ACN 060 857 614).
<b>Constitution</b>	means the Company's constitution, as amended from time to time.
<b>Corporations Act</b>	means the <i>Corporations Act 2001</i> (Cth).
<b>Directors</b>	means the directors of the Company from time to time and <b>Director</b> means any one of them.
<b>Eligible Person</b>	has the meaning given to it in the Employee Share Option Plan.
<b>Employee</b>	has the meaning given to it in section 8.
<b>ESOP or Employee Share Option Plan</b>	means the Gindalbie Metals Ltd Employee Share Option Plan.
<b>EST or Employee Share Trust</b>	means the Gindalbie Metals Ltd Employee Share Option Trust.
<b>EST Trustee</b>	means the trustee of an employee equity trust established for employees of the Company, being Trinity Management Pty Ltd (ACN 118 314 515), an independent entity from the Company.
<b>Explanatory Statement</b>	means the explanatory statement which accompanies the Notice.
<b>Meeting Documents</b>	has the meaning given to it on the introductory page.
<b>Notice or Notice of Meeting</b>	means this notice of Annual General Meeting.

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<b>Option</b>	has the meaning given to it in section 8.
<b>Proxy Form</b>	means the proxy form attached to this Notice.
<b>Related Party or Related Parties</b>	has the meaning given to that term in section 228 of the Corporations Act.
<b>Resolution</b>	means a resolution contained in this Notice.
<b>Share</b>	means a fully paid ordinary share in the capital of the Company.
<b>Shareholder</b>	means a holder of Shares.

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