

Appendix 3B – Rights Issue

New issue announcement, application for quotation of additional securities and agreement

Information or documents not available now must be given to ASX as soon as available. Information and documents given to ASX become ASX's property and may be made public.

Introduced 1/7/96. Origin: Appendix 5. Amended 1/7/98, 1/9/99, 1/7/2000, 30/9/2001, 11/3/2002, 1/1/2003, 24/10/2005.

Name of entity

Gindalbie Metals Ltd

ABN

24 060 857 614

We (the entity) give ASX the following information.

Part 1 - All issues

You must complete the relevant sections (attach sheets if there is not enough space).

1 +Class of +securities issued or to be issued

Ordinary Shares

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- 2 Number of ⁺securities issued or to be issued (if known) or maximum number which may be issued

Entitlement Offer

Issued on 3 August 2011 - Institutional Entitlement Offer - 53,095,149 ordinary shares

To be issued on 22 August 2011 - Retail Entitlement Offer – 146,854,610 ordinary shares

A small number of additional shares may be issued due to rounding of entitlements, and also the possible exercise of options by option holders who decide to participate in the Entitlement Offer.

Angang HK Placement

To be issued by 15 December 2011 (subject to shareholder approval and other conditions) – Angang HK Placement – 111,922,105

- 3 Principal terms of the ⁺securities (eg, if options, exercise price and expiry date; if partly paid ⁺securities, the amount outstanding and due dates for payment; if ⁺convertible securities, the conversion price and dates for conversion)

Ordinary fully paid

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4	<p>Do the ⁺securities rank equally in all respects from the date of allotment with an existing ⁺class of quoted ⁺securities?</p> <p>If the additional securities do not rank equally, please state:</p> <ul style="list-style-type: none"> • the date from which they do • the extent to which they participate for the next dividend, (in the case of a trust, distribution) or interest payment • the extent to which they do not rank equally, other than in relation to the next dividend, distribution or interest payment 	Yes							
5	Issue price or consideration	A\$0.67 per share							
6	Purpose of the issue (If issued as consideration for the acquisition of assets, clearly identify those assets)	Proceeds from the raising will be used to partly fund Gindalbie Metals Ltd's share of the construction cost escalation for the Karara Iron Ore Project.							
7	Dates of entering ⁺ securities into uncertificated holdings or despatch of certificates	<p>Institutional Entitlement Offer - 3 August 2011</p> <p>Retail Entitlement Offer - 22 August 2011</p> <p>Angang HK Placement – by 15 December 2011</p>							
8	Number and ⁺ class of all ⁺ securities quoted on ASX (including the securities in clause 2 if applicable)	<table border="1" style="width: 100%;"> <thead> <tr> <th style="text-align: left;">Number</th> <th style="text-align: left;">⁺Class</th> </tr> </thead> <tbody> <tr> <td>Prior to the Entitlement Offer - 935,615,590</td> <td rowspan="3">Ordinary</td> </tr> <tr> <td>After the Entitlement Offer – 1,135,565,349</td> </tr> <tr> <td>After the Angang HK Placement (subject to shareholder approval and other conditions) – 1,247,487,454</td> </tr> </tbody> </table>	Number	⁺ Class	Prior to the Entitlement Offer - 935,615,590	Ordinary	After the Entitlement Offer – 1,135,565,349	After the Angang HK Placement (subject to shareholder approval and other conditions) – 1,247,487,454	
Number	⁺ Class								
Prior to the Entitlement Offer - 935,615,590	Ordinary								
After the Entitlement Offer – 1,135,565,349									
After the Angang HK Placement (subject to shareholder approval and other conditions) – 1,247,487,454									

