



GINDALBIE
METALS LTD
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31 August 2007

Jenny Cutri
Australian Securities Exchange Ltd
Level 8, Exchange Plaza
2 The Esplanade
PERTH WA 6000

By Facsimile: (08) 9221 2020

Dear Jenny

PRICE QUERY

I refer to the ASX's facsimile dated 30 August 2007.

In response to your numbered questions:

1. Yes. The Company is aware of two possibilities:
 - (a) A pending release relating to an update in resource status for the Karara Iron Ore Project; and
 - (b) Confidential discussions with a third party.
2. No. An announcement cannot be made immediately in respect of these issues for the following reasons:
 - (a) In respect to paragraph 1(a) above, the information is based on data that has not been finalised. The Company will release this information to the market immediately results are completed. This data will most probably be incorporated into the information to be disclosed under paragraph 3 below.
 - (b) In respect to paragraph 1(b) above, the information is confidential and concerns an incomplete proposal or negotiation. An ASX announcement will be made if and when negotiations are concluded and it is possible this may be towards the end of next week.
3. The Company has previously announced to the market that it is proposing to complete the Bankable Feasibility Study for the Karara Iron Ore Project at the end of August 2007. We consider that recent trading may have been based on speculation surrounding the outcome of the Bankable Feasibility Study. The

Company has called a trading halt and is aiming to make an announcement in respect of the Bankable Feasibility Study early next week.

4. The Company is in compliance with the ASX Listing Rules, in particular LR 3.1.

Yours faithfully

GINDALBIE METALS LTD

A handwritten signature in black ink, appearing to read 'D. Stokes', written over a horizontal line.

DAVID STOKES

Company Secretary

FAXED
30 August 2007



ASX Limited
ABN 98 008 624 691
Level 8
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2 The Esplanade
Perth WA 6000

GPO Box D187
Perth WA 6840

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Mr David Stokes
Company Secretary
Gindalbie Metals Limited
Level 9 London House
216 St Georges Terrace
PERTH WA 6000

By facsimile: 9480 8799

Dear David

Gindalbie Metals Limited (the "Company")

RE: PRICE QUERY

We have noted a change in the price of the Company's securities from an intra day low yesterday, Wednesday 29 August 2007 of \$1.32 to an intra day high today of \$1.795. We have also noted an increase in the volume of trading in the securities over this period.

In light of the price change and increase in volume, please respond to each of the following questions.

1. Is the Company aware of any information concerning it that has not been announced which, if known, could be an explanation for recent trading in the securities of the Company?
2. If the answer to question 1 is yes, can an announcement be made immediately? If not, why not and when is it expected that an announcement will be made?

Please note, if the answer to question 1 is yes and an announcement cannot be made immediately, you need to contact us to discuss this and you need to consider a trading halt (see below).

3. Is there any other explanation that the Company may have for the price change and increase in volume in the securities of the Company?
4. Please confirm that the Company is in compliance with the listing rules and, in particular, listing rule 3.1.

Your response should be sent to Jenny Cutri by e-mail at jenny.cutri@asx.com.au or by facsimile on facsimile number 9221 2020. It should not be sent to the Company Announcements Office.

Unless the information is required immediately under listing rule 3.1, a response is requested as soon as possible and, in any event, not later than 2:00pm W.S.T today, Thursday 30 August 2007.

Under listing rule 18.7A, a copy of this query and your response will be released to the market, so your response should be in a suitable form and separately address each of the questions asked. If you have any queries or concerns, please contact me immediately.

Listing rule 3.1

Listing rule 3.1 requires an entity to give ASX immediately any information concerning it that a reasonable person would expect to have a material effect on the price or value of the entity's securities. The exceptions to this requirement are set out in listing rule 3.1A.

In responding to this letter you should consult listing rule 3.1 and Guidance Note 8 – Continuous Disclosure: listing rule 3.1.

If the information requested by this letter is information required to be given to ASX under listing rule 3.1 your obligation is to disclose the information immediately.

Your responsibility under listing rule 3.1 is not confined to, or necessarily satisfied by, answering the questions set out in this letter.

Trading halt

If you are unable to respond by the time requested, or if the answer to question 1 is yes and an announcement cannot be made immediately, you should consider a request for a trading halt in the Company's securities. As set out in listing rule 17.1 and Guidance Note 16 – Trading Halts we may grant a trading halt at your request. We may require the request to be in writing. We are not required to act on your request. You must tell us each of the following.

- The reasons for the trading halt.
- How long you want the trading halt to last.
- The event you expect to happen that will end the trading halt.
- That you are not aware of any reason why the trading halt should not be granted.
- Any other information necessary to inform the market about the trading halt, or that we ask for.

The trading halt cannot extend past the commencement of normal trading on the second day after the day on which it is granted. If a trading halt is requested and granted and you are still unable to reply to this letter before the commencement of trading, suspension from quotation would normally be imposed by us from the commencement of trading if not previously requested by you. The same applies if you have requested a trading halt because you are unable to release information to the market, and are still unable to do so before the commencement of trading.

If you have any queries regarding any of the above, please let me know.

Yours sincerely,



Elizabeth Harris

Senior Adviser, Issuers (Perth)

Direct Line: (08) 9224 0011

08 9224 0011