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19 July 2011

Dear Shareholder

Accelerated non-renounceable entitlement offer – Notification to excluded institutional shareholders

On 19 July 2011, Gindalbie Metals Ltd (**Gindalbie**) (ASX Code: GBG) announced that it was conducting an accelerated non-renounceable entitlement offer (**Entitlement Offer**), pursuant to which certain eligible shareholders are entitled to subscribe for 1 ordinary share in Gindalbie (**New Share**) for every 3 ordinary shares in Gindalbie at an issue price of A\$0.67 each.

The Entitlement Offer will comprise:

- an entitlement offer to eligible institutional shareholders (**Institutional Entitlement Offer**), including Angang Group Hong Kong (Holdings) Limited (**Ansteel**), subject to Ansteel receiving regulatory approvals to participate in the Institutional Entitlement Offer by the Institutional Entitlement Offer closing date; and
- an entitlement offer to eligible retail shareholders (**Retail Entitlement Offer**).

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

The Institutional Entitlement Offer is expected to raise up to A\$44 million before costs if Ansteel is unable to participate in the Institutional Entitlement Offer. The Entitlement Offer is underwritten by UBS AG, Australia Branch and Morgan Stanley Australia Limited to the extent of the amount to be raised under the Entitlement Offer (other than Ansteel's entitlement under the Institutional Entitlement Offer). Further information in relation to the Entitlement Offer has been disclosed to the ASX.

This letter is to inform you that you are not an eligible institutional shareholder for the purposes of the Institutional Entitlement Offer. This letter is not an offer to issue New Shares to you, nor an invitation to apply for New Shares. You are not required to do anything in response to this letter.

Eligibility criteria

The Institutional Entitlement Offer is being made to Gindalbie shareholders who:

For personal use only

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1. have a registered addresses in Australia, New Zealand, Austria, Belgium, Germany, Luxembourg, Netherlands, France, Hong Kong, Ireland, Italy, New Zealand, Norway, Singapore, Switzerland, United Kingdom or the Peoples Republic of China (**Eligible Jurisdictions**);
 2. are a holder of ordinary shares in Gindalbie as at 5.00 pm (Perth time) on 22 July 2011;
 3. are not in the United States; and
 4. are eligible under all applicable securities laws to receive an offer under the Institutional Entitlement Offer.

In accordance with the ASX Listing Rules, Gindalbie has given regard to:

- the number of shareholders outside of the Eligible Jurisdictions;
- the number and value of the securities to be offered to shareholders outside of the Eligible Jurisdictions and
- the cost of complying with the legal requirements and requirements of regulatory authorities in the overseas jurisdictions,

and considers that it would be unreasonable to make an offer outside the Eligible Jurisdictions (**Excluded Shareholders**). Accordingly, the Entitlement Offer will not be made to Excluded Shareholders.

As your registered address is outside the Eligible Jurisdictions, you will not be eligible to participate and will be an Excluded Shareholder for the purposes of the Institutional Entitlement Offer. Further, as the Institutional Entitlement Offer is non-renounceable, you will not receive any payment or value for entitlements in respect of any New Shares that would have been offered to you if you were eligible to participate in the Institutional Entitlement Offer.

Yours faithfully



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.