

SECURITIES EXCHANGE ANNOUNCEMENT & MEDIA RELEASE

29 April 2008

SECOND EQUITY PAYMENT OF A\$55.0M RECEIVED FROM ANSTEEL FOR KARARA DEVELOPMENT

FURTHER STRENGTHENS CASH POSITION OF JV COMPANY KARARA MINING LIMITED

Gindalbie Metals Limited (**ASX: GBG** – “Gindalbie”) is pleased to advise that its joint venture partner, Anshan Iron & Steel Group Corporation (“Ansteel”), has made its **second subscription payment, of A\$55.0 million**, under the previously announced equity funding arrangements for the A\$1.8 billion Karara Iron Ore Project in Western Australia.

Ansteel made its first A\$50 million subscription payment in February 2008 to the Joint Venture’s operating entity, Karara Mining Limited (KML), under an agreed schedule of payments finalized as part of the Subscription Agreement for the A\$534 million equity component of the magnetite and hematite phases of the Project (*see below*). The second payment, of A\$55.0 million, has now been received into the KML bank account.

Payment Date	Ansteel (A\$ m)	Gindalbie (A\$ m)	Status
February 2008	50.00	-	✓
April 2008	55.00	-	✓
July 2008	123.38	18.38	
October 2008	143.68	143.68	
Total payments	372.06	162.06	

The equity funding agreement reflects Ansteel’s strong commitment to the rapid development of the Karara Iron Ore Project and reinforces the strong funding position of the Joint Venture – with both the debt and equity components effectively underwritten by Ansteel.

Under the terms of the Karara Joint Venture Development Agreement, which was signed last year, Gindalbie can request Ansteel to provide finance for its share of equity contributions to the Project, as outlined above. Given the current state of equity markets, Gindalbie anticipates that it will exercise its rights for Ansteel to provide finance to Gindalbie, without diluting Gindalbie’s 50% share of the project. The terms of this finance are expected to be negotiated in the September Quarter.

The Joint Venture has also started detailed discussions with China Development Bank to provide Project Finance in the order of \$1.3 billion at competitive rates. The Joint Venture aims to have committed finance, underwritten by Ansteel, in place by the end of September 2008.

Commenting on the announcement, Gindalbie’s Managing Director, Mr Garret Dixon, said: “The completion of this second subscription payment brings the payments by Ansteel to \$105 million and represents another important step towards achieving our goal of developing the Karara Project as rapidly as possible and delivering significant iron ore production by the end of this decade.

“This payment further strengthens the already strong cash position of the Joint Venture’s operating subsidiary, Karara Mining Limited,” Mr Dixon continued. “Having a joint venture partner with the financial strength and resources of Ansteel is proving to be invaluable, particularly considering the recent volatility in global equity and credit markets. As foreshadowed recently, in light of current market conditions we intend to exercise our rights for Ansteel to provide finance for our equity contribution and we expect to finalize these arrangements during the September Quarter.”

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Released by:
Nicholas Read
Read Corporate
Telephone: (+61-8) 9388-1474
Mobile: (+61-8) 419 929 046

On behalf of:
Mr Garret Dixon/Mr Michael Weir
Managing Director/Investor Relations Manager
Telephone: (+61-8) 9480-8700
www.qindalbie.com.au