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	Number	+Class
9	Number and +class of all	
	+securities not quoted on ASX	
	(including the securities in clause 2	
	if applicable)	
	600,000	Employee options exercisable at \$1.31 and expiring on 1 August 2012
	600,000	Employee options exercisable at \$0.94 and expiring on 1 August 2012
	1,000,000	Employee options exercisable at \$0.60 and expiring on 6 November 2011
	400,000	Employee options exercisable at \$1.31 and expiring on 1 August 2012
	1,500,000	Employee options exercisable at \$0.60 and expiring on 6 November 2011
	200,000	Employee options exercisable at \$0.94 and expiring on 1 August 2012
	350,000	Employee options exercisable at \$0.94 and expiring on 1 August 2012
	100,000	Employee options exercisable at \$1.84 and expiring on 3 September 2013
	100,000	Employee options exercisable at \$1.84 and expiring on 30 September 2013
	350,000	Employee options exercisable at \$0.94 and expiring on 1 August 2012
	250,000	Karara Mining Limited (KML) options exercisable \$1.14 and expiring on 8 October 2015
	100,000	Employee options exercisable at \$1.84, vesting on 21 July 2011 and expiring on 20 September 2013
	250,000	KML options exercisable at \$1.14, vesting no later than 31 December 2011 (conditional upon Karara Iron Ore Project milestones) and expiring on 8 October 2015
	250,000	KML options exercisable at \$1.14, vesting no later than 28 February 2012 (conditional upon Karara Iron Ore Project milestones) and expiring on 8 October 2015
	250,000	KML options exercisable at \$1.14, vesting no later than 31 March 2012 (conditional upon Karara Iron Ore Project milestones) and expiring on 8 October 2015
	800,000	Employee options exercisable at \$1.19, vesting no later than 30 April 2012 (conditional upon Karara Iron Ore (magnetite) Project milestones) and expiring on 9 May 2016
300,000	Employee options exercisable at \$1.19, vesting no later than 30 June 2012 (conditional upon share price performance milestones) and expiring on 9 May 2016	
300,000	Employee options exercisable at \$1.19, vesting no later than 30 June 2012 (conditional upon Gindalbie DSO project milestones) and expiring on 9 May 2016	
600,000	Employee options exercisable at \$1.19, vesting no later than 30 June 2013 (conditional upon share price performance milestones) and expiring on 9 May 2016	
250,000	KML options exercisable at \$1.14, vesting no later than 31 December 2011 (conditional upon Karara Iron Ore Project milestones) and expiring on 8 October 2015	
250,000	KML options exercisable at \$1.14, vesting no later than 28 February 2012 (conditional upon Karara Iron Ore Project milestones) and expiring on 8 October 2015	
250,000	KML options exercisable at \$1.14, vesting no later than 31 March 2012 (conditional upon Karara Iron Ore Project milestones) and expiring on 8 October 2015	
10	Dividend policy (in the case of a trust, distribution policy) on the increased capital (interests)	None

Part 2 - Bonus issue or pro rata issue

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11	Is security holder approval required?	No
12	Is the issue renounceable or non-renounceable?	Non-renounceable
13	Ratio in which the +securities will be offered	1 new share for every 3 fully paid ordinary shares held on the Record Date.
14	+Class of +securities to which the offer relates	Ordinary Shares
15	+Record date to determine entitlements	5.00 pm (Perth time) on 22 July 2011
16	Will holdings on different registers (or subregisters) be aggregated for calculating entitlements?	No
17	Policy for deciding entitlements in relation to fractions	Entitlements rounded up to the nearest whole number.
18	Names of countries in which the entity has +security holders who will not be sent new issue documents <small>Note: Security holders must be told how their entitlements are to be dealt with. Cross reference: rule 7.7.</small>	All countries other than Australia and New Zealand and such other jurisdictions into which it is decided to make offers.
19	Closing date for receipt of acceptances or renunciations	Institutional Entitlement Offer - 20 July 2011 Retail Entitlement Offer - 12 August 2011
20	Names of any underwriters	UBS AG, Australia Branch and Morgan Stanley Australia Securities Limited (Underwriters and Lead Managers of the Entitlement Offer).
21	Amount of any underwriting fee or commission	A management fee of 0.5% (plus GST) of the total amount raised in the Entitlement Offer. An underwriting fee of 0.2% of the total amount underwritten in the Entitlement Offer.
22	Names of any brokers to the issue	Not applicable

