



GINDALBIE
METALS LTD
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PERTH WA 6000

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www.gindalbie.com.au

22 February 2011

Elizabeth Harris
Senior Adviser, Listings (Perth)
ASX Compliance Pty Limited
Level 8 Exchange Plaza
2 The Esplanade
PERTH WA 6000

Dear Elizabeth,

Price and Volume Query

We refer to your letter dated 22 February 2011.

1. No.
2. Not applicable.
3. The company has also noted the share price movement during this period which could possibly be attributable to a number of variables such as:
 - Potential speculation regarding the extent of cost escalation for the Karara Iron Ore Project advised in an investor presentation announced to the market on 31 January 2011.
 - The share price movement may have also been compounded by:
 - (a) An increased level of short selling in Gindalbie shares;
 - (b) General market weakness due to political unrest in the Middle East and North Africa; and
 - (c) Recent weakness across the junior iron ore sector.

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- Other factors relevant to individual investors and their risk allocation.

There may be a number of other variables that have impacted particular investors in their decision to invest and/or trade in the Company's shares. It is difficult to speculate with any certainty in respect of those issues.

4. The Company is in compliance with the listing rules and, in particular, listing rule 3.1.

Yours sincerely
GINDALBIE METALS LTD

A handwritten signature in black ink, appearing to read 'D. Stokes', is written over a horizontal line.

DAVID STOKES
Company Secretary

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22 February 2011

Mr David Stokes
Company Secretary
Gindalbie Metals Limited
Level 9 London House
216 St Georges Terrace
PERTH WA 2000

Dear David

Gindalbie Metals Limited (the "Company")

PRICE AND VOLUME QUERY

We have noted a change in the price of the Company's securities from a closing price of \$1.245 on Tuesday 15 February 2011 to an intra-day low of \$1.105 today, Tuesday 22 February 2011.

In light of the price change, please respond to each of the following questions.

1. Is the Company aware of any information concerning it that has not been announced which, if known, could be an explanation for recent trading in the securities of the Company?

Please note that as recent trading in the Company's securities could indicate that information has ceased to be confidential, the Company is unable to rely on the exceptions to listing rule 3.1 contained in listing rule 3.1A when answering this question.

2. If the answer to question 1 is yes, can an announcement be made immediately? If not, why not and when is it expected that an announcement will be made?

Please note, if the answer to question 1 is yes and an announcement cannot be made immediately, you need to contact us to discuss this and you need to consider a trading halt (see below).

3. Is there any other explanation that the Company may have for the price change in the securities of the Company?

4. Please confirm that the Company is in compliance with the listing rules and, in particular, listing rule 3.1.

Your response should be sent to me by email to Elizabeth.Harris@ASX.com.au or on facsimile number (08) 9221 2020. It should not be sent to the Company Announcements Office.

Unless the information is required immediately under listing rule 3.1, a response is requested as soon as possible and, in any event, **not later than 6:30 am (W.S.T.) tomorrow Wednesday 23 February 2011.**

Under listing rule 18.7A, a copy of this query and your response will be released to the market, so your response should be in a suitable form and separately address each of the questions asked. If you have any queries or concerns, please contact me immediately.

Listing rule 3.1

Listing rule 3.1 requires an entity to give ASX immediately any information concerning it that a reasonable person would expect to have a material effect on the price or value of the entity's securities. The exceptions to this requirement are set out in listing rule 3.1A.

In responding to this letter you should consult listing rule 3.1 and Guidance Note 8 – Continuous Disclosure: listing rule 3.1.

If the information requested by this letter is information required to be given to ASX under listing rule 3.1 your obligation is to disclose the information immediately.

Your responsibility under listing rule 3.1 is not confined to, or necessarily satisfied by, answering the questions set out in this letter.

Trading halt

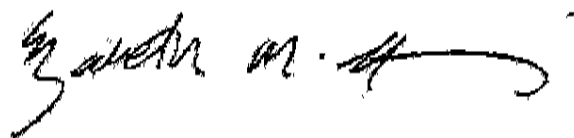
If you are unable to respond by the time requested, or if the answer to question 1 is yes and an announcement cannot be made immediately, you should consider a request for a trading halt in the Company's securities. As set out in listing rule 17.1 and Guidance Note 16 – Trading Halts we may grant a trading halt at your request. We may require the request to be in writing. We are not required to act on your request. You must tell us each of the following.

- The reasons for the trading halt.
- How long you want the trading halt to last.
- The event you expect to happen that will end the trading halt.
- That you are not aware of any reason why the trading halt should not be granted.
- Any other information necessary to inform the market about the trading halt, or that we ask for.

The trading halt cannot extend past the commencement of normal trading on the second day after the day on which it is granted. If a trading halt is requested and granted and you are still unable to reply to this letter before the commencement of trading, suspension from quotation would normally be imposed by us from the commencement of trading if not previously requested by you. The same applies if you have requested a trading halt because you are unable to release information to the market, and are still unable to do so before the commencement of trading.

If you have any queries regarding any of the above, please do not hesitate to contact me.

Yours sincerely



Elizabeth Harris
Senior Adviser, Listings (Perth)