



Resources Limited
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Notice of General Meeting and Explanatory Statement

This Notice of Annual General Meeting and Explanatory Statement should be read in its entirety.
If Shareholders are in doubt as to how they should vote, they should seek advice from their accountant,
solicitor or other professional advisor without delay.

NOTICE IS HEREBY GIVEN that a General Meeting of Shareholders of Jindalee Resources Limited will be held at Level 2, 18 Kings Park Road, West Perth, Western Australia on Monday 20th June 2011 at 10.00am (WST), for the purpose of transacting the following business:

BUSINESS

Resolution 1 – Approval of the Company Employee Share Option Plan

To consider and, if thought fit, to pass, with or without amendment, the following resolution as an **ordinary resolution**:

“That, for the purposes of Listing Rule 7.2, Exception 9, and for all other purposes, Shareholders of the Company approve the Company Employee Share Option Plan and the issue of options pursuant to the Plan on the terms and conditions summarised in the Explanatory Statement”.

The Company will in accordance with section 224 of the Corporations Act 2001 will disregard any votes cast on this Resolution 1 by the Directors of the Company (except those who are ineligible to participate any employee incentive scheme in relation to the Company) and any of their respective associates. However, the Company need not disregard a vote if:

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

Resolution 2 – Grant of 500,000 Director Options to Mark Richard Scott

To consider and, if thought fit, to pass the following resolution as an **ordinary resolution**:

“That, for the purposes of ASX Listing Rule 10.11, section 208 of the Corporations Act and for all other purposes, approval is given for the Directors to allot and issue to Mr Mark Richard Scott or his nominee, up to 500,000 Director Options on the terms and conditions set out in Annexure B to the Explanatory Statement.”

The Company will in accordance with section 224 of the Corporations Act 2001 disregard any votes cast on this Resolution 2 by Mr Scott (or his nominee) or any of his associates. However, the Company need not disregard a vote if:

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

Resolution 3 – Grant of 1,000,000 Director Options to Lindsay George Dudfield

To consider and, if thought fit, to pass the following resolution as an **ordinary resolution**:

"That, for the purposes of ASX Listing Rule 10.11, section 208 of the Corporations Act and for all other purposes, approval is given for the Director to allot and issue to Mr Lindsay George Dudfield or his nominee, up to 1,000,000 Director Options on the terms and conditions set out in Annexure B to the Explanatory Statement."

The Company will in accordance with section 224 of the Corporations Act 2001 disregard any votes cast on this Resolution 3 by Mr Dudfield (or his nominee) or any of his associates. However, the Company need not disregard a vote if:

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

Resolution 4 – Grant of 500,000 Director Options to Patricia Anne Farr

To consider and, if thought fit, to pass the following resolution as an **ordinary resolution**:

"That, for the purposes of ASX Listing Rule 10.11, section 208 of the Corporations Act and for all other purposes, , approval is given for the Director to allot and issue to Ms Patricia Anne Farr or her nominee, up to 500,000 Director Options on the terms and conditions set out in Annexure B to the Explanatory Statement."

The Company will in accordance with section 224 of the Corporations Act 2001 disregard any votes cast on this Resolution 4 by Ms Farr (or her nominee) or any of her associates. However, the Company need not disregard a vote if:

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

Resolution 5 – Placement – Options

To consider and, if thought fit, to pass, with or without amendment, the following resolution as an **ordinary resolution**:

"That, for the purpose of ASX Listing Rule 7.1 and for all other purposes, approval is given for the Directors to allot and issue up to 100,000 Options on the terms and conditions set out in the Explanatory Statement."

The Company will in accordance with section 224 of the Corporations Act 2001 disregard any votes cast on this Resolution by any person who may participate in the proposed issue and a person who might obtain a benefit, except a benefit solely in the capacity of a holder of ordinary securities, and any associates of those persons. However, the Company need not disregard a vote if:

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

Resolution 6 – Amendment to the Constitution

To consider and, if thought fit, to pass, with or without amendment, the following resolution as a **special resolution**:

"That, pursuant to section 136(2) of the Corporations Act and for all other purposes, the Constitution of the Company be amended with immediate effect by deleting clause 8(c)."

Short Explanation: ASX has recently amended ASX Listing Rule 8.14 with the effect that a listed entity may now charge a reasonable fee for registering paper-based transfers in registrable form. The transfers are also referred to as "off-market transfers". The effect of this rule change is that some investors may be asked to pay a reasonable fee if they submit an off-market transfer form to the Company for registration. This rule change has been made so that listed entities and registries can enhance their fraud detection practices specific to off-market transfers.

Other Business

To transact any other business which may be properly brought before the meeting in accordance with the Company's Constitution and the Corporations Act.

