

CLARIFICATION REGARDING FINANCIAL REVIEW ARTICLE

Gindalbie Metals Limited (ASX: **GBG** – “Gindalbie”) wishes to issue a clarification regarding the article on page 7 of The Australian Financial Review dated 5 July 2012.

As has been communicated on many occasions, Gindalbie is currently constructing Stage 1 of the Karara Iron Ore Project which is expected to produce first magnetite in September of this year and is currently undertaking a Feasibility Study for Stage 2. The investment case for Stage 2 is expected to be presented to the Board of Directors for approval in Quarter 1 of 2013. Karara has secured port capacity in Geraldton for both Stages 1 and 2 of the Karara Project.

In addition, Karara is a foundation customer for Oakajee, with capacity at Oakajee being required should Karara undertake a Stage 3 expansion at some time in the future. In light of this Karara made application for a transport corridor connecting its rail network at Geraldton to the Oakajee port site, because this may provide an efficient connection to the port of Oakajee should that project be built in the future. Given the public objections recorded, Karara yesterday decided to withdraw its application for this infrastructure corridor in the Wardens Court in Perth.

This withdrawal has no impact on Karara’s port capacity at Geraldton for both its current Stage 1 or its yet to be approved Stage 2. In fact, Karara expects to begin commissioning its Geraldton port installation later this month. It also has little impact on Karara’s potential future plans with respect to the still to be built Oakajee port: Karara remains a foundation customer of Oakajee and there are many options for Karara to connect to the Oakajee port when it is built in the future.

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