

19 July 2011

Dear Option holder

Participation in accelerated non-renounceable entitlement offer

Overview

Gindalbie Metals Ltd (**Gindalbie**) wishes to advise that it intends to proceed with an accelerated non-renounceable entitlement offer of 1 ordinary share in Gindalbie (**Share**) for every 3 Shares at an offer price of \$0.67 per Share (**Entitlement Offer**) to raise a maximum of \$209M before costs.

The Entitlement Offer will comprise:

- an entitlement offer to eligible institutional shareholders (**Institutional Entitlement Offer**); and
- an entitlement offer to eligible retail shareholders (**Retail Entitlement Offer**).

Further information in relation to the Entitlement Offer has been disclosed to the ASX.

The Entitlement Offer is being made without prospectus or product disclosure document in accordance with section 708AA of the Corporations Act 2001 (Cth) (the **Act**) as modified by ASIC Class Order 08/35.

The Entitlement Offer is underwritten by UBS AG, Australia Branch and Morgan Stanley Australia Limited (**Underwriters**) to the extent of the amount to be raised under the Entitlement Offer (other than Angang Group Hong Kong (Holding) Limited's entitlement under the Institutional Entitlement Offer).

In relation to the Retail Entitlement Offer, only shareholders who:

1. are registered as a holder of Shares in Gindalbie as at 5.00 pm (Perth time) on Friday, 22 July 2011 (**Record Date**);
2. have a registered address in Australia or New Zealand;
3. are not in the United States;
4. were not invited to participate (other than as nominee) or were otherwise ineligible to participate under the Institutional Entitlement Offer; and

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4. are eligible under all applicable securities laws to receive an offer under the Retail Entitlement Offer,

will be eligible to participate (**Eligible Shareholders**).

There is no inherent right in your options to participate in the Retail Entitlement Offer. The purpose of this letter is to give you notice prior to the Record Date in which you may exercise your options should you wish to participate in the Retail Entitlement Offer.

Accordingly, if you wish to participate in the Retail Entitlement Offer (to the extent of any Shares which would be issued upon exercise of your options) you must exercise your options in time for Shares to be allotted to you before the Record Date. To ensure that the Shares to be issued to you upon exercise of your options are allotted and issued before the Record Date, your notice of exercise of option (**Notice of Exercise**) together with your cheque for the relevant application money must be received by Gindablie by no later than 5.00 pm (Perth time) on Friday, 22 July 2011. Any Shares to be issued in relation to a Notice of Exercise received after this date cannot be assured of being allotted and issued before the Record Date.

If you do not wish to participate in the Retail Entitlement Offer (in respect of your options) you do not need to take any action.

Before deciding whether to exercise all or any of your options, you should consider the terms of the Entitlement Offer carefully and consult with your professional advisor if necessary.

Key Dates

The New Shares will be offered via the Entitlement Offer without disclosure to Eligible Shareholders under Part 6D.2 of the Act as modified by CO 08/35 in accordance with the following timetable:

GBG obtains Trading Halt on ASX	19 July 2011
Announcement of Entitlement Offer and lodgement of Appendix 3B	19 July 2011
Notice to Optionholders	19 July 2011
Institutional Entitlement Offer opens and closes	19-20 July 2011
Result of Institutional Entitlement Offer announced to market via ASX	21 July 2011
Record Date	22 July 2011
Lodgement of Offer Booklet	28 July 2011
Despatch of Offer Booklet and Entitlement and Acceptance Forms	29 July 2011
Retail Entitlement Offer opens	29 July 2011
Retail Entitlement Offer closes at 5.00 pm (Perth time)	12 August 2011
Notification of shortfall	16 August 2011
Allotment of New Shares & despatch of holding statements	22 August 2011
Normal trading of New Shares to commence on ASX	23 August 2011

The timetable outlined above is indicative only and subject to change. The Directors, in conjunction with the Underwriters, reserve the right to vary these dates, including the Closing Date of the Retail Entitlement Offer, without prior notice but subject to the Act and the ASX Listing Rules. The Directors also reserve the right not to proceed with the whole or part of the Entitlement Offer at any time prior to allotment.

In that event, the relevant application money (being the amount paid for New Shares applied for in a duly completed Entitlement and Acceptance Form) will be returned without interest.

Further Details

Full details of the Entitlement Offer are contained in Gindalbie's announcement lodged with the ASX today, which is available at their website: www.asx.com.au. The announcement can also be found on Gindalbie's website: www.gindalbie.com.au.

If you have any questions please do not hesitate to call our information line on (08) 9480 8700.

Yours sincerely



David Stokes
Company Secretary

This notice does not constitute an offer to sell, or the solicitation of an offer to buy, any securities in the United States. No action has been, or will be, taken to register, qualify or otherwise permit a public offering of the New Shares in any jurisdiction outside Australia or New Zealand. In particular, neither the entitlements nor the New Shares referred to herein have been, nor will be, registered under the U.S. Securities Act of 1933 (the "Securities Act") or under the securities laws of any state or other jurisdiction of the United States. Accordingly, the entitlements may not be taken up by, and the New Shares may not be offered or sold to, persons in the United States except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act or such other securities laws.