



GINDALBIE
METALS LTD



Gindalbie: Equity Raising

May 2010

NOT FOR RELEASE, PUBLICATION OR DISTRIBUTION IN WHOLE OR IN PART IN THE UNITED STATES OR TO U.S. PERSONS

Disclaimer

Presentation of General Background

This document contains general background information about the activities of Gindalbie Metals Ltd ("**Gindalbie**", or the "**Company**") current as at the date of this presentation. It is information in a summary form only and does not contain all the information necessary to fully evaluate any transaction or investment. It should be read in conjunction with Gindalbie's other periodic and continuous disclosure announcements to the ASX available at www.asx.com.au.

Competent Person Compliance Statement

The information in this presentation that relates to Exploration Results, Mineral Resources or Ore Reserves is based on information compiled by Mr David Mason who is a Member of the Australasian Institute of Mining and Metallurgy. Mr Mason is a full-time employee of Gindalbie and has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which he is undertaking to qualify as a Competent Person as defined in the 2004 Edition of the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves. Mr Mason consents to the inclusion in the presentation of the matters based on his information in the form and context in which it appears.

Ore Reserves and Mineral Resources Reporting Requirements

As a company with securities listed on the ASX, Gindalbie is required to report its ore reserves and mineral resources in compliance with the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves (the "**JORC Code**"). While Gindalbie's reserve and resource estimates comply with the JORC Code, they may not comply with the relevant guidelines in other countries, and do not comply with the U.S. SEC's Industry Guide 7, which, among other things, may require the use of different assumptions for the estimation of reserves, and does not recognise mineral resources. Accordingly, Gindalbie would not be permitted to report mineral resources in an SEC filing. Investors should note that Gindalbie's ore reserves may be lower if they were calculated under Industry Guide 7 and that its mineral resources are not proved or probable reserves, for the purposes of Industry Guide 7 and there can be no assurance that such mineral resources will ultimately be converted into such reserves or that Gindalbie will be able to legally and economically extract them.

Future Performance

This announcement contains certain "forward looking" statements. The words "believe", "anticipate", "expect", "project", "forecast", "estimate", "potential", "could", "may", "target", "consider" and "will" and other similar expressions are intended to identify forward looking statements. Forward looking statements, opinions and estimates provided in this announcement are based on assumptions and contingencies which are subject to change without notice, as are statements about market and industry trends, which are based on interpretations of current market conditions. Forward-looking statements including projections, indications or guidance on future earnings or financial position and estimates are provided as a general guide only and should not be relied upon as an indication or guarantee of future performance. There can be no assurance that actual outcomes will not differ materially from these statements. To the full extent permitted by law, Gindalbie and its directors, officers, employees, advisers, agents and intermediaries disclaim any obligation or undertaking to release any updates or revisions to the information to reflect any change in expectations or assumptions.

There are a number of risks, both specific to Gindalbie and of a general nature which may affect the future operating and financial performance of Gindalbie and the value of an investment in Gindalbie including and not limited to economic conditions, stock market fluctuations, iron ore demand and price movements, timing of access to infrastructure, timing of environmental approvals, regulatory risks, operational risks, reliance on key personnel, reserve and resource estimations, native title and title risks, foreign currency fluctuations, and mining development, construction and commissioning risk.

Not a Prospectus

This document is not a prospectus or a product disclosure statement under the Australian Corporations Act 2001 (Cth) ("**Australian Corporations Act**") and has not been lodged with the Australian Securities and Investment Commission. The offer of Gindalbie ordinary shares to which this presentation relates will (in respect of the placement) only be made to persons to whom offers can be made without a prospectus in accordance with Chapter 6D.2 of the Australian Corporations Act.

Not Investment Advice

The information provided in this presentation is not intended to be relied upon as advice to investors or potential investors and has been prepared without taking into account the recipient's investment objectives, financial circumstances or particular needs. Any investment decision should be made based solely upon appropriate due diligence and, if applicable, upon receipt and careful review of relevant offering documents. Recipients of this presentation are advised to consult their own professional advisers. An investment in any listed company, including Gindalbie, is subject to significant risks of loss of income and capital. Cooling-off rights do not apply to an investment in any Gindalbie ordinary shares. The recipient cannot, in most circumstances, withdraw an application once it has been accepted.

Disclaimer

Not an Offer

This presentation does not constitute an offer, invitation, solicitation or recommendation in relation to the subscription, purchase or sale of securities in any jurisdiction and neither this presentation nor anything in it shall form the basis of any contract or commitment. In particular, this presentation does not constitute an offer to sell, or a solicitation of an offer to buy, securities in the United States or to any person that is, or is acting for the account or benefit of, a U.S. person (as defined in Regulation S under the U.S. Securities Act) ("**U.S. Person**"). The securities to be offered and sold in the offer have not been, and will not be, registered under the U.S. Securities Act or the securities laws of any state or other jurisdiction of the United States. Accordingly, the securities to be offered and sold in the offer may not be offered or sold, directly or indirectly, in the United States or to, or for the account or benefit of, any U.S. Person, except in a transaction exempt from, or not subject to, the registration requirements of the U.S. Securities Act and the applicable securities laws of any state or other jurisdiction of the United States. By accepting this document you agree to be bound by the foregoing limitations. All dollar amounts shown in this presentation are in Australian dollars unless otherwise stated.

France

This document is not being distributed in the context of a public offering of financial securities (offre au public de titres financiers) in France within the meaning of Article L.411-1 of the French Monetary and Financial Code (Code monétaire et financier) and Articles 211-1 *et seq.* of the General Regulation of the French Autorité des marchés financiers ("AMF"). The Gindalbie ordinary shares to be issued ("**New Shares**") have not been offered or sold and will not be offered or sold, directly or indirectly, to the public in France. This document and any other offering material relating to the New Shares have not been, and will not be, submitted to the AMF for approval in France and, accordingly, may not be distributed or caused to be distributed, directly or indirectly, to the public in France. Such offers, sales and distributions have been and shall only be made in France to (i) qualified investors (investisseurs qualifiés) acting for their own account, as defined in and in accordance with Articles L.411-2-II-2° and D.411-1 to D.411-3, D.734-1, D.744-1, D.754-1 and D.764-1 of the French Monetary and Financial Code and any implementing regulation and/or (ii) a restricted number of non-qualified investors (cercle restreint d'investisseurs) acting for their own account, as defined in and in accordance with Articles L.411-2-II-2° and D.411-4, D.734-1, D.744-1, D.754-1 and D.764-1 of the French Monetary and Financial Code and any implementing regulation.

Pursuant to Article 211-3 of the General Regulation of the AMF, investors in France are informed that the New Shares cannot be distributed (directly or indirectly) to the public by the investors otherwise than in accordance with Articles L.411-1, L.411-2, L.412-1 and L.621-8 to L.621-8-3 of the French Monetary and Financial Code.

