

KARARA PROJECT FUNDING UPDATE

Gindalbie Metals Limited (ASX: **GBG** – “Gindalbie”) has received the following update on the Karara Project (Ansteel: 52.16%; Gindalbie: 47.84%) from Karara Mining Limited (“KML”).

US\$300M Loan Facility Secured

KML has executed a binding Facility Agreement with China Merchants Bank (CMB) – Hong Kong Branch for a new US\$300 million Fixed Term Loan Facility (“Facility”) to meet the previously outlined funding shortfall for the Karara Project (see *ASX Release – 10 March 2014*). The first drawdown of the Facility was made on 13 May 2014.

The Facility has been arranged by Ansteel, which has demonstrated its continued strong support of the Karara Project.

The Facility Agreement sets out key terms of the Facility, which include a competitive commercial interest rate and other standard conditions for a facility of this nature. Interest will be payable every three months and the loan repayable as a lump sum after three years.

The funds secured through the Facility will be used for the purposes outlined in Gindalbie’s Half Yearly Report (see *ASX Release – 10 March 2014*) including capital expenditure to address plant bottlenecks and resolve outstanding technical issues which will contribute to achieving sustainable production of magnetite concentrate at nameplate capacity.

In addition, KML has confirmed that it has obtained a waiver from its existing Chinese Banking Syndicate for breach of a financial debt service cover ratio under the terms of its Senior Debt Facility for the December 2013, March 2014 and June 2014 Quarters.

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