

## **STOCK EXCHANGE ANNOUNCEMENT & MEDIA RELEASE**

**12 April 2006**

### **SALE OF GOLD & BASE METAL ASSETS TO MONARCH RESOURCES FOR \$10 MILLION**

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Gindalbie Metals Ltd (**ASX: GBG**) today announced that it has reached agreement with Monarch Resources Limited (**ASX: MRS**) to sell its Minjar gold and base metal assets in Western Australia's Mid West region for a total consideration of **\$10 million**.

Under the agreement, Monarch will acquire a 100% interest in the Minjar assets, including the 600,000tpa Minjar gold treatment facility and gold resources of approximately 400,000oz. All iron ore rights to the Minjar ground will be retained by Gindalbie.

The purchase price of \$10 million is payable in stages, with \$2.5 million payable in cash on settlement of the transaction, \$2.5 million 6 months after settlement (which includes the assumption by Monarch of Gindalbie's rehabilitation obligations at Minjar and the resultant replacement of performance bonds), and \$5 million 12 months after settlement. This final amount will be paid either in cash or Monarch shares, or a combination of both.

The sale of the gold and base metal assets represents another milestone on Gindalbie's path to become a leading independent Australian iron ore producer, confirming its sole focus on developing the Karara Project in joint venture with AnSteel, China's second largest steel producer. Gindalbie last week announced a landmark 50:50 joint venture and funding agreement with AnSteel to underpin development of the \$1 billion Karara Project.

The proceeds of the gold sale will further strengthen the Company's cash position which, following completion of the second tranche of the \$33 million share placement announced in February (which is subject to shareholder approval at a meeting on 13 April), will be approximately \$40 million.

This provides a solid platform for development of the Karara Project, including Gindalbie's share of the costs of the current Definitive Feasibility Study, ongoing resource drilling and capital start-up costs for the initial hematite phase of the operation (which is due to commence in early 2007). The recently announced AnSteel Joint Venture addresses the funding requirements for the \$1 billion Karara Concentrate/Pellet Project.

Gindalbie's Managing Director, Mr David McSweeney, said the divestment of the non-core gold and base metal assets further reinforced the Company's focus and commitment to its iron ore strategy, with the proceeds of the sale further strengthening its funding position.

"This puts us in an excellent position to concentrate all of our resources onto our iron ore assets in conjunction with our new joint venture partner, AnSteel," he added.

“We are pleased to have reached agreement with Monarch Resources regarding the Minjar assets, which comprise a high-quality tenement holding surrounding the world-class Golden Grove base metal mine, a substantial resource base and gold treatment facility which complement Monarch’s gold development strategy in Western Australia,” Mr McSweeney said.

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