United Kingdom

Neither the information in this document nor any other document relating to the offer has been delivered for approval to the Financial Services Authority in the United Kingdom and no prospectus (within the meaning of section 85 of the Financial Services and Markets Act 2000, as amended ("FSMA")) has been published or is intended to be published in respect of the New Shares. This document is issued on a confidential basis to "qualified investors" (within the meaning of section 86(7) of FSMA). This document should not be distributed, published or reproduced, in whole or in part, nor may its contents be disclosed by recipients to any other person in the United Kingdom. Any invitation or inducement to engage in investment activity (within the meaning of s.21 FSMA) received in connection with the issue or sale of the New Shares has only been communicated, and will only be communicated, in the United Kingdom in circumstances in which s.21(1) FSMA does not apply to the Company. In the United Kingdom, this document is being distributed only to, and is directed at, persons (i) who have professional experience in matters relating to investments falling within Article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotions) Order 2005 ("FPO"); (ii) who fall within the categories of persons referred to in Article 49(2)(a) to (d) (high net worth companies, unincorporated associations, etc.) of the FPO; or (iii) to whom it may otherwise be lawfully communicated (together "relevant persons"). The investments to which this document relates are available only to, and any invitation, offer or agreement to purchase will be engaged in only with, relevant persons. Any person who is not a relevant person should not act or rely on this document or any of its contents.

United Arab Emirates

Neither this document nor the New Shares have been approved, disapproved or passed on in any way by the Central Bank of the United Arab Emirates or any other governmental authority in the United Arab Emirates. The Company has not received authorization or licensing from the Central Bank of the United Arab Emirates or any other governmental authority in the United Arab Emirates to market or sell the New Shares within the United Arab Emirates. This document does not constitute, and may not be used for the purpose of, an offer of securities within the United Arab Emirates (excluding the Dubai International Financial Centre). No services relating to the New Shares, including the receipt of applications and/or the allotment or redemption of such shares, may be rendered within the United Arab Emirates (excluding the Dubai International Financial Centre).

In the Dubai International Financial Centre, the New Shares may be offered, and this document may be distributed, only to "professional investors" who are existing shareholders of the Company in a Personal Exempt Offer, as defined and in compliance with the Offered Securities Rules issued by the Dubai Financial Services Authority (the "DFSA"). This document may not be distributed to any other persons in the Dubai International Financial Centre. The DFSA has no responsibility for reviewing or verifying any documents in connection with exempt offers.

Disclaimer

Hong Kong

WARNING: This document has not been, and will not be, registered as a prospectus under the Companies Ordinance (Cap. 32) of Hong Kong (the "Companies Ordinance"), nor has it been authorised by the Securities and Futures Commission in Hong Kong pursuant to the Securities and Futures Ordinance (Cap. 571) of the Laws of Hong Kong (the "SFO"). No action has been taken in Hong Kong to authorise or register this document or to permit the distribution of this document or any documents issued in connection with it. Accordingly, the New Shares have not been and will not be offered or sold in Hong Kong by means of any document, other than:

to "professional investors" (as defined in the SFO); or in other circumstances that do not result in this document being a "prospectus" (as defined in the Companies Ordinance) or that do not constitute an offer to the public within the meaning of that ordinance.

No advertisement, invitation or document relating to the New Shares has been or will be issued, or has been or will be in the possession of any person for the purpose of issue, in Hong Kong or elsewhere that is directed at, or the contents of which are likely to be accessed or read by, the public of Hong Kong (except if permitted to do so under the securities laws of Hong Kong) other than with respect to New Shares that are or are intended to be disposed of only to persons outside Hong Kong or only to professional investors (as defined in the SFO and any rules made under that ordinance). No person allotted New Shares may sell, or offer to sell, such shares in circumstances that amount to an offer to the public in Hong Kong within six months following the date of issue of such shares.

The contents of this document have not been reviewed by any Hong Kong regulatory authority. You are advised to exercise caution in relation to the offer. If you are in doubt about any contents of this document, you should obtain independent professional advice.

Singapore

This document and any other materials relating to the New Shares have not been, and will not be, lodged or registered as a prospectus in Singapore with the Monetary Authority of Singapore. Accordingly, this document and any other document or materials in connection with the offer or sale, or invitation for subscription or purchase, of New Shares, may not be issued, circulated or distributed, nor may the New Shares be offered or sold, or be made the subject of an invitation for subscription or purchase, whether directly or indirectly, to persons in Singapore except pursuant to and in accordance with exemptions in Subdivision (4) Division 1, Part XIII of the Securities and Futures Act, Chapter 289 of Singapore (the "SFA"), or as otherwise pursuant to, and in accordance with the conditions of any other applicable provisions of the SFA.

This document has been given to you on the basis that you are (i) an existing holder of the Company's shares, (ii) an "institutional investor" (as defined under the SFA) or (iii) a "relevant person" (as defined under section 275(2) of the SFA). In the event that you are not an investor falling within any of the categories set out above, please return this document immediately. You may not forward or circulate this document to any other person in Singapore.

Any offer is not made to you with a view to the New Shares being subsequently offered for sale to any other party. There are on-sale restrictions in Singapore that may be applicable to investors who acquire New Shares. As such, investors are advised to acquaint themselves with the SFA provisions relating to on-sale restrictions in Singapore and comply accordingly.

New Zealand

This document has not been registered, filed with or approved by any New Zealand regulatory authority under or in accordance with the Securities Act 1978 (New Zealand). The securities are not being offered or sold within New Zealand, or allotted with a view to being offered for sale in New Zealand, and no person in New Zealand may accept the placement other than to:

persons whose principal business is the investment of money or who, in the course of and for the purposes of their business, habitually invest money; or

persons who are each required to (i) pay a minimum subscription price of at least NZ\$500,000 for the securities before allotment or (ii) have previously paid a minimum subscription price of at least NZ\$500,000 for securities of the Company ("initial securities") in a single transaction before the allotment of such initial securities and such allotment was not more than 18 months prior to the date of this document.

Canada

This document constitutes an offering of New Shares only in the Provinces of British Columbia, Ontario and Quebec (the "Provinces") and to those persons to whom they may be lawfully distributed in the Provinces, and only by persons permitted to sell such New Shares. This document is not, and under no circumstances is to be construed as, an advertisement or a public offering of securities in the Provinces. This document may only be distributed in the Provinces to persons that are "accredited investors" within the meaning of NI 45-106 – *Prospectus and Registration Exemptions*, of the Canadian Securities Administrators.

Disclaimer

No securities commission or similar authority in the Provinces has reviewed or in any way passed upon this document, the merits of the New Shares or the offering of New Shares and any representation to the contrary is an offence.

No prospectus has been, or will be, filed in the Provinces with respect to the offering of New Shares or the resale of such securities. Any person in the Provinces lawfully participating in the offer will not receive the information, legal rights or protections that would be afforded had a prospectus been filed and receipted by the securities regulator in the applicable Province. Furthermore, any resale of the New Shares in the Provinces must be made in accordance with applicable Canadian securities laws which may require resales to be made in accordance with exemptions from dealer registration and prospectus requirements.

The Company, and the directors and officers of the Company, may be located outside Canada, and as a result, it may not be possible for Canadian purchasers to effect service of process within Canada upon the Company or its directors or officers. All or a substantial portion of the assets of the Company and such persons may be located outside Canada, and as a result, it may not be possible to satisfy a judgment against the Company or such persons in Canada or to enforce a judgment obtained in Canadian courts against the Company or such persons outside Canada.

Any financial information contained in this document has been prepared in accordance with Australian Accounting Standards and also comply with International Financial Reporting Standards and interpretations issued by the International Accounting Standards Board.

