

GINDALBIE STRENGTHENS CASH POSITION WITH RECEIPT OF \$30M KARARA LOAN REPAYMENT

Gindalbie Metals Limited (ASX: **GBG** – “Gindalbie”) advises that it has received \$30 million from Karara Mining Limited (KML) representing the repayment of its previous shareholder loan to KML under the arrangement with its joint venture partner Ansteel announced in June this year. The payment replenishes Gindalbie’s corporate cash reserves to more than \$35 million.

The repayment of the shareholder loan has been made possible by Ansteel paying \$30 million to KML in addition to its own previous \$30 million shareholder loan to KML (see ASX Announcement – 30 June 2013).

These transactions are separate to the US\$230 million funding solution announced in September for which funds were received by KML on 18 October 2013 (see ASX Announcement – 18 October 2013) to further bolster working capital following the delays in ramping up production this year.

KML’s repayment to Gindalbie puts the Company in a strong position to continue to progress its 100%-owned projects, including development of the Shine DSO hematite deposit, and to pursue other growth opportunities.

As previously advised, Ansteel has the option to convert up to the total loan amount of \$60 million into KML equity. If Ansteel chooses to convert the entire loan amount, it will result in Ansteel owning 52.16% of KML with Gindalbie owning the remaining 47.84%.

Gindalbie will advise if Ansteel exercises its option and the ownership structure of KML changes from the current 50-50 partnership.

As previously outlined, Ansteel also has the right to subscribe for new equity in KML to provide KML, if required, with sufficient funds to repay the US\$230 million funding package.

Gindalbie’s Managing Director, Mr Tim Netscher, said the Company was pleased to have replenished its corporate cash reserves by completing the previously announced financial restructure with Ansteel.

“This puts us in a sound position from a corporate perspective, ensuring that we are well placed to pursue the evaluation and development of 100%-owned projects and other corporate opportunities while the ramp-up of the Karara Project is completed,” he said.

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