By Order of the Board



PATRICIA FARR
Company Secretary
5 May 2011

Proxies

Please note that:

- a shareholder entitled to attend and vote at the above meeting may appoint not more than two proxies to attend and vote at this meeting. Each proxy will have the right to vote on a poll and also to speak at a meeting. Where there is a vote taken by a show of hands, if a shareholder has appointed two proxies, neither of those proxies may vote;
- where more than one proxy is appointed, each proxy must be appointed to represent a specified proportion of the shareholder's voting rights;
- a proxy may but need not be a shareholder of the Company;
- a Shareholder may appoint a body corporate or an individual as its proxy;
- the instrument appointing the proxy must be in writing, executed by the appointor or his attorney duly authorised in writing or, if such appointor is a corporation, either under seal or under hand of an officer of his attorney duly authorised; and
- the instrument of proxy (and the power of attorney or other authority, if any, under which it is signed) must be lodged by person, post, courier or facsimile and reach the Registered Office of the Company at least 48 hours prior to the meeting.

The enclosed Proxy Form provides further details on appointing proxies and lodging proxy forms. If a Shareholder appoints a body corporate as its proxy and the body corporate wishes to appoint an individual as its representative, the enclosed certificate of appointment of corporate representative should be completed and lodged in the manner specified.

Entitlement to Vote

In accordance with Regulation 7.11.37 of the Corporations Regulations 2001, the Directors' have set a time to determine the identity of those entitled to attend and vote at the Meeting. The time is 10.00 am. (WST) on 18th June 2011. Accordingly, transactions registered after that time will be disregarded in determining Shareholders' entitlement to attend and vote at the General Meeting.

Corporate Representative

Any corporate Shareholder who has appointed a person to act as its corporate Representative at the General Meeting should provide that person with a certificate or letter executed in accordance with the Corporations Act authorising him or her to act as that company's representative. The authority may be sent to the Company in advance of the General Meeting or handed in at the General Meeting when registering as a corporate representative.

EXPLANATORY STATEMENT

This Explanatory Statement is intended to provide Shareholders with sufficient information to assess the merits of the Resolutions contained in the accompanying Notice of General Meeting of the Company.

Shareholders are specifically referred to the Glossary in the Explanatory Statement which contains definitions of capitalised terms used in this Notice of General Meeting and the Explanatory Statement.

The Directors recommend Shareholders read this Explanatory Statement in full before making any decision in relation to the resolutions.

Resolution 1 – Approval of the Company’s Employee Share Option Plan

The Company has an existing Employee Share Option Plan (“**ESOP**”) which was adopted by the Board in December 2002 and the Directors consider it appropriate to review the existing ESOP to ensure it reflects the present provisions of the Corporations Act and the ASX Listing Rules. The Directors believe that it is preferable in the circumstances to replace the existing ESOP with a new ESOP (**Proposed ESOP**) rather than to amend and insert a multitude of amendments.

ASX Listing Rule 7.1 prohibits an entity from issuing or agreeing to issue equity securities in any 12 month period which amount to more than 15% of its ordinary securities without the approval of holders of its ordinary securities.

However ASX Listing Rule 7.2, exception 9(b) provides that ASX Listing Rule 7.1 does not apply in relation to, among other things, an issue under an employee incentive scheme if within 3 years before the date of the issue the holders of the entity’s ordinary securities approve the issue of securities under the scheme as an exception to Listing Rule 7.1.

The ASX Listing Rules define “employee incentive scheme” as:

- (a) a scheme for the issue or acquisition of equity securities in an entity to be held by, or for the benefit of, participating employees or non-executive directors of the entity or a related entity; or
- (b) a scheme which, in ASX’s opinion, is an employee incentive scheme.

Under the ASX Listing Rules, equity securities include options over issued or unissued shares in an entity. The Proposed ESOP is therefore an employee incentive scheme for the purposes of the ASX Listing Rules.

If this Resolution is passed, Options issued under the Proposed ESOP during the next 3 years will be excluded in determining the 15% limit under Listing Rule 7.1. This would assist the Company should it require additional fundraising flexibility.

The following information is provided for the purposes of Listing Rule 7.2 Exception 9(b):

- (a) a summary of the terms of the Proposed ESOP is outlined in Annexure A and a full copy of the Proposed ESOP is available for inspection at the Company’s registered office until the date of the General Meeting; and
- (b) a total of 675,000 Options have been issued under the Company’s existing ESOP since the date of its approval in December 2002. A total of 625,000 shares have been issued on exercise of options issued under the Company’s existing ESOP.

The Board recommends that Shareholders vote in favour of this Resolution.

Resolutions 2 to 4 – Approval to grant Director Options to Directors

Background

The Board has resolved, subject to obtaining Shareholder approval, to issue a total of 2,000,000 Director Options to Mr Scott, Mr Dudfield and Ms Farr (**Related Parties**) on the terms and conditions set out below.