Unless stated otherwise, all dollar amounts contained in this document are in Australian dollars.

Statutory Rights of Action for Damages or Rescission

Securities legislation in certain of the Provinces may provide purchasers with, in addition to any other rights they may have at law, rights of rescission or to damages, or both, when an offering memorandum that is delivered to purchasers contains a misrepresentation. These rights and remedies must be exercised within prescribed time limits and are subject to the defenses contained in applicable securities legislation. Prospective purchasers should refer to the applicable provisions of the securities legislation of their respective Province for the particulars of these rights or consult with a legal adviser.

The following is a summary of the statutory rights of rescission or to damages, or both, available to purchasers in Ontario.

In Ontario, every purchaser of the New Shares purchased pursuant to this document (other than (a) a "Canadian financial institution" or a "Schedule III bank" (each as defined in NI 45-106), (b) the Business Development Bank of Canada or (c) a subsidiary of any person referred to in (a) or (b) above, if the person owns all the voting securities of the subsidiary, except the voting securities required by law to be owned by the directors of that subsidiary) shall have a statutory right of action for damages and/or rescission against the Company if this document or any amendment thereto contains a misrepresentation. If a purchaser elects to exercise the right of action for rescission, the purchaser will have no right of action for damages against the Company. This right of action for rescission or damages is in addition to and without derogation from any other right the purchaser may have at law. In particular, Section 130.1 of the *Securities Act* (Ontario) provides that, if this document contains a misrepresentation, a purchaser who purchases the New Shares during the period of distribution shall be deemed to have relied on the misrepresentation if it was a misrepresentation at the time of purchase and has a right of action for damages or, alternatively, may elect to exercise a right of rescission against the Company, provided that:

- (a) the Company will not be liable if it proves that the purchaser purchased the New Shares with knowledge of the misrepresentation;
- (b) in an action for damages, the Company is not liable for all or any portion of the damages that the Company proves does not represent the depreciation in value of the New Shares as a result of the misrepresentation relied upon; and
- (c) in no case shall the amount recoverable exceed the price at which the New Shares were offered.

Section 138 of the *Securities Act* (Ontario) provides that no action shall be commenced to enforce these rights more than:

- (a) in the case of any action for rescission, 180 days after the date of the transaction that gave rise to the cause of action; or
- (b) in the case of any action, other than an action for rescission, the earlier of (i) 180 days after the purchaser first had knowledge of the fact giving rise to the cause of action or (ii) three years after the date of the transaction that gave rise to the cause of action.

These rights are in addition to and not in derogation from any other right the purchaser may have.

Certain Canadian Income Tax Considerations

Prospective purchasers of the New Shares should consult their own tax adviser with respect to any taxes payable in connection with the acquisition, holding, or disposition of the New Shares as any discussion of taxation related matters in this document is not a comprehensive description and there are a number of substantive Canadian tax compliance requirements for investors in the Provinces.

Language Of Documents In Canada

Upon receipt of this document, each investor in Canada hereby confirms that it has expressly requested that all documents evidencing or relating in any way to the sale of the New Shares (including for greater certainty any purchase confirmation or any notice) be drawn up in the English language only. *Par la réception de ce document, chaque investisseur canadien confirme par les présentes qu'il a expressément exigé que tous les documents faisant foi ou se rapportant de quelque manière que ce soit à la vente des valeurs mobilières décrites aux présentes (incluant, pour plus de certitude, toute confirmation d'achat ou tout avis) soient rédigés en anglais seulement.*

Risk Summary

Uncertainty of development of projects and exploration

Development activities and exploration are highly speculative, involve many risks and may be unsuccessful. Gindalbie's ability to achieve its proposed forecast levels of production is dependent on the success of development of projects. As a result of the uncertainties involved in these activities, the development of projects may not occur on time, on budget or at all, which would adversely affect Gindalbie's results of operation and its financial condition.

Metal prices and Exchange Rates

Iron ore prices may impact the long term contract price achievable by Gindalbie and therefore the cash flows and profitability of Gindalbie. Continued low iron ore prices may have a materially adverse affect on Gindalbie's share price.

Once in operation a significant portion of Gindalbie's revenue will be denominated in US currency and movements in currency exchange rates may affect cash flows, profitability, costs and revenue.

It is not possible to accurately predict future movements in the iron ore prices and/or exchange rates.

Reliance on key customers

Once in operation Gindalbie's businesses may rely on a number of off-take and business relationships, particularly in relation to AnSteel. If AnSteel reduces [production] or terminates the relationship, this may have an adverse effect on the financial performance and or financial position of Gindalbie.

In addition, Gindalbie may generate its revenue from the sale of iron ore to customers under other agreements. There is potential that Gindalbie will not receive payments for the sale of its iron ore if a customer becomes insolvent or fails to provide payment in accordance with its agreement with Gindalbie.

Resource and reserve estimates

Gindalbie has made estimates of its resources and reserves based on relevant reporting codes, where required, and judgments based on knowledge, skills and industry experience. However, there is no guarantee that estimates will prove to be accurate. Actual mining results may materially differ from forecasts and estimates due to further findings and results not previously known or fluctuations in operating costs, exchange rates and iron ore prices.

Production estimates

Gindalbie is currently not in production. Actual future production may vary materially from targets and projections of future production for a variety of reasons. There is greater risk that actual production will vary from estimates of production made for properties under exploration or not yet in production or from operations that are to be expanded.

Operating risks

In common with other enterprises in the minerals and mining industry, Gindalbie's mineral exploration and development and ultimately mining activities, including the delivery of supplies and consumables and the transportation of products are subject to conditions beyond Gindalbie's control that can reduce production and sales and/or increase costs. These conditions include, but are not limited to: changes in legislative requirements; market conditions; government policies; exchange rates; abnormal or severe weather or climatic conditions; natural disasters; unexpected maintenance or technical problems; key equipment failures; industrial disruption; and variations in geological conditions. An inability to secure ongoing supply of such goods and services at prices assumed within production targets could potentially impact the results of Gindalbie's operations, and in a worst case scenario, result in the shutdown of an operation.

Economic conditions

Adverse changes in economic conditions such as interest rates, exchange rates, inflation, government policy, international economic conditions and employment rates amongst others are outside Gindalbie's control and have the potential to have an adverse impact on Gindalbie and its operations.

