

GINDALBIE COMPLETES \$162M SHARE PLACEMENT TO ANSTEEL

KARARA EQUITY CONTRIBUTIONS TOTTALLING \$287.4M MADE

Further to its announcement of 23 June regarding Chinese Government approvals, Gindalbie Metals Limited (ASX: GBG – “Gindalbie”) is pleased to advise that the **\$162.06 million** share placement to Ansteel has now been completed.

Gindalbie has allotted 190,658,824 shares at a price of \$0.85 per share to Angang Group Hong Kong (Holdings) Limited and the placement funds have been received. The cash injection has allowed Gindalbie to make a \$143.68 million equity contribution toward the development of the Karara Iron Ore Project. The remaining \$18.38 million from the placement will be retained by Gindalbie and takes its uncommitted cash reserves to approximately \$43 million.

Ansteel has also made an equal equity contribution of \$143.68 million into the bank account of Karara Mining Limited (KML), the Joint Venture Company which is developing the Karara Iron Ore Project in Western Australia. Gindalbie and Ansteel are equal 50% shareholders in KML.

With these payments, KML holds cash reserves of approximately \$350 million to underpin the development of Karara. KML has already spent approximately \$200 million on long-lead items, pre-development activities and other items required for project development.

As reported previously, the balance of the capital required for the Karara Project will be provided through a Project Loan Facility of up to US\$1.2 billion to be provided by the China Development Bank (CDB). Conditional approval was received for this Project Loan in January this year following a review by their Credit Committee.

“This marks the final step in this important transaction with Ansteel, which has enabled us to secure equity funding for the Karara Project during one of the most difficult market environments seen in recent times,” said Gindalbie’s Managing Director, Mr Garret Dixon.

“On behalf of the Gindalbie Board, I welcome Ansteel’s investment in Gindalbie which sees them increase their shareholding to 36% effective from today,” he added. “These transactions form a key part of the financing for the Karara Project and leave Gindalbie in a very strong position, with \$43 million in cash, no debt and minimal cash burn given that all project development expenditure and activity is being conducted through KML.”

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 2010 to be followed by production of high grade magnetite concentrate and blast furnace quality pellets in 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