

SECURITIES EXCHANGE ANNOUNCEMENT & MEDIA RELEASE

2 April 2008

GINDALBIE UPDATE – MELEWAR SHAREHOLDING

Gindalbie Metals Limited (**ASX: GBG** – “Gindalbie”) is pleased to provide an update regarding the shareholding of a substantial shareholder, Melewar Steel Ventures Ltd (Melewar), which has a portion of its shareholding subject to an equity finance contract with Opes Prime Stockbroking, which has had a Receiver-Manager appointed.

Under the terms of Melewar’s equity finance contract with Opes, we understand that the Receiver believes it has the right to sell those shares and it is currently exercising those rights. Gindalbie has been informed by the Receiver that approximately 32 million Gindalbie shares, representing 6.2% of the Company’s issued capital previously held by Melewar, are in the hands of three stockbroking firms, Goldman Sachs JBWere, Merrill Lynch and Dresdner, which have instructions from the Opes Receiver to sell the stock. The ownership of a further 0.6% remains unclear and Melewar is considering its rights in respect of its position regarding the equity finance contract with Opes Prime Stockbroking.

Gindalbie has been actively facilitating interested parties to acquire all of those shares and has received strong demand. Subsequently, the Company believes the firms acting for the Opes Receivers will be able to affect an orderly sale of those shares to a number of major institutional investors.

Melewar, which has been a substantial shareholder of Gindalbie since 2004, still holds a 7.6% stake in the Company which is not subject to the facility and has indicated its intention to retain those shares.

Gindalbie’s Chairman, Mr George Jones, said the Company continued to value its relationship with Melewar and would offer what support it could in respect of this issue.

“This has been an unfortunate event involving one of our substantial shareholders,” he said. “While this has been a market distraction I am pleased with the substantial interest that has been evident to acquire any available shares.

“These events have not distracted Gindalbie from its key focus of pursuing the development of the Karara Iron Ore Project, which we think is substantially undervalued by the market in relation to the progress we have made. The development of our world-class iron ore mine at Karara is effectively fully funded through our Chinese joint venture partner Ansteel, which also has offtake arrangements for all of the project’s iron ore products. We also have infrastructure solutions in place covering rail, port and power and we are progressing through the environmental approvals process.”

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