Building an Australian Mining House

- Karara Iron Ore Project construction underway
- Hematite production expected mid 2011,
Magnetite production expected 2H2011
- World-class resource underpins substantial
production growth potential
- Funding, infrastructure and offtake solutions in
place for start up production of 8Mtpa of
concentrate and up to 3Mtpa of DSO
- Strong partnership with AnSteel
- Significant Mid West tenement position

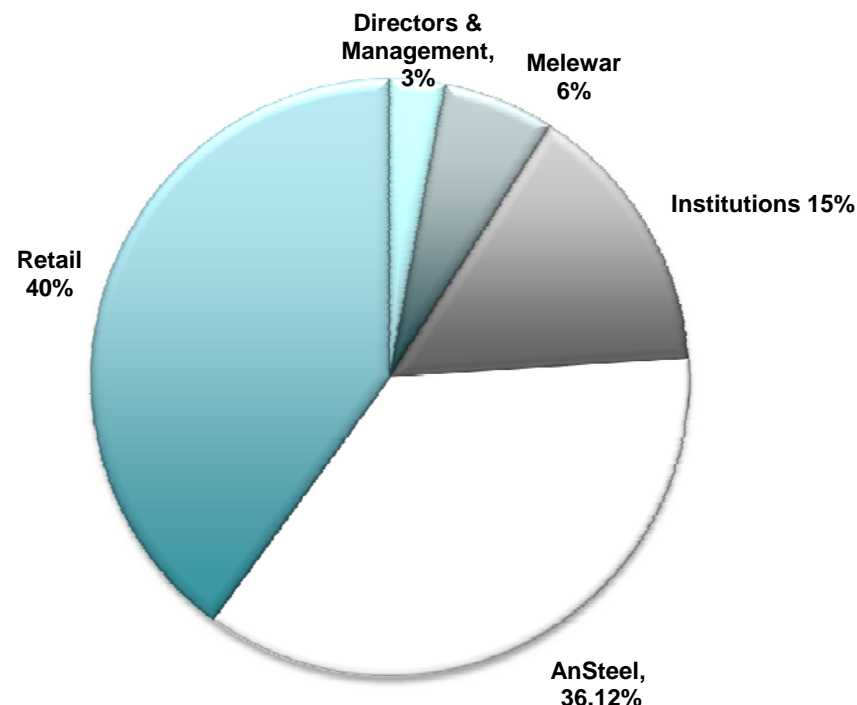


Capital Raising Summary

- Gindalbie has announced an equity capital raising to raise a minimum of A\$175 million.
- The offer has been structured as a
 - A\$111.8 million conditional placement to eligible institutional investors
 - A\$63.2 – A\$74.6 million AnSteel placement
 - Depending on the amount raised in the SPP, the AnSteel placement will be adjusted to allow AnSteel to remain a 36.12% shareholder in Gindalbie
 - A\$20 million share purchase plan (SPP) for up to \$10,000 per shareholder
 - The SPP has been capped to raise a maximum of A\$20 million and is subject to shareholders approving all resolutions at the EGM to be held in mid-June
 - The SPP is conditional upon an ASX waiver and the placements being successful
- The institutional placement and the AnSteel placement are both subject to shareholder approval
- Bookbuild floor price of \$0.93 per share represents a:
 - Approximate 20% discount to the closing price on 12 May 2010
 - Offer price to be determined by way of bookbuild

Gindalbie – Corporate Snap Shot (Pre Capital Raising)

- Shares on issue 707.8m
- Market Capitalisation: ~A\$900m
- Cash Reserves (at 31 March 2010):
Consolidated Cash – A\$145m
Independent Cash – A\$43m
- No Corporate Debt



