

## GINDALBIE SUCCESSFULLY COMPLETES INSTITUTIONAL COMPONENT OF ENTITLEMENT OFFER

### *SIGNIFICANT INSTITUTIONAL SUPPORT FOR KARARA IRON ORE PROJECT*

Gindalbie Metals Limited (ASX: **GBG** – “Gindalbie”) is pleased to announce that it has successfully completed the institutional component (Institutional Entitlement Offer) of its accelerated non-renounceable entitlement offer (Entitlement Offer). This represents the first stage of Gindalbie’s \$209 million equity raising, announced on 19 July 2011.

The Institutional Entitlement Offer raised gross proceeds of approximately \$35 million at \$0.67 per new share, receiving strong support from existing institutional shareholders with the take-up by eligible institutions of approximately 82%. Bidding for entitlements not taken up by institutional investors was substantially oversubscribed with more than \$150 million of demand. Those entitlements not taken up by institutional investors have been fully allocated to existing shareholders.

The equity raising comprises a 1 for 3 non-renounceable accelerated pro-rata entitlement offer to eligible shareholders (Entitlement Offer).

Retail shareholders will shortly be sent documentation regarding the approximate \$99 million retail component (Retail Offer), which is fully underwritten by UBS AG and Morgan Stanley Australia. The underwriters have received significant interest in sub-underwriting from institutional investors, including many existing shareholders, and the sub-underwriting of the Retail Offer is now fully allocated.

Gindalbie’s major shareholder, Ansteel, has indicated its commitment to support the equity raising, continuing its long-standing support of the Karara Project development. However, as previously foreshadowed, Ansteel was not able to participate in the proposed Entitlement Offer under the accelerated timetable approved by the ASX because of the time required in securing its necessary regulatory approvals.

Therefore, under the structure Gindalbie proposes seeking shareholder approval for a separate placement to Ansteel on the same terms and of the same amount as its entitlement under the Entitlement Offer. The deferred period of the placement will provide Ansteel the opportunity to meet its Chinese and other regulatory requirements.

The Karara Project’s revised construction cost estimate of \$2.57 billion requires a further \$600 million equity contribution funded via equal payments by the Karara Joint Venture partners, Gindalbie and Ansteel. Gindalbie’s share will be funded through the proceeds of the \$209 million equity raising and existing uncommitted cash reserves, which currently totals \$149.3 million.

Gindalbie’s Managing Director, Mr Tim Netscher, said he was delighted with the institutional support for Gindalbie and its Karara Project.

“We are really starting to see some strong interest from institutional investors, particularly with the first magnetite concentrate production less than 12 months away. I am also confident of a strong level of support from our retail shareholder base,” he said.

#### **Capital Raising Timetable**

The following outlines an indicative timetable for the capital raising:

Event	Date
Announcement date – Entitlement Offer	19 July 2011
Institutional Offer materials released to ASX, including offer price	19 July 2011
Institutional Offer – open date	19 July 2011

Institutional Offer – closing date	20 July 2011
Trading recommences	21 July 2011
Record date – Entitlement Offer	22 July 2011
Despatch of Retail Offer materials to eligible retail investors	29 July 2011
Lodgement of Retail Offer materials with ASX	29 July 2011
Institutional Offer settlement	2 August 2011
Institutional Offer allotment	3 August 2011
Normal trading – shares issued pursuant to Institutional Offer	3 August 2011
Retail Offer – close date	12 August 2011
Retail Offer – settlement date	19 August 2011
Retail Offer – allotment date	22 August 2011
Normal trading – shares issued pursuant to Retail Offer	23 August 2011
Indicative Date of Extraordinary General Meeting (if required)	Early September 2011

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](http://www.gindalbie.com.au)