

## FINAL CHINESE GOVERNMENT APPROVALS RECEIVED FOR ANSTEEL'S \$162M GINDALBIE INVESTMENT

### *ANSTEEL AND GINDALBIE TO MAKE FINAL EQUITY PAYMENTS TOTALLING \$287.4M*

Gindalbie Metals Limited (ASX: GBG – “Gindalbie”) is pleased to advise that the Chinese Government has given its formal approval for the Company’s previously announced **\$162.06 million share placement** to its joint venture partner, the leading Chinese steel and iron ore company Ansteel.

Following receipt of Foreign Investment Review Board (FIRB) approval in May, the Chinese Government approval is the final remaining condition required for Gindalbie to complete the allotment of 190,658,824 shares to Angang Group Hong Kong (Holdings) Limited or its nominee at a price of \$0.85 per share.

Once the share placement is completed, AnSteel and Gindalbie will be able to make the final equity contributions, of \$143.68 million each, to complete the entire \$534 million equity component of the funding package for the Karara Iron Ore Project. Gindalbie and AnSteel will be working to complete the placement procedures within the next seven days.

As reported previously, the balance of the capital required for the 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.

Following completion of the share placement, Gindalbie will have approximately 704.6 million shares on issue, with Ansteel holding a 36% stake. After payment of its final equity contribution, Gindalbie will have uncommitted cash reserves of approximately \$42 million, no debt and minimal cash burn.

For its part, the joint venture company, Karara Mining Limited, will have approximately \$350 million in cash reserves, having already spent almost \$200 million on long-lead items, pre-development activities and other items required for project development.

“It’s all systems go for Karara and we are continuing to work very hard to achieve final Ministerial approvals to enable us to be on the ground during the December Quarter of this year to begin construction,” said Gindalbie’s Managing Director, Mr Garret Dixon.

“The achievement of Chinese Government approvals represents another very important milestone for the Project following the positive EPA recommendation and FIRB approval received over the past two months,” he added.

“Once again, I would like to thank the Chinese Government authorities for the prompt and efficient manner in which they have dealt with the approvals process, ensuring that Ansteel is able to complete its investment and that the Joint Venture is able to proceed with development of the Project in an expeditious manner,” Mr Dixon said.

“Ansteel remains fully committed to the development and future growth of Karara, having now invested some \$573 million into Gindalbie and directly into the project. We are looking forward to continuing to work closely with Ansteel as we move into the implementation phase of the Project,” he added.

### 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](http://www.ansteelgroup.com)

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