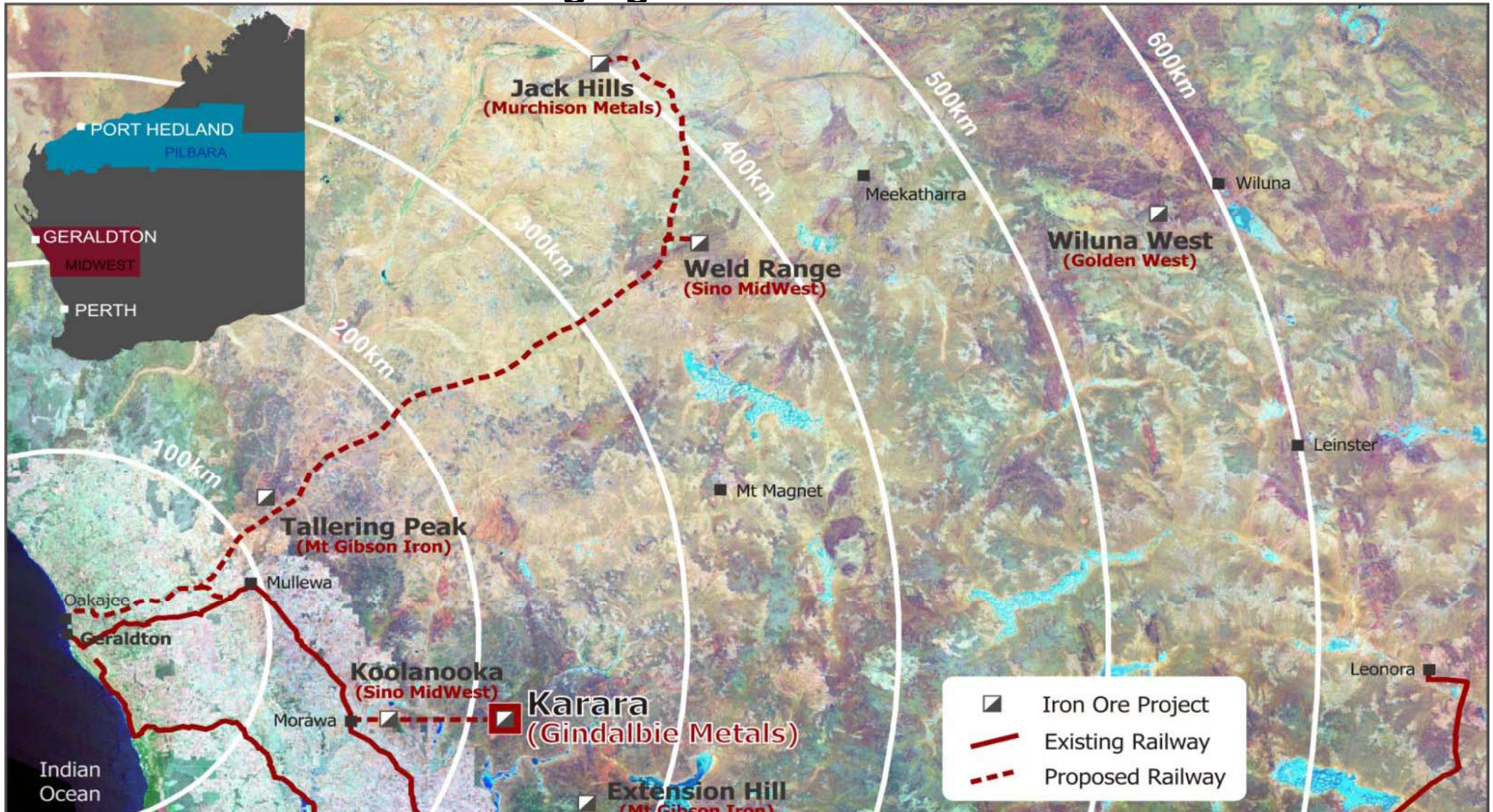
Key Contacts

Garret Dixon, Managing Director & CEO – garret.dixon@gindalbie.com.au

David Southam, Chief Financial Officer – david.southam@gindalbie.com.au

Michael Weir, Investor Relations Manager – michael.weir@gindalbie.com.au

Western Australia's Emerging Mid West



Experienced Team – Proven Track Record

Gindalbie Metals Limited Board



Geoff Wedlock
Chairman

Garret Dixon
Managing Director &
CEO

George Jones
Non-Executive
Director

Yu Wanyuan
Non-Executive
Director

Chen Ping
Non-Executive
Director

Non- Executive Directors

- Tunku Ya'acob
- Michael O'Neill
- Wang Heng

Gindalbie Metals and Karara Senior Management



David Southam
Chief Financial Officer

David Stokes
General Counsel
& Co Secretary

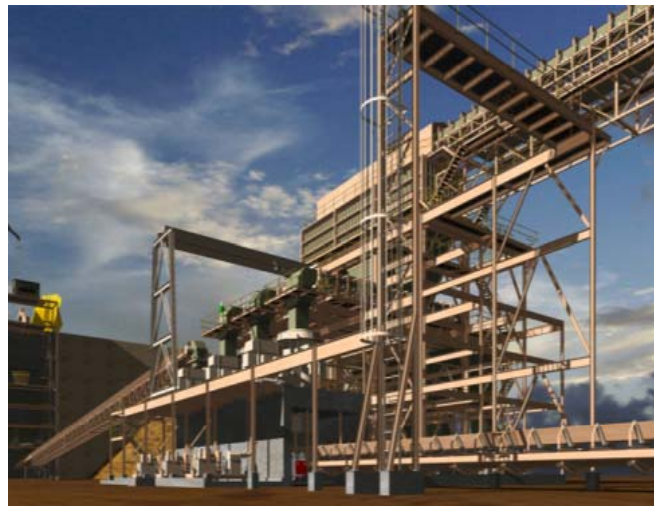
Michael Weir
Corp Affairs &
Investor Relations
Manager

Steve Murdoch
Chief Operating Officer
Karara Mining Ltd

Peter McBain
GM - Project
Development

Breaking New Ground in the Mid West

- Construction commenced November 2009, Lochada village completed, Karara concentrator site cleared and earthworks underway, Karara village construction started, offtake contracts signed, project debt facility term sheet and mandate letter signed
- +A\$600 million committed to contracts and long-lead items
- Current workforce ~200, total construction workforce +1500
- 8Mtpa Stage One magnetite production, potential for +30Mtpa for 30 years



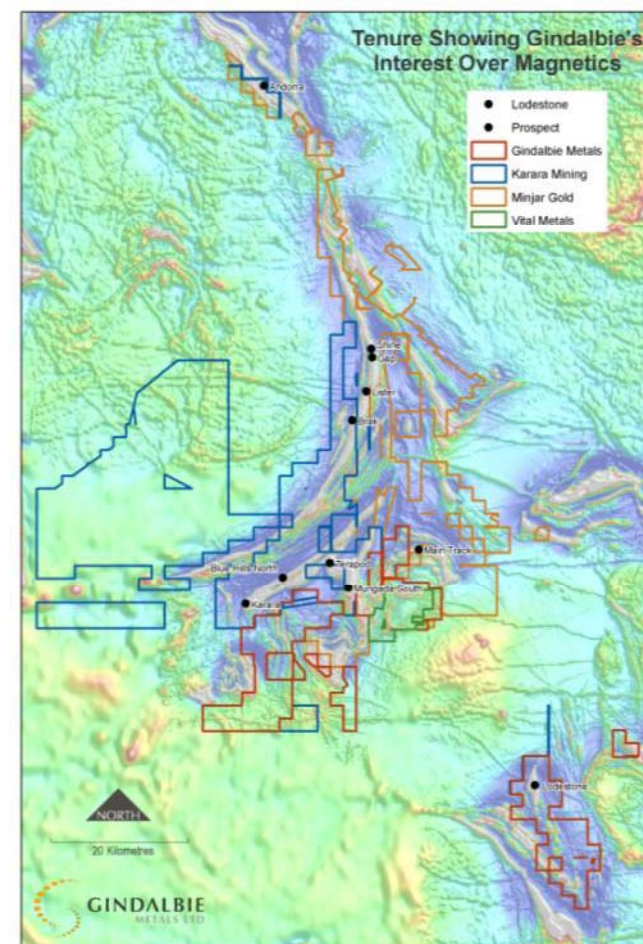
Gindalbie – Strong Growth Potential

Gindalbie's own Projects

- Karara brings rail, power and water infrastructure, enhancing opportunity to develop other projects
- 1,900sq km Mid West tenement holding
- First mover advantage for Gindalbie, future consolidation opportunities
- Value-add opportunities at Oakajee – Pellet/Steel Plant

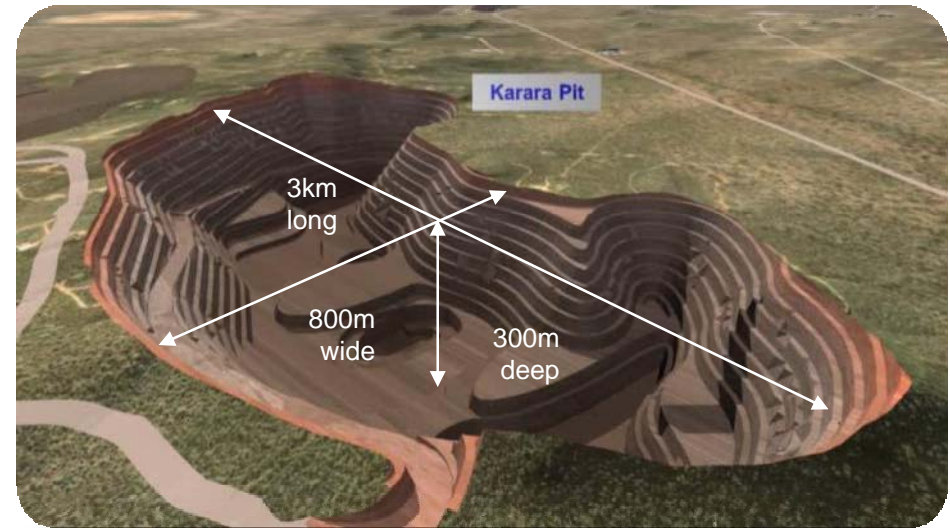
Capitalising on the AnSteel Partnership

- MOU to jointly target new resource development opportunities
- Focus includes iron ore, coal, manganese, chromite, nickel
- Gindalbie contributes local knowledge, contacts, development expertise
- AnSteel contributes access to capital, offtake requirement, global network



Building an Australian Mining House

Resource – The Foundation of the Project



- **World-class Magnetite Orebody:** JORC resource – 2,518Mt @ 35.9%Fe
Inclusive of 522Mt @ 36.3%Fe JORC Reserve
Equivalent to 1,000Mt @ 68%Fe concentrate
- **Future Growth Potential:** Start up production of 8Mtpa planned. Orebody size can support production of +30Mtpa for 30 years
- **Low Operating Costs:** Low mining strip ratio anticipated (waste:ore, 0.34:1), close to existing infrastructure

AnSteel – A Partnership Built on Strength

- China’s second biggest steel maker, located Liaoning province, Northern China
- 40Mtpa production, targeted to increase to 50Mtpa
- AnSteel Group companies (after completion of consolidation)
 - AnSteel 16Mtpa
 - Benxi Steel 8Mtpa
 - Panging Steel 8Mtpa
 - DongBei Special Steel 5Mtpa
 - Sanming Steel 3Mtpa
- China’s biggest iron ore miner



The AnSteel Difference

Benefits of having AnSteel as Karara's strategic partner include:

- AnSteel's requirement for a long-term, strategic supply of high quality iron ore ~ includes offtake agreement
- Project funding support ~ includes both debt and equity
- 90+ years magnetite mining expertise
- Seamless vertical integration in steelmaking process ~ 4Mtpa pellet plant, integrated with Bayuquan steel mill



Bayuquan Steel Mill, Yingkou Port

AnSteel Fully Committed to Karara - \$573m Invested*

** Direct equity into Karara Project and Gindalbie Metals*

Offtake Arrangements

Magnetite Contract – Signed March 2010

- Life of mine contract for all Karara concentrate
- Hamersley iron fines price, plus quality price adjustment for Karara’s high iron low impurity product

Hematite Contract – Signed April 2010

- Life of mine contract for all Hematite, up to 3Mtpa
- Hamersley iron ore fines and lump prices

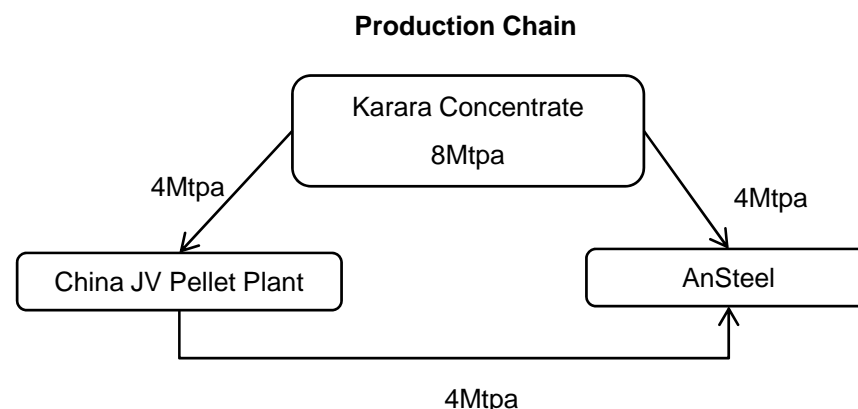
Pellet Offtake

- Referenced to CVRD pellet price, plus shipping price based on Baltic Shipping Index Brazil to China

Karara – A Premium Product

	Karara Concentrate	Hamersley Pilbara Blend
Fe % (Iron)	68.2%	62.2%
SiO2 % (Silica)	4.75%	3.6%
Al2O3 % (Alumina)	0.10%	2.1%
P % (Phosphorus)	0.01%	0.1%

High iron content, super low impurities



Project Cost

Stage One cost estimate May 2010: \$1,975m – 8Mtpa production, infrastructure built to support 14-36Mtpa[#]

Construction Cost Estimate

	A\$ Million
Mine development and magnetite concentrator	905
Infrastructure	
Rail & Port	275
Power transmission	242
Management & Design	290
Other (Incl. water, camp, airstrip, roads, etc)	263
Total construction cost	1,975
Working capital requirement	
Pre-Commissioning (insurance, inventory, spares, mining pre-strip)	184
Finance Facilities (bonds, interest, working capital)	246
	430

Operating Cash Cost Estimate

	A\$/Tonne
Mining	11
Crushing	1
Concentrating	13
Other	5
Transport (Rail/Port)	12
Royalties	4
Concentrate FOB Geraldton	46*

* Operating cost in line with BFS

Infrastructure Capacity of Stage One Construction

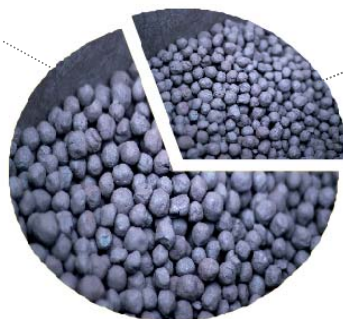
- Power Transmission – 36Mtpa
- Rail Spur - +36Mtpa
- Water Pipeline – 16Mtpa
- Geraldton Port – 14Mtpa

Project Funding – Debt and Equity

Stage One Construction Cost Estimate, May 2010 – A\$1,975m

A\$1.319 billion Project Debt

- Provider: China Development Bank and Bank of China
- Mandate letter and Term Sheet signed April 2010
- Expected to be finalised by 30 June, 2010



A\$656m Equity

- AnSteel A\$372m – paid
A\$61m – to be contributed
- Gindalbie A\$162m – Paid
A\$61m – to be contributed

- **Loan Amount:** US\$1.2 billion
- **Loan Term:** 12 years
- **Interest Rate:** US 6 month LIBOR plus competitive margin for Karara
- **Repayments:** Half yearly principal and interest payments. Interest capitalised during construction and commissioning

Gindalbie Equity Raising – Rationale for the Equity Raising

Funding for the Karara Iron Ore Project	<ul style="list-style-type: none"> • In conjunction with project debt facility, the equity raising aims to ensure the anticipated cost of development and construction of the Karara Iron Ore Project is fully funded • Equity raising also aims to provide for adequate working capital requirements over the development and construction phase
AnSteel Participation	<ul style="list-style-type: none"> • Strategic investor AnSteel has agreed to subscribe for a minimum of A\$63.2 million to maintain their pro-rata shareholding of 36.12% • Final size of the AnSteel placement will be determined following completion of the SPP and is conditional on securing FIRB, Chinese regulatory approval, shareholder approval for the equity raising and security documents and ASX waivers • Confirms commitment of AnSteel as long term partner and shareholder
Appropriate capital and ownership structure going forward	<ul style="list-style-type: none"> • Following the completion of the equity raising, Gindalbie’s balance sheet will be appropriately capitalised for the requirements of the Company’s development and construction phase • The offer structure provides new investors the opportunity to invest in Gindalbie whilst providing the Company with a more appropriate ownership structure

Gindalbie Equity Raising – Offer Details

Offer size and structure	<ul style="list-style-type: none"> • Gindalbie to raise a minimum of A\$175 million and up to A\$206.4 million • Maximum 222m new Gindalbie ordinary shares to be issued
Offer Price	<ul style="list-style-type: none"> • Floor price of \$0.93 per-share • Approximate 20% discount to the Gindalbie closing price on 12 May 2010 • Offer price to be determined by bookbuild
Share Purchase Plan	<ul style="list-style-type: none"> • Up to \$10,000 per shareholder at the same price as the conditional placement and AnSteel placement • Conditional on shareholder approval of the AnSteel placement, institutional placement and security arrangements
Shareholder Vote	<ul style="list-style-type: none"> • The institutional placement and AnSteel placement are subject to shareholder approval at an EGM planned for late-June 2010 • The placement and SPP are conditional upon shareholder approval for the security arrangements at a separate EGM scheduled for 16 June 2010

Gindalbie Equity Raising – Offer Timetable

Event	Date
1. Announcement	13 May, 2010
2. Completion of Conditional Placement and AnSteel Placement	13 May, 2010
3. Gindalbie recommences trading	14 May, 2010
4. SPP Offer opens	26 May, 2010
5. SPP Offer closes	16 June, 2010
6. Date of EGM for security arrangements	16 June, 2010
7. Expected date of EGM for placements no later than	30 June, 2010
8. Settlement	2 July, 2010

Gindalbie Equity Raising – Sources and Uses of Funds

Uses of Funds (A\$)