For a public company, or an entity that the public company controls, to give a financial benefit to a related party of the public company, the public company or entity must:

- (a) obtain the approval of the public company's members in the manner set out in Sections 217 to 227 of the Corporations Act; and
- (b) give the benefit within 15 months following such approval,

unless the giving of the financial benefit falls within an exception set out in Sections 210 to 216 of the Corporations Act.

In addition, ASX Listing Rule 10.11 also requires shareholder approval to be obtained where an entity issues, or agrees to issue, securities to a related party, or a person whose relationship with the entity or a related party is, in ASX's opinion, such that approval should be obtained unless an exception in ASX Listing Rule 10.12 applies.

The grant of the Director Options to the Related Parties requires the Company to obtain Shareholder approval because the grant of Director Options constitutes giving a financial benefit and as Directors, Mr Scott, Mr Dudfield and Ms Farr are related parties of the Company.

It is the view of the Directors that the exceptions set out in Sections 210 to 216 of the Corporations Act and ASX Listing Rule 10.12 do not apply in the current circumstances. Accordingly, Shareholder approval is sought for the grant of Director Options to the Related Parties.

The offer of Director Options to the Related Parties form part of the Company's long term incentive objectives to encourage Directors to have a greater involvement in the achievement of the Company's objectives and to provide an incentive to strive to that end by participating in the future growth and prosperity of the Company through share ownership.

The number of Director Options to be issued to each Director has been determined based on factors such as length of service of each director, continuity of executive management, significant contribution to the Company's success and to provide ongoing equity incentives to advance the Company and its assets. Furthermore, the grant of Director Options, are viewed as a cost effective and efficient reward and incentive of the Company as opposed to alternative forms of incentive, such as the payment of additional cash compensation to Directors.

The Board considers the number of options issued to directors will ensure that overall Director emoluments remain competitive with market standards.

INFORMATION REQUIREMENTS (CHAPTER 2E OF THE CORPORATIONS ACT AND ASX LISTING RULE 10.11)

Pursuant to and in accordance with the requirements of Sections 217 to 227 of the Corporations Act and ASX Listing Rule 10.13, the following information is provided in relation to the proposed grant of Director Options:

- (a) the related parties are Mr Scott, Mr Dudfield and Ms Farr and they are related parties by virtue of being Directors;
- (b) the maximum number of Director Options (being the nature of the financial benefit being provided) to be granted to the Related Parties is:
 - (i) 500,000 Director Options to Mr Scott (Non-executive Chairman);
 - (ii) 1,000,000 Director Options to Mr Dudfield (Managing Director); and
 - (iii) 500,000 Director Options to Ms Farr (Executive Director);
- (c) the Director Options will be granted to the Related Parties no later than 1 month after the date of the Meeting (or such later date as permitted by any ASX waiver or modification of the ASX Listing Rules) and it is anticipated the Director Options will be issued on one date;
- (d) the Director Options will be granted for nil cash consideration, accordingly no funds will be raised;
- (e) the terms and conditions of the Director Options are set out in Annexure B;
- (f) the value of the Director Options and the pricing methodology is set out in Annexure C;
- (g) the relevant interests of the Related Parties in securities of the Company are set out below;

Director	Number of Shares	Number of Options
Mr Scott	2,409,429	Nil
Mr Dudfield	6,781,074	Nil
Ms Farr	218,000	Nil

- (h) the remuneration and emoluments from the Company to the Related Parties for the previous financial year and the proposed remuneration and emoluments for the current financial year are set out below:

Related Party	Current Financial Year	Previous Financial Year
Mr Scott	\$76,300	\$76,300
Mr Dudfield	\$75,000	\$22,100
Ms Farr	\$130,800	\$130,800

- (i) if the Director Options granted to the Related Parties are exercised, a total of 2,000,000 Shares would be allotted and issued. This will increase the number of Shares on issue from 34,794,775 to 36,794,775 (assuming that no other Options are exercised and no other Shares are issued) with the effect that the shareholding of existing Shareholders would be diluted by an aggregate of 5.44%.

The market price for Shares during the term of the Director Options would normally determine whether or not the Director Options are exercised. If, at any time any of the Director Options are exercised and the Shares are trading on ASX at a price that is higher than the exercise price of the Director Options, there may be a perceived cost to the Company.

