

## SECURITIES EXCHANGE ANNOUNCEMENT & MEDIA RELEASE

1 August 2008

# **\$141.8M RECEIVED FOR THIRD EQUITY INSTALMENT FOR KARARA IRON ORE PROJECT DEVELOPMENT**

*INCLUDES FIRST EQUITY CONTRIBUTION OF A\$18.38 MILLION BY GINDALBIE*

Gindalbie Metals Limited (**ASX: GBG** – “Gindalbie”) is pleased to announce the completion of payments totaling **A\$141.8 million** under the previously announced equity funding arrangements for the A\$1.8 billion Karara Iron Ore Project in Western Australia. This comprises a A\$123.38 million payment by Gindalbie’s joint venture partner, Anshan Iron & Steel Group Corporation (“AnSteel”), and Gindalbie’s first equity contribution of A\$18.38 million.

The third payment by AnSteel reinforces its commitment to the rapid funding of the project and takes the cash balance of the joint venture company, Karara Mining Limited (KML), to more than A\$200 million to be applied to the development of the project.

“This is another important milestone which brings the total equity payments by AnSteel to date to approximately A\$228 million,” said Gindalbie’s Managing Director, Mr Garret Dixon.

“KML currently has more than A\$200 million in available cash reserves which will be utilized for the ongoing pre-development activities at Karara, including final engineering and design work and long-lead equipment items such as the recent orders totaling approximately \$70 million for two high pressure grinding rolls and four large ball mills.”

Under the terms of the Karara Joint Venture Development Agreement AnSteel has one final payment of \$143.68 million to make in October as part of the conditions to earn its 50% stake in the project.

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

Also as part of the joint venture agreement Gindalbie can elect to borrow the full amount (\$162.06 million) of its share of the equity contributions from AnSteel as debt. As previously foreshadowed Gindalbie has now exercised that right and negotiations are well advanced with the terms of the equity finance expected to be finalised by the end of the September Quarter.

“This application to AnSteel eliminates the need for Gindalbie to raise equity funding in the current difficult period for financial markets,” Mr Dixon said. “We expect that this finance will be provided at competitive rates, reinforcing the strength of the joint venture and the significant benefits of having a joint venture partner with the depth and financial capacity of AnSteel.”

Securing and underwriting the project debt is also one of AnSteel's buy-in conditions and advanced discussions are continuing with China Development Bank (CDB) to provide the senior debt finance of \$1.4 billion for the Karara Project. AnSteel has a good relationship with CDB and the Joint Venture expects to have the terms and conditions of the finance in place by later this year.

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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 2009 to be followed by production of high grade magnetite concentrate and blast furnace quality pellets in 2010. 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.

For further information, visit [www.gindalbie.com.au](http://www.gindalbie.com.au)

### **About Ansteel**

Ansteel is currently one of China's largest steel producers and is the major producer in the north-east region of China, with crude steel production of 22 million tonnes, annual sales revenues in excess of US\$11 billion and a profit of approximately US\$1.5 billion in 2006. 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 is developing 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 facility in the city of Anshan. The new facility will have the capacity of 6.5Mtpa of finished steel products and is the facility that the Karara products will feed upon commencement of production.

For further information, visit [www.ansteelgroup.com](http://www.ansteelgroup.com)