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## **GINDALBIE SUCCESSFULLY SECURES \$175M PLACEMENTS**

### *SIGNIFICANT INSTITUTIONAL SUPPORT FOR KARARA IRON ORE PROJECT*

Gindalbie Metals Limited (ASX: **GBG** – “Gindalbie”) is pleased to announce it has successfully secured the institutional component of the capital raising announced on 13 May, 2010. The institutional placement received strong support from a broad range of international and domestic institutional investors.

Gindalbie is also pleased to announce it has secured the placement to its Karara Iron Ore project joint venture partner and largest shareholder AnSteel.

The institutional and AnSteel components of the equity raising comprise:

- a \$111.8 million conditional share placement to eligible institutional investors comprising approximately 120.2 million shares at \$0.93 per share. The placement remains conditional on shareholder approvals at extraordinary general meetings scheduled to take place on 16 June 2010 and in late June (EGMs) and Gindalbie obtaining a waiver of Listing Rule 10.13.3 to enable completion of the AnSteel placement (referred to below) to occur more than 1 month after the AnSteel placement is approved by shareholders.
- a conditional share placement to AnSteel at the same price as the institutional placement price to raise \$63.2 million. The placement remains conditional on Gindalbie shareholder approvals at the EGMs, completion of the institutional placement, Gindalbie obtaining the waiver of Listing Rule 10.13.3 mentioned above and applicable regulatory conditions precedent.

In addition, Gindalbie is offering a Share Purchase Plan (SPP) where eligible shareholders can apply for up to \$10,000 of new shares at the same price as the institutional placement to raise up to \$20 million. The SPP is subject to Gindalbie shareholder approvals at the EGMs, completion of the institutional placement and Gindalbie obtaining the waiver of Listing Rule 10.13.3 mentioned above.

Depending on the amount raised in the SPP, the AnSteel placement will be adjusted to allow AnSteel to remain a 36.12% shareholder in Gindalbie. As a result, the placement to AnSteel may be adjusted from \$63.2 million up to \$74.6 million.

In total, the capital raising will raise between \$175 million and \$206.4 million, depending on the take up of the SPP.

### **Indicative Timetable**

<b>Event</b>	<b>Date</b>
<b>Institutional Placement</b>	
Institutional Placement Offer Opens	Thursday, 13 May 2010
Institutional Offer Closes	Thursday, 13 May 2010
Gindalbie recommences trading	Friday, 14 May 2010
<b>Security holder Purchase Plan</b>	
Record date to determine right to participate in SPP	Monday, 17 May 2010
SPP Offer Opens	Wednesday, 26 May 2010
SPP Offer Close	Wednesday, 16 June 2010
<b>Expected date of Extraordinary General Meeting no later than</b>	<b>Wednesday, 30 June 2010</b>
Settlement Date - Institutional Placement / SPP	Friday, 2 July 2010
Allotment & quotation of new stapled securities on ASX	Monday, 5 July 2010

*These dates are indicative only and are subject to change without notice. Subject to the requirements of the Corporations Act 2001 (Cth), the ASX Listing Rules and any other applicable laws, Gindalbie has the right to amend the timetable at its absolute discretion.*

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**Use of Funds**

The proceeds of the raising will be utilised as follows:

- **\$61 million** for Gindalbie's 50% share of the construction cost shortfall based on the revised construction cost estimate;
- **\$107.5 million** to fund Gindalbie's equity share of the \$430 million working capital requirements for the Karara Project. The partners are targeting a debt:equity ratio of 70:30, but have allocated funds to cover up to a maximum of 50:50; and
- Approximately **\$6.5 million** will be used to cover fees, all legal expenses and other costs associated with the capital raising.
- Any surplus funds will be used to strengthen Gindalbie's cash resources to underpin future growth opportunities at Karara.

**Management Comment**

Gindalbie's Managing Director, Mr Garret Dixon, said the strong institutional support demonstrates the market's appetite to invest in large, long life resources projects such as Karara, however the uncertainty surrounding the proposed Resource Tax and its impact on the financial returns of major resource projects such as Karara had made investors extremely nervous and more uncertain in their investment decisions.

"Despite this issue, I am very pleased with the level of support shown by institutional investors and look forward to welcoming a number of significant new Australian and international institutional investors to the Gindalbie register," he said.

"This new institutional support significantly broadens and enhances our share register for the benefit of all shareholders. Gindalbie is now an ASX-200 company but still has a relatively low level of institutional shareholders. As we continue to grow and mature it is important that we have solid institutional representation on our share register to balance our existing large retail base.