- (j) the trading history of the Shares on ASX in the 12 months before the date of this Notice of General Meeting is set out below:

	Price	Date
Highest	\$1.425	22 June 2010
Lowest	\$0.38	2 May 2011
Last	\$0.42	4 May 2011

- (k) the primary purpose of the grant of Director Options to the Related Parties is to provide cost effective consideration to the Related Parties for their ongoing commitment and contribution to the Company in their respective roles as Directors. The Board does not consider that there are any significant opportunity costs to the Company or benefits foregone by the Company in issuing the Director Options upon the terms proposed;
- (l) the Board acknowledges the grant of Director Options to Mr Scott is contrary to Recommendation 8.2 of the ASX Corporate Governance Principles and Recommendations. However, the Board considers the grant of Director Options to Mr Scott reasonable in the circumstances, given the necessity to attract the highest calibre of professionals to the Company, whilst maintaining the Company's cash reserves;
- (m) Mr Scott declines to make a recommendation to Shareholders in relation to Resolution 2 due to his material personal interest in the outcome of the Resolution. The other Directors, who do not have a material interest in the outcome of Resolution 2, recommend that Shareholders vote in favour of Resolution 2. The Board (other than Mr Scott) is not aware of any other information that would be reasonably required by Shareholders to allow them to make a decision whether it is in the best interests of the Company to pass the Resolution;
- (n) Mr Dudfield declines to make a recommendation to Shareholders in relation to Resolution 3 due to his material personal interest in the outcome of the Resolution. The other Directors, who do not have a material interest in the outcome of Resolution 3, recommend that Shareholders vote in favour of Resolution 3. The Board (other than Mr Dudfield) is not aware of any other information that would be reasonably required by Shareholders to allow them to make a decision whether it is in the best interests of the Company to pass the Resolution; and

- (o) Ms Farr declines to make a recommendation to Shareholders in relation to Resolution 4 due to her material personal interest in the outcome of the Resolution. The other Directors, who do not have a material interest in the outcome of Resolution 4, recommend that Shareholders vote in favour of Resolution 4. The Board (other than Ms Farr) is not aware of any other information that would be reasonably required by Shareholders to allow them to make a decision whether it is in the best interests of the Company to pass the Resolution.

Approval pursuant to ASX Listing Rule 7.1 is not required in order to issue the Director Options to the Related Parties as approval is being obtained under ASX Listing Rule 10.11. Accordingly, the issue of Director Options to the Related Parties will not be included in the 15% calculation of the Company's annual placement capacity pursuant to ASX Listing Rule 7.1.

Resolution 5 – Placement – Options

Background

Resolution 5 seeks Shareholder approval for the allotment and issue of up to 100,000 Options (**Option Placement**).

None of the subscribers pursuant to this issue will be related parties of the Company.

A summary of ASX Listing Rule 7.1 is set out above.

The effect of Resolution 5 will be to allow the Directors to issue the Options pursuant to the Option Placement during the period of 3 months after the Meeting (or a longer period, if allowed by ASX), without using the Company's 15% annual placement capacity.

Technical information required by ASX Listing Rule 7.1

Pursuant to and in accordance with ASX Listing Rule 7.3, the following information is provided in relation to the Option Placement:

- (a) the maximum number of Options to be granted is 100,000;
- (b) the Options will be issued no later than 3 months after the date of the Meeting (or such later date to the extent permitted by any ASX waiver or modification of the ASX Listing Rules) and it is intended that allotment will occur on the same date;
- (c) the Options will be issued for nil cash consideration;
- (d) the Options will be allotted and issued to Mr Ledger;
- (e) the Options will be issued on the terms and conditions set out in Annexure D; and
- (f) no funds will be raised from the Option Placement, the primary purpose of the issue of the Options to Mr Ledger is to provide cost effective consideration to Mr Ledger for his ongoing commitment and contribution to the Company in his respective role as Company Secretary.

Resolution 6 – Amendment to the Constitution.

Resolution 6 is a special resolution proposing to amend the existing Constitution to ensure it reflects a recent amendment to the ASX Listing Rules pertaining to the Transfers and Registrations. The Directors believe that it is preferable in the circumstances to delete sub clause 8.4(c) of the Constitution which reads *“a fee shall not be charged on the registration of a transfer of Shares or other securities,”* to ensure the Constitution reflects the revised ASX Listing Rule.

On 24th January 2011 the amended ASX Listing Rule 8.14 came into effect providing for a listed entity to charge a reasonable fee for registering paper-based transfers in registrable form. These transfers are also referred to as “off market transfers”. The effect of this rule change is that some investors may be asked to pay a reasonable fee if they submit an off-market transfer form to a listed entity or registry for registration.

This rule change has been made so that listed entities and registries can enhance their fraud detection practices specific to off-market transfers.

Directors recommend Shareholders vote in favour of Resolution 6.

GLOSSARY

The following terms have the following meanings in this Explanatory Memorandum:

“ASIC” means the Australian Securities and Investments Commission;

“Associated Body Corporate” means subsidiaries as defined under the Corporations Act;

“ASX” means ASX Limited;

“ASX Listing Rules” or **“Listing Rules”** means the Listing Rules of the ASX; and

“Board” means the Directors acting as the board of directors of the Company or a committee appointed by such board of directors;

“Business Day” means Monday to Friday inclusive, except New Year’s Day, Good Friday, Easter Monday, Christmas Day, Boxing Day, and any other day that ASX declares is not a business day;

“Company” or **“Jindalee Resources”** means Jindalee Resources Limited ACN 064 121 133;

“Constitution” means the Company’s constitution;

“Corporations Act” means the Corporations Act 2001 (Clth);

“Director” means a Director of the Company;

“Eligible Employee” means a full or part time employees and directors of the Company or an Associated Body Corporate of the Company.

