

Karara Memorandum to Staff

Gindalbie Metals Limited (ASX: GBG – “Gindalbie”) is aware of reports of a memorandum circulated by the CEO of Karara Mining Limited (KML), the joint venture company in which Gindalbie holds a minority interest, advising KML staff of an updated management strategy.

In the memorandum to staff, which primarily focuses on strengthening management practices and reporting, as well as continued cost cutting efforts across key operational areas, the CEO of KML also states that Ansteel is unable to continue to provide funding support to KML due to the economic and industry downturn.

As part of efficiency and cost reduction measures, Ansteel has engaged a third party to review the viability of operations as well as potential options for KML, it is our understanding that this review is ongoing. A decision by Ansteel to withdraw funding support could lead to claims under various operating and financing guarantees against Gindalbie, which if successful could cast doubt on Gindalbie’s ability to continue as a going concern.

Gindalbie has requested a formal notification from Ansteel on their decision regarding ongoing funding support for the Karara project and has yet to receive a response.

ENDS

On behalf of:

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