

GINDALBIE COMPLETES RETAIL ENTITLEMENT OFFER WITH STRONG TAKE-UP BY SHAREHOLDERS

TOTAL TAKE-UP OF APPROXIMATELY 30 PER CENT BY RETAIL SHAREHOLDERS

WITH SHORTFALL FULLY ALLOCATED

Gindalbie Metals Limited (ASX: **GBG** – “Gindalbie”) is pleased to advise that the second stage of its accelerated non-renounceable entitlement offer, the Retail Entitlement Offer, has closed with a very satisfactory take-up by Eligible Retail Shareholders despite the current volatility in global financial markets.

The Retail Entitlement Offer closed on Friday, 12 August, and Eligible Retail Shareholders subscribed for 42,925,135 shares at \$0.67 per share, raising a total of \$28.7 million, or approximately 30% of the Retail Entitlement Offer.

This represents a satisfactory result considering current market conditions. The Retail Entitlement Offer closed at the end of an extremely volatile week which saw the S&P/ASX 200 fluctuate by an unprecedented 12% between the high and low point during the week.

The Retail Entitlement Offer is fully underwritten by UBS AG and Morgan Stanley Australia, and as previously advised there was significant interest in sub-underwriting from institutional investors, including many existing shareholders, such that the sub-underwriting of the Retail Offer was fully allocated prior to the offer opening. The shortfall under the Retail Entitlement Offer was 103,929,475 shares, or approximately \$69.6 million, comprising of shares not subscribed for by Eligible Retail Shareholders and the entitlements of Ineligible Retail Shareholders. This portion of the raising will now be allocated to those institutional sub-underwriters under the Company's underwriting arrangements. Final Allotment under the Retail Entitlement Offer is expected to occur on 22 August with trading in new shares expected to commence on 23 August 2011.

The Retail Entitlement Offer effectively completes the second stage of Gindalbie's \$209 million equity raising, which comprised a 1-for-3 non-renounceable entitlement offer to eligible shareholders at an issue price of \$0.67 per share and a separate \$75 million share placement to Gindalbie's major shareholder, Ansteel.

The accelerated Institutional Entitlement Offer, which was strongly supported by existing institutional shareholders, closed on 21 July raising a total of approximately \$35 million.

The final stage of the equity raising is a share placement comprising 111,922,105 shares at an issue price of \$0.67 to Ansteel, to raise a total of approximately \$75 million. This share placement is subject to shareholder approval at a General Meeting which has been convened for 9 September 2011.

Ansteel was not able to participate in the Institutional Entitlement Offer under the accelerated timetable approved by the ASX because of the time required in securing the necessary regulatory approvals. The share placement to Ansteel enables Ansteel to maintain its 36 per cent shareholding in Gindalbie.

The proceeds of the \$209 million raising, together with existing uncommitted cash reserves, which stood at \$149.3 million as at 30 June 2011, will be used to fund Gindalbie's 50 per cent share of the additional \$600 million equity contribution required for the revised construction cost estimate of \$2.57 billion.

Gindalbie's Managing Director, Mr Tim Netscher, said he was pleased with the outcome of the Entitlement Offer and the strong vote of confidence by existing retail shareholders in the future of the Company, particularly in light of the extremely volatile conditions prevailing in global equity markets.

“This is a good result and I would like to take this opportunity to thank those retail shareholders who showed their support,” Mr Netscher said. “I would also like to acknowledge the support of those institutions – including many existing shareholders – who have agreed to take up the shortfall under the sub-underwriting arrangements that we have in place.”

“In an environment where equity markets are extremely volatile and any capital raising faces major challenges, I am pleased with the outcomes we have achieved,” he added. “I would also like to acknowledge the support of UBS and Morgan Stanley in managing this equity raising through to its successful conclusion.”

“Thanks to the support of Ansteel, who have agreed to subscribe for \$75 million worth of new shares in a placement that remains subject to shareholder approval, the equity raising is now effectively secure and we can move ahead with confidence to complete construction of the Karara Project and move ahead with commissioning.”

ENDS

Released by :

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

On behalf of:

Mr Tim Netscher
Managing Director

Mr David Richardson
Chief Financial Officer

Mr Michael Weir
Investor Relations Manager
Telephone: (+61-8) 9480 8700
www.gindalbie.com.au