“Explanatory Statement” means the explanatory statement accompanying the Notice of Meeting;

“ESOP” means the Company’s existing Employee Share Option Plan.

“General Meeting or Meeting” means the meeting convened by the Notice;

“Notice or Notice of Meeting or Notice of General Meeting” means this notice of general meeting including the Explanatory Statement and the Proxy Form;

“Option” means an option to acquire a Share;

“Optionholder” means a holder of an Option, Director Option OR Scheme Option as the context requires;

“Proxy Form” means the proxy form accompanying the Notice;

“Proposed ESOP” or **“Employee Share Option Plan”** or the **“Scheme”** means the employee share option plan to be approved by Shareholders in this Notice of Meeting pursuant to Resolution 1;

“Resolutions” means the resolutions set out in the Notice of Meeting, or any one of them, as the context requires;

“Scheme Option” means an option to acquire a Share under the terms and conditions of the Proposed ESOP;

“Share” means a fully paid ordinary share in the capital of the Company;

“Shareholder” means a holder of a Share; and

“WST” means Western Standard Time as observed in Perth, Western Australia.

ANNEXURE A**Summary of terms of the Scheme****(a) Eligibility**

The Board may invite full or part time employees and directors of the Company or an Associated Body Corporate of the Company to participate in the Scheme (**Eligible Employee**).

(b) Offer of Scheme Options

The Scheme will be administered by the Board which may, in its absolute discretion, offer Scheme Options to any Eligible Employee from time to time as determined by the Board and, in exercising that discretion, may have regard to some or all of the following considerations:

- (i) the Eligible Employee's length of service with the Company;
- (ii) the contribution made by the Eligible Employee to the Company;
- (iii) the potential contribution of the Eligible Employee to the Company; or
- (iv) any other matter the Board considers relevant.

(c) Number of Scheme Options

The number of Scheme Options to be offered to an Eligible Employee will be determined by the Board in its discretion and in accordance with the rules of the Scheme and applicable law.

(d) Conversion

Each Scheme Option is exercisable into one Share in the Company ranking equally in all respect with the existing issued Shares in the Company.

(e) Consideration

Scheme Options issued under the Scheme will be issued for no consideration.

(f) Exercise price

The exercise price for Scheme Options offered under the Scheme will be determined by the Board.

(g) Exercise conditions

The Board may impose conditions, including performance-related conditions, on the right of a participant to exercise Scheme Option granted under the Scheme.

(h) Exercise of Scheme Options

A participant in the Scheme will be entitled to exercise their Scheme Options in respect of which the exercise conditions have been met provided the Scheme Options have not lapsed and the exercise of the Scheme Options will not result in the Company contravening ASIC Class Order 03/184. A holder may exercise Scheme Options by delivering an exercise notice to the Company

secretary along with the Scheme Options certificate, and paying the applicable exercise price of the Scheme Options multiplied by the number of Scheme Options proposed to be exercised.

Within ten Business Days of receipt of the required items, the Company will, subject to the ASX Listing Rules, issue to the participant the relevant number of Shares.

(i) **Cessation of employment**

If the participant in the Scheme ceases to be an employee or director of, or render services to, the Company or an Associated Body Corporate for any reason (other than by death, permanent disability or permanent retirement from the workforce) prior to the lapse of the Scheme Options, and the exercise conditions attaching to the Scheme Options have been met, the participant will be entitled to exercise their Scheme Options in accordance with the Scheme for a period of up to 60 days after the date of the cessation event.

(j) **Death, permanent disability or retirement**

If the participant in the Scheme dies, becomes permanently disabled or permanently retires from the workforce as an employee or director of the Company prior to the lapse of the Scheme Options, the participant, or the participant's legal personal representative, will be entitled to exercise their Scheme Options in accordance with the Scheme rules for the period commencing on the date of the cessation event and ending on the first to occur of the date of lapsing of the Scheme Options and the date which is six months after the date of the cessation event.

(k) **Lapse of Scheme Options**

Scheme Options held by a participant in the Scheme will lapse immediately if:

- (i) the Scheme Options have not been exercised by the date the Board determines in its discretion at the time of issue of the Scheme Options;
- (ii) the exercise conditions attaching to the Scheme Conditions are unable to be met; or
- (iii) the holder ceases to be an employee or director of the Company or an Associated Body Corporate and the deadline set out in paragraph (i) or (j) has passed.