Project debt facility (US\$1,200m) \$1,319m

Partner equity contributions (Paid) \$534m

Partner equity contributions required \$122m

GBG share (\$61m)

Partner share (\$61m)

Total \$1,975

Working Capital Requirement \$430m

Partner equity contributions required \$215m

GBG share (\$107.5m)

Partner share (\$107.5m)

Sources of Funds (A\$)

Conditional placement \$111.8m

AnSteel placement \$63.2 - \$74.6m

SPP \$20m

Total \$175-\$206.4m

Construction cost \$1,975m

Working capital \$430m

Gindalbie funding requirement: \$61 + \$107.5m = \$168.5m

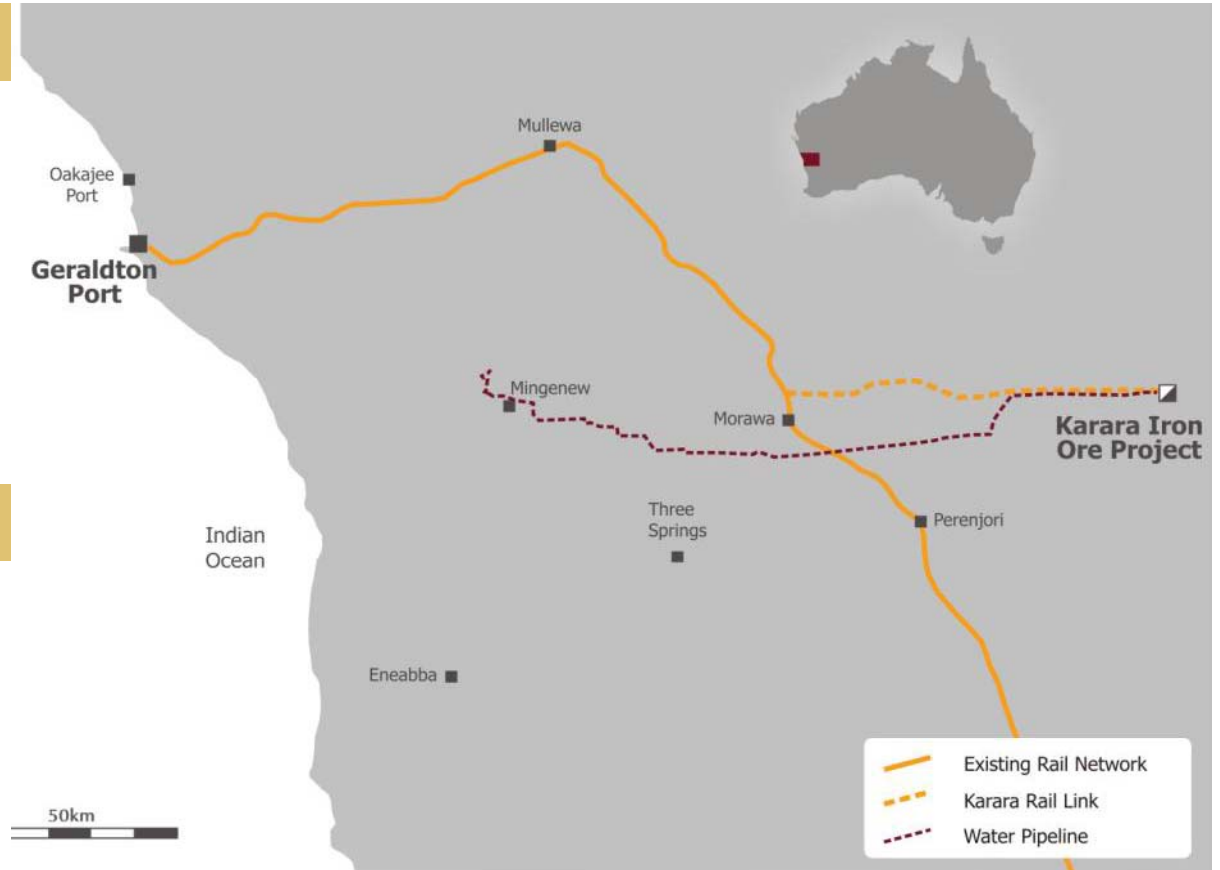
Infrastructure – Rail & Water

Rail

- Requirements**
 - 85km dual-gauge spur line: Karara to Morawa
 - Rail upgrades: Morawa to Geraldton (Westnet)
- Capacity**
 - Spur line 36Mtpa
 - Morawa to Geraldton 14Mtpa
- Status**
 - Construction June Qtr 2010,
 - Commissioning June Qtr 2011

Water

- Requirements**
 - 140km pipeline, Mingenew - Karara
- Capacity**
 - 16Mtpa concentrate production
- Status**
 - Construction March Qtr 2010
 - Commissioning March Qtr 2011



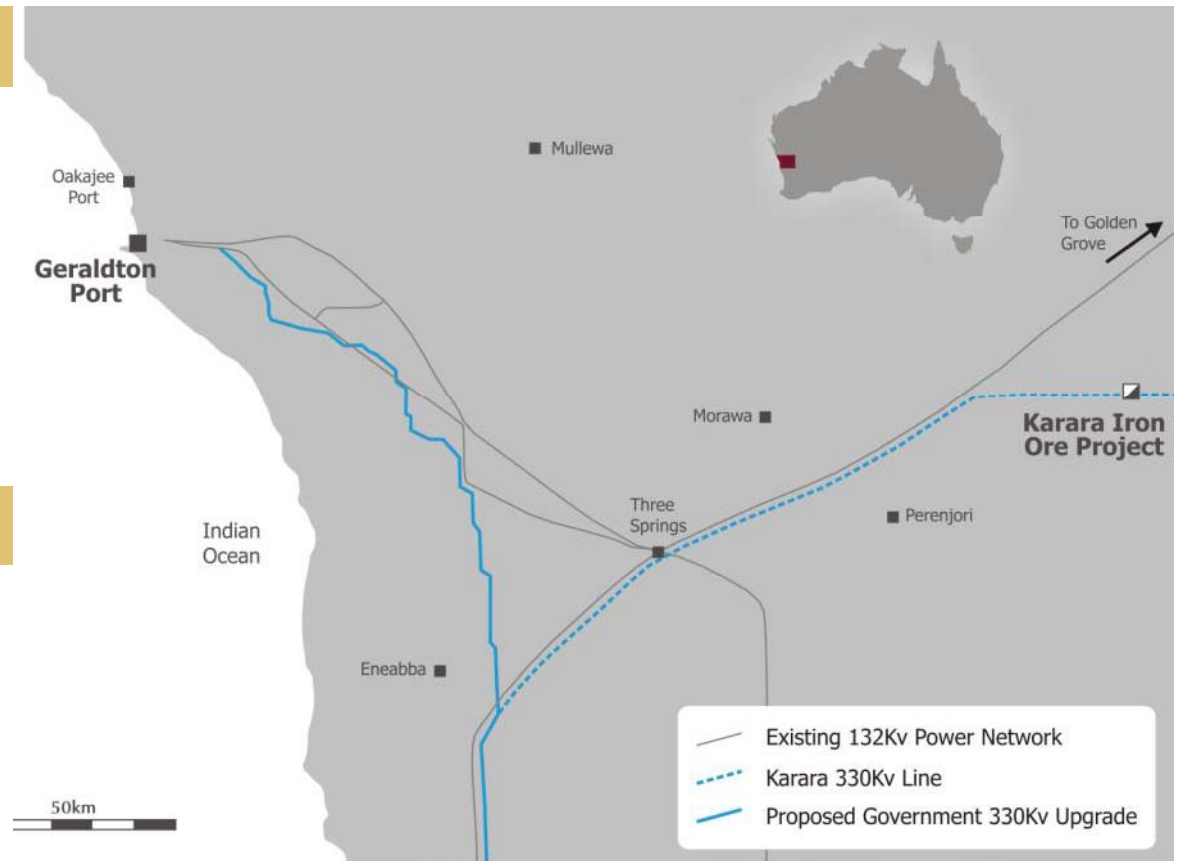
Infrastructure – Power

Transmission

- Requirements**
 - 180km 330Kv High voltage transmission line Eneabba to Karara
- Capacity**
 - Supports 36Mtpa concentrate production
- Status**
 - Construction Sept Qtr 2010
 - Commissioning March Qtr 2011