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23	Fee or commission payable to the broker to the issue	Not applicable
24	Amount of any handling fee payable to brokers who lodge acceptances or renunciations on behalf of +security holders	Not applicable
25	If the issue is contingent on +security holders' approval, the date of the meeting	Not applicable
26	Date entitlement and acceptance form and prospectus or Product Disclosure Statement will be sent to persons entitled	No prospectus will be issued. An Offer Booklet and Entitlement Form were sent to Eligible Retail Shareholders on 29 July 2011.
27	If the entity has issued options, and the terms entitle option holders to participate on exercise, the date on which notices will be sent to option holders	19 July 2011
28	Date rights trading will begin (if applicable)	Not applicable
29	Date rights trading will end (if applicable)	Not applicable
30	How do +security holders sell their entitlements <i>in full</i> through a broker?	Not applicable
31	How do +security holders sell <i>part</i> of their entitlements through a broker and accept for the balance?	Not applicable
32	How do +security holders dispose of their entitlements (except by sale through a broker)?	Not applicable
33	+Despatch date	For the Institutional Entitlement Offer - 19 July 2011 For the Retail Entitlement Offer - 29 July 2011

Part 3 - Quotation of securities

You need only complete this section if you are applying for quotation of securities

- 34 Type of securities
(tick one)

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(a) Securities described in Part 1

(b) All other securities

Example: restricted securities at the end of the escrowed period, partly paid securities that become fully paid, employee incentive share securities when restriction ends, securities issued on expiry or conversion of convertible securities

Entities that have ticked box 34(a)

Additional securities forming a new class of securities

Tick to indicate you are providing the information or documents

35 If the +securities are +equity securities, the names of the 20 largest holders of the additional +securities, and the number and percentage of additional +securities held by those holders

36 If the +securities are +equity securities, a distribution schedule of the additional +securities setting out the number of holders in the categories
1 - 1,000
1,001 - 5,000
5,001 - 10,000
10,001 - 100,000
100,001 and over

37 A copy of any trust deed for the additional +securities

Entities that have ticked box 34(b)

38 Number of securities for which +quotation is sought

39 Class of +securities for which quotation is sought

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40 Do the ⁺securities rank equally in all respects from the date of allotment with an existing ⁺class of quoted ⁺securities?

If the additional securities do not rank equally, please state:

- the date from which they do
- the extent to which they participate for the next dividend, (in the case of a trust, distribution) or interest payment
- the extent to which they do not rank equally, other than in relation to the next dividend, distribution or interest payment

41 Reason for request for quotation now

Example: In the case of restricted securities, end of restriction period

(if issued upon conversion of another security, clearly identify that other security)

42 Number and ⁺class of all ⁺securities quoted on ASX (*including* the securities in clause 38)

Number	⁺ Class

+ See chapter 19 for defined terms.

Quotation agreement

- 1 +Quotation of our additional +securities is in ASX's absolute discretion. ASX may quote the +securities on any conditions it decides.
- 2 We warrant the following to ASX.
- The issue of the +securities to be quoted complies with the law and is not for an illegal purpose.
 - There is no reason why those +securities should not be granted +quotation.
 - An offer of the +securities for sale within 12 months after their issue will not require disclosure under section 707(3) or section 1012C(6) of the Corporations Act.
Note: An entity may need to obtain appropriate warranties from subscribers for the securities in order to be able to give this warranty
 - Section 724 or section 1016E of the Corporations Act does not apply to any applications received by us in relation to any +securities to be quoted and that no-one has any right to return any +securities to be quoted under sections 737, 738 or 1016F of the Corporations Act at the time that we request that the +securities be quoted.
 - If we are a trust, we warrant that no person has the right to return the +securities to be quoted under section 1019B of the Corporations Act at the time that we request that the +securities be quoted.
- 3 We will indemnify ASX to the fullest extent permitted by law in respect of any claim, action or expense arising from or connected with any breach of the warranties in this agreement.
- 4 We give ASX the information and documents required by this form. If any information or document not available now, will give it to ASX before +quotation of the +securities begins. We acknowledge that ASX is relying on the information and documents. We warrant that they are (will be) true and complete.

Sign here:



Date: 3 August 2011

(Director/Company secretary)

Print name:

David Stokes

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