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\$62 MILLION EQUITY RAISING TO STRENGTHEN BALANCE SHEET

KARARA CONSTRUCTION COMPLETION, COMMISSIONING AND DSO SHIPMENTS UNDERWAY

Gindalbie Metals Limited (ASX: **GBG** – “Gindalbie”) today announced an approximate \$62 million equity raising, comprising (a) a \$40 million fully underwritten placement to institutional and sophisticated investors (“Institutional Placement”) and, (b) a proposed additional conditional placement of approximately \$22 million to major shareholder Ansteel, to enable Ansteel to maintain its approximate 36% equity interest in Gindalbie (“Ansteel Placement”).

These equity proceeds will strengthen Gindalbie’s balance sheet, and may be used by Gindalbie to fund contributions to the Karara Mining joint venture if required during commissioning of its flagship Karara Project in the Midwest region of Western Australia.

The Institutional Placement will be made in accordance with ASX Listing Rule 7.1 (issues not exceeding 15% of capital).

The first magnetite concentrate has been produced at Karara (see *ASX Announcement – November 15, 2012*) and the Project is now undergoing the commissioning and ramp-up phase with nameplate capacity of 8Mtpa scheduled to be achieved during June Quarter 2013. The proceeds will provide an additional cash buffer to address any possible increase in working capital requirements during the 6-month commissioning phase for the magnetite concentrator. To date the Karara Project has been delivered broadly in line with the revised construction budget and schedule.

Gindalbie also advises that following a review the Stage 1 production cost forecast has increased to A\$72-\$76 per tonne (FoB Geraldton, not including royalties) from the previous forecast of A\$65 - A\$68 per tonne. Revised product cost guidance reflects general inflation and the impact of the Carbon Tax since the previous forecast in June 2011.

Shipments of DSO hematite from Karara commenced on October 17, 2012, with production and shipments currently ramping up to a targeted annualized rate of 2Mtpa by the end of 2012.

Equity Raising Overview

\$40 million Institutional Placement

The Institutional Placement will comprise a fully underwritten share placement to institutional and sophisticated investors to raise \$40 million. The offer price under the placement is \$0.255 per share (“Institutional Placement Price”), representing a 13.6% discount to the last closing price of Gindalbie shares on 29 November 2012. The Institutional Placement is fully underwritten by UBS AG, Australia Branch.

The Institutional Placement will take place today and will settle on 6 December 2012.

\$22 million proposed Ansteel Placement

Gindalbie’s joint venture partner and major shareholder Ansteel has indicated that it wishes to maintain its existing equity interest in Gindalbie. Consequently, in accordance with ASX Listing Rule 10.11 Gindalbie proposes to call an Extraordinary General Meeting of shareholders, as soon as practicable to pass a resolution to approve a placement of up to 86.3 million ordinary shares at the Institutional Placement Price to Ansteel, who holds shares through Angang Group Hong Kong (Holdings) Limited or its nominee (“Angang HK”). The proposed Ansteel Placement will raise approximately \$22 million. Following completion of the Ansteel Placement, Ansteel will regain its approximate 36% equity interest in Gindalbie. The notice of meeting for the proposed EGM is expected to be released as soon as practicable. In addition to shareholder approval, the Ansteel Placement will be conditional upon approval by the Treasurer under the Foreign Acquisitions and Takeovers Act, and subject to, amongst other

things, Angang HK obtaining all legal and regulatory approvals for the Ansteel Placement, including various approvals from Chinese regulatory authorities.

Management Comment

Gindalbie's Managing Director, Mr Tim Netscher, said the proceeds of the equity raising would give it greater balance sheet flexibility and liquidity during the important commissioning phase for the Karara Project, while at the same time giving it the ability to continue to fund studies or key growth initiatives.

"While Karara has been delivered broadly within the revised construction budget and very close to schedule – which is a major achievement in itself – we have seen that, in recent months, unexpected volatility in Australian Dollar iron ore prices can put significant short-term pressure on Australian iron ore operations.

"We want to make sure that the Company and the Project remain in the strongest possible position during the commissioning process, with sufficient liquidity to address any unexpected events and the ability to weather any adverse developments in global markets.

"This is a large and complex plant and the commissioning process will take several months and involve a number of challenges along the way," Mr Netscher continued. "I am highly confident in the team we have put together, their focus on this job, and the timeframe we have allowed ourselves, however we must be prepared for unexpected issues, and be able to move quickly and seamlessly to address these.

"We are very pleased with Ansteel's participation in this transaction which highlights their continued and ongoing support for Gindalbie and the Karara Project," he added.

Clayton Utz are Gindalbie's legal advisers for the equity raising.

ENDS

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Future Performance

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.

There are a number of risks, both specific to Gindalbie and of a general nature which may affect the future operating and financial performance of Gindalbie and the value of an investment in Gindalbie including and not limited to economic conditions, stock market fluctuations, iron ore demand and price movements, timing of access to infrastructure, timing of environmental approvals, regulatory risks, operational risks, reliance on key personnel, reserve and resource estimations, native title and title risks, foreign currency fluctuations, and mining development, construction and commissioning risk.