"But this capital raising structure also provides our existing shareholders, many of whom are retail investors, with the opportunity to participate at the same price that the shares are being offered to professional investors.

"We are equally pleased with the very strong support shown by AnSteel, which we think is a huge vote of confidence in both Gindalbie and the Karara Project. This latest support from Ansteel comes on top of the \$573 million they have already invested as direct equity into both Karara and Gindalbie.

"We certainly encourage shareholders to support the SPP where possible and also support the various approvals required to ensure this entire funding strategy, and hence the development of Karara, is a success."

**ENDS**

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### About Gindalbie Metals Ltd (ASX: GBG)

Gindalbie is well advanced towards achieving its vision of becoming a leading independent Australian iron ore company with a diversified portfolio of magnetite and hematite production assets, located in the Mid West region of Western Australia.

The initial focus of Gindalbie's growth strategy is the Karara Iron Ore Project, located 225km east of Geraldton, where it will deliver initial production of Direct Shipping Ore (DSO) hematite in the mid-2011 to be followed by production of high grade magnetite concentrate and blast furnace quality pellets in the second half of 2011. Karara is being developed through a 50:50 Joint Venture with AnSteel, one of China's leading steel and iron ore producers.

Gindalbie's longer term growth will be propelled by the exploration and development of its extensive 1,900 sq km tenement portfolio, which includes numerous prospective magnetite and hematite exploration targets expected to deliver a long-term pipeline of growth opportunities.

### About AnSteel

AnSteel is currently China's second-largest steel producer and the biggest iron ore miner. It is the major producer in the north-east region of China, with crude steel production of 35 million tonnes and plans to increase output to approximately 50Mtpa. AnSteel is considered to be one of the country's key growth companies and has strong government support in securing new sources of long-term iron ore supply through international investment.

AnSteel has developed a new integrated iron and steel making facility at Bayuquan, adjacent to the Port of Yingkou, approximately 100km south-west of its current steel making facilities in the city of Anshan. The new facility has the capacity to produce 6.5Mtpa of finished steel products. Once the Karara Project is in production, its products will be the key feed source for Bayuquan.

*For further information, visit [www.AnSteelgroup.com](http://www.AnSteelgroup.com)*

### About Karara

With a multi-billion-dollar capital investment, the Karara Project will deliver major economic benefits for the Mid West region and the State of Western Australia, generating some 1,500 construction jobs and 600 direct and indirect long-term jobs.

The Project will initially produce up to 11Mtpa of iron products commencing in 2011, comprising 8Mtpa of high-grade magnetite concentrate, a value-added product, and up to 3Mtpa of Direct Shipping Ore (DSO). Karara has the potential to produce more than 30Mtpa over a mine life estimated at more than 30 years.

Karara will initially generate around A\$1 billion in annual export revenues, building to A\$3 billion annually as the project grows, equating to \$40 million in Government revenues rising to \$120 million annually. Iron products will initially be exported through Geraldton Port, with Karara also able to commit foundation tonnages to underpin the development of the new multi-billion dollar Oakajee Port.

### Important Information

This release does not constitute an offer to sell, or a solicitation of an offer to buy, securities in the United States or to any person that is, or is acting for the account or benefit of, a "U.S. person" (as defined in Regulation S under the U.S. Securities Act of 1933, as amended (the "Securities Act") ("U.S. Persons")). The securities to be issued in the proposed offering have not been and will not be registered under the Securities Act, or under the securities laws of any state or other jurisdiction of the United States. Securities may not be offered or sold in the United States or to, or for the account or benefit of, U.S. persons, unless the securities have been registered under the Securities Act, or in a transaction exempt from, or not subject to, the registration requirements of the Securities Act and applicable U.S. state securities laws.

This announcement contains certain "forward looking" statements. The words "believe", "anticipate", "expect", "project", "forecast", "estimate", "potential", "could", "may", "target", "consider" and "will" and other similar expressions are intended to identify forward looking statements. Forward looking statements, opinions and estimates provided in this announcement are based on assumptions and contingencies which are subject to change without notice, as are statements about market and industry trends, which are based on interpretations of current market conditions. Forward-looking statements including projections, indications or guidance on future earnings or financial position and estimates are provided as a general guide only and should not be relied upon as an indication or guarantee of future performance. There can be no assurance that actual outcomes will not differ materially from these statements. To the full extent permitted by law, Gindalbie and its directors, officers, employees, advisers, agents and intermediaries disclaim any obligation or undertaking to release any updates or revisions to the information to reflect any change in expectations or assumptions.