(l) **Participation in Rights Issues and Bonus Issues**

The Scheme Options granted under the Scheme do not give the holder any right to participate in rights issues or bonus issues unless Shares are allotted pursuant to the exercise of the relevant Scheme Options prior to the record date for determining entitlements to such issue. The number of Shares issued on the exercise of Scheme Options will be adjusted for bonus issues made prior to the exercise of the Scheme Options in accordance with the Listing Rules.

(m) **Reorganisation**

The terms upon which the Scheme Options will be granted will not prevent the Scheme Options being reorganised as required by the ASX Listing Rules on the reorganisation of the capital of the Company.

(n) **Limitation on offers**

If the Company makes an offer under the Scheme where:

- (i) the total number of Shares to be received on exercise of Scheme Options the subject of that offer exceeds the limit set out in ASIC Class Order 03/184; or
- (ii) the Offer does not otherwise comply with the terms and conditions set out in ASIC Class Order 03/184,

the Company must comply with Chapter 6D of the Corporations Act at the time of that offer.

(o) **Entitlement**

There are no participating rights or entitlements inherent in the Scheme Options and Optionholders will not be entitled to participate in new issues of capital offered to Shareholders during the currency of the Scheme Options. However, the Company will ensure that for the purposes of determining entitlements to any such issue, the record date will be at least 7 Business Days after the issue is announced. This will give Optionholders the opportunity to exercise their Scheme Options prior to the date for determining entitlements to participate in any such issue.

(p) **Trigger event**

If any of the following events occur:

- (i) a court approves under Section 411(4)(b) of the Corporations Act a proposed compromise or arrangement for the purposes of or in connection with a scheme for the reconstruction of the Company or its amalgamation with any other company or companies;
- (ii) a takeover bid (as defined under the Corporations Act) for the Company's issued Shares is declared unconditional and the bidder has acquired a relevant interest in at least 50.1% of the Company's issued Shares; or
- (iii) the date upon which a person or a group of associated persons becomes entitled, subsequent to the date of grant of the Option, to sufficient Shares to give it or them the ability, in general meeting, to replace all or a majority of the Board in circumstances where such ability was not already held by a person associated with such person or group of associated persons,

then the Board may:

- (iv) determine that Scheme Options may be exercised at any time from the date of such event so as to permit the holder to participate in the change of control arising from the event; or
- (v) use its reasonable endeavours to procure that an offer is made to holder of Scheme Options on like terms to the terms proposed in such event.

ANNEXURE B

The Director Options entitle the holder to subscribe for Shares on the following terms and conditions:

- (a) Each Director Option gives the Optionholder the right to subscribe for one Share.
- (b) The Director Options will expire at 5.00pm (WST) on 30 June 2014 (**Expiry Date**). Any Director Option not exercised before the Expiry Date will automatically lapse on the Expiry Date.
- (c) The amount payable upon exercise of each Director Option will be at a price equal to the higher of:
 - (i) \$0.75; and
 - (ii) 150% of the prevailing market price of the Shares on ASX on the day of the Meeting,
(Exercise Price).
- (d) The Director Options held by each Optionholder may be exercised in whole or in part, and if exercised in part, multiples of 1,000 must be exercised on each occasion.
- (e) An Optionholder may exercise their Director Options by lodging with the Company, before the Expiry Date:
 - (i) a written notice of exercise of Director Options specifying the number of Director Options being exercised; and
 - (ii) a cheque or electronic funds transfer for the Exercise Price for the number of Director Options being exercised;
(Exercise Notice).
- (f) An Exercise Notice is only effective when the Company has received the full amount of the Exercise Price in cleared funds.
- (g) Within 10 Business Days of receipt of the Exercise Notice accompanied by the Exercise Price, the Company will allot the number of Shares required under these terms and conditions in respect of the number of Director Options specified in the Exercise Notice.
- (h) The Director Options may be transferable subject to Board approval and compliance with the Corporations Act and the ASX Listing Rules (where applicable).
- (i) If any of the following events occur (**Trigger Event**):
 - (i) the Company is subject to a takeover bid;
 - (ii) the Company proposes a scheme of arrangement with its members under Part 5.1 of the Corporations Act; or
 - (iii) a person, or group of associated persons, becomes entitled to sufficient Shares to give him or them the ability, in general meeting, to replace all or a majority of the Board, where such ability was not already held by a person associated with such a person or group of persons,

then the Board may:

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- (iv) determine that Scheme Options may be exercised at any time from the date of such event so as to permit the holder to participate in the change of control arising from the event; or
 - (v) use its reasonable endeavours to procure that an offer is made to holder of Scheme Options on like terms to the terms proposed in such event.
- (j) All Shares allotted upon the exercise of Director Options will upon allotment rank pari passu in all respects with other Shares.
- (k) The Company will not apply for quotation of the Director Options on ASX. However, The Company will apply for quotation of all Shares allotted pursuant to the exercise of Director Options on ASX within 10 Business Days after the date of allotment of those Shares. To the extent any Shareholder or regulatory approval is required by the Company for the issue of any Shares the subject of any exercise notice (**Approval**), the Company shall use its best endeavours to seek the Approval and upon receipt, the Company will allot the relevant Shares within five (5) Business Days following Approval.
- (l) If at any time the issued capital of the Company is reconstructed, all rights of an Optionholder are to be changed in a manner consistent with the Corporations Act and the ASX Listing Rules at the time of the reconstruction.
- (m) There are no participating rights or entitlements inherent in the Director Options and Optionholders will not be entitled to participate in new issues of capital offered to Shareholders during the currency of the Director Options. However, the Company will ensure that for the purposes of determining entitlements to any such issue, the record date will be at least 6 Business Days after the issue is announced. This will give Optionholders the opportunity to exercise their Director Options prior to the date for determining entitlements to participate in any such issue.
- (n) A Director Option does not confer the right to a change in exercise price or a change in the number of underlying securities over which the Director Option can be exercised.

ANNEXURE C**Valuation of Director Options**

The Company's advisers have valued the Director Options to be issued to the Related Parties using the Black-Scholes pricing model and based on the following assumptions:

- (a) the Director Options expire on 30 June 2014;
- (b) the exercise price of the Director Options is \$0.75;
- (c) Underlying security spot price per share of \$0.39;
- (d) a weighted average volatility of 70%;
- (e) risk free rate 5.29%;
- (f) the valuations ascribed to the various Director Options may not necessarily represent the market price of the Director Options at the date of valuation; and
- (g) the valuation date for the Director Options is 04/05/2011.

Based on the above the Director Options have been valued at \$0.125 each.

Accordingly, the total value of Director Options to be issue to each director is as follows:

Director	Value
Mr Scott	\$62,500
Mr Dudfield	\$125,000
Ms Farr	\$62,500

ANNEXURE D

The Options entitle the holder to subscribe for Shares on the following terms and conditions:

- (a) Each Option gives the Optionholder the right to subscribe for one Share.
- (b) The Options will expire at 5.00pm (WST) on 30 June 2014 (**Expiry Date**). Any Option not exercised before the Expiry Date will automatically lapse on the Expiry Date.
- (c) The amount payable upon exercise of each Option will be at a price equal to the higher of:
 - (i) \$0.75; and
 - (ii) 150% of the prevailing market price of the Shares on ASX on the day of the Meeting,
(Exercise Price).
- (d) The Options held by each Optionholder may be exercised in whole or in part, and if exercised in part, multiples of 1,000 must be exercised on each occasion.
- (e) An Optionholder may exercise their Options by lodging with the Company, before the Expiry Date:
 - (i) a written notice of exercise of Options specifying the number of Options being exercised; and
 - (ii) a cheque or electronic funds transfer for the Exercise Price for the number of Options being exercised;
(Exercise Notice).
- (f) An Exercise Notice is only effective when the Company has received the full amount of the Exercise Price in cleared funds.
- (g) Within 10 Business Days of receipt of the Exercise Notice accompanied by the Exercise Price, the Company will allot the number of Shares required under these terms and conditions in respect of the number of Options specified in the Exercise Notice.
- (h) The Options may be transferable subject to Board approval and compliance with the Corporations Act and the Listing Rules (where applicable).
- (i) If any of the following events occur (**Trigger Event**):
 - (i) the Company is subject to a takeover bid;
 - (ii) the Company proposes a scheme of arrangement with its members under Part 5.1 of the Corporations Act; or
 - (iii) a person, or group of associated persons, becomes entitled to sufficient Shares to give him or them the ability, in general meeting, to replace all or a majority of the Board, where such ability was not already held by a person associated with such a person or group of persons,

then the Board may:

-
- (iv) determine that Scheme Options may be exercised at any time from the date of such event so as to permit the holder to participate in the change of control arising from the event; or
 - (v) use its reasonable endeavours to procure that an offer is made to holder of Scheme Options on like terms to the terms proposed in such event.
- (i) All Shares allotted upon the exercise of Options will upon allotment rank pari passu in all respects with other Shares.
 - (j) The Company will not apply for quotation of the Options on ASX. However, The Company will apply for quotation of all Shares allotted pursuant to the exercise of Options on ASX within 10 Business Days after the date of allotment of those Shares.
 - (k) If at any time the issued capital of the Company is reconstructed, all rights of an Optionholder are to be changed in a manner consistent with the Corporations Act and the ASX Listing Rules at the time of the reconstruction.
 - (l) There are no participating rights or entitlements inherent in the Options and Optionholders will not be entitled to participate in new issues of capital offered to Shareholders during the currency of the Options. However, the Company will ensure that for the purposes of determining entitlements to any such issue, the record date will be at least 7 Business Days after the issue is announced. This will give Optionholders the opportunity to exercise their Options prior to the date for determining entitlements to participate in any such issue.
 - (m) An Option does not confer the right to a change in exercise price or a change in the number of underlying securities over which the Option can be exercised.

PROXY FORM

The Company Secretary
 Jindalee Resources Limited
 Registered Office Address: Level 2, 18 Kings Park Road,
 West Perth, WA 6005
 Postal Address: PO Box 1033,
 West Perth,
 Western Australia 6872
 Telephone: (08) 9321 7550
 Facsimile: (08) 9321 7950
 Email: enquiry@jindalee.net

I/We (name of shareholder)
 of (address)
 being a member/members of Jindalee Resources Limited ("Company")
 holding shares in the Company
 HEREBY APPOINT
 (proxy's name)
 of (proxy's address)
 and/or failing him (name)
 of (address)

or failing that person then the Chairman of the General Meeting as my/our proxy to vote for me/us and on my/our behalf at the General Meeting of the Company to be held at Level 2, 18 Kings Park Road, West Perth, Western Australia on 20th June 2011 at 10.00am (WST) and at any adjournment of the meeting.

If no directions are given, the Chair will vote in favour of all the Resolutions.

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 **Resolutions 1 and 2** please place a mark in this box.

By marking this box, you acknowledge that the Chair of the General Meeting may exercise your proxy even if he has an interest in the outcome of Resolutions 1 and 2 and that votes cast by the Chair of the General Meeting for Resolution s 1 and 2 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 Resolution s 1 and 2 and your votes will not be counted in calculating the required majority if a poll is called on Resolutions 1 and 2.

OR

Should you so desire to direct the Proxy how to vote, you should place a cross in the appropriate box(es) below:

I/We direct my/our Proxy to vote in the following manner:	For	Against	Abstain
Resolution 1 – Approval of the Company Employee Share Option Plan	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 2 – Grant of Director Options to Director – Mark Richard Scott	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 3 – Grant of Director Options to Director – Lindsay George Dudfield	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 4 – Grant of Director Options to Director – Patricia Anne Farr	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 5 – Placement of Options to Company Secretary – Ross Gregory Ledger	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 6 – Amendment to the Constitution	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

This Proxy is appointed to represent _____% of my voting right, or if 2 proxies are appointed Proxy 1 represents _____% and Proxy 2 represents _____% of my total votes. My total voting right is _____ shares

SIGNATURE OF SECURITY HOLDERS – THIS MUST BE COMPLETED

If the Shareholder is an individual
 Name: _____
 Signed: _____

If the Shareholder is a company:
 Affix common seal (if required by articles)

If the Shareholder acts as a Trustee of Superfund
 Name: _____
 Signed: _____

Name: _____ Name: _____
 Signed: _____ Signed: _____
 Sole Director/Director Secretary

Dated: 2011.

INSTRUCTIONS FOR APPOINTMENT OF PROXY

1. A shareholder entitled to attend and vote is entitled to appoint no more than two proxies to attend and vote at this General Meeting as the shareholder's proxy. A proxy need not be a shareholder of the Company.
2. Where more than one proxy is appointed, each proxy must be appointed to represent a specific proportion of the shareholder's voting rights. If such appointment is not made then each proxy may exercise half of the shareholder's voting rights. Fractions shall be disregarded.
3. The Proxy Form must be signed personally by the shareholder or his or her attorney, duly authorised in writing. If a proxy is given by a corporation, the proxy must be executed under either the common seal of the corporation or under the hand of an officer of the company or its duly authorised attorney. In the case of joint shareholders, this proxy must be signed by at least one of the joint shareholders, personally or by a duly authorised attorney.
4. If a proxy is executed by an attorney of a shareholder, then the original of the relevant power of attorney or a certified copy of the relevant power of attorney, if it has not already been noted by the Company, must accompany the Proxy Form.
5. To be effective, forms to appoint proxies must be received by the Company no later than 48 hours before the time appointed for the holding of this General Meeting that **is by 10.00am (WST) on 18th June 2011** by post, facsimile or email to the respective addresses stipulated in this proxy form.
6. If the proxy form specifies a way in which the proxy is to vote on any of the resolutions stated above, then the following applies:
 - (a) the proxy need not vote on a show of hands, but if the proxy does so, the proxy must vote that way; and
 - (b) if the proxy has 2 or more appointments that specify different ways to vote on the resolution, the proxy must not vote on a show of hands; and
 - (c) if the proxy is the Chairman, the proxy must vote on a poll and must vote that way, and
 - (d) if the proxy is not the Chairman, the proxy need not vote on a poll, but if the proxy does so, the proxy must vote that way.

If a proxy is also a shareholder, the proxy can cast any votes the proxy holds as a shareholder in any way that the proxy sees fit.