Power Supply

- Karara connected to existing state grid
- 15 year State Government supply contract
- Price fixed, 2007 plus CPI
- 120Mw/year to support 12Mtpa concentrate production



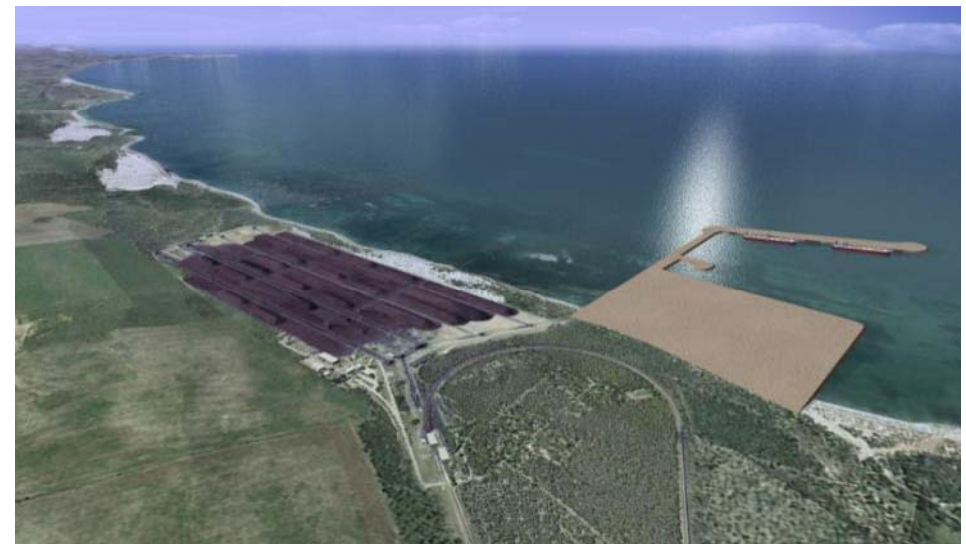
Infrastructure – Geraldton Port



Oakajee Port – Infrastructure for the Future

- Cape size port 30km north of Geraldton, operational from 2014
- State and Federal Governments announced funding of ~A\$700m toward Oakajee construction
- Gindalbie supports Oakajee development and can commit foundation tonnages
- AnSteel and WA Government MOU to investigate steel mill opportunities at Oakajee

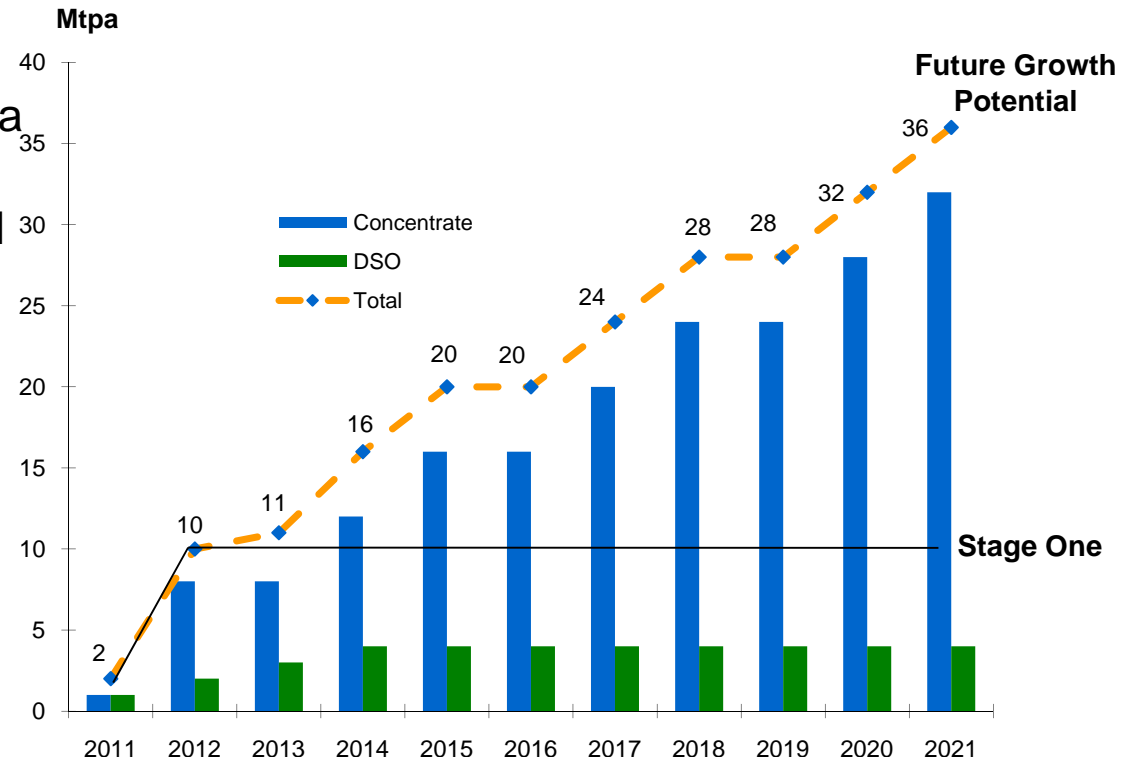
“Oakajee is the single most important project for WA’s economic development over the next 50 years.” - WA Premier Colin Barnett.#



Media release 19 March 2009

Karara – Growth Potential

- Initial construction includes infrastructure stages to support production of 14-36Mtpa
- Karara production scalable with reduced CAPEX because of built in infrastructure capacity
- Orebody size can support production of 30Mtpa for 30 years
- Value-add opportunities – pellet plant, Oakajee industrial estate



* Reference Price: 2009 Hamersley Iron FOB fines (US97¢/Dtmu). Adjusted for Karara’s high iron, low impurities concentrate

* Based on long term (+10years) AUD:USD ex-rate US75c

*Future growth potential to 16Mtpa and 30Mtpa would be dependent on completion of a bankable feasibility study and access to future funding to support construction required for future potential stages

Karara Iron Ore Project – Summary

Iron Ore Resource	Karara contains 2,518Mt JORC Resource inclusive of 522Mt JORC Reserve.
Offtake Arrangements	Offtake contracts signed. AnSteel to take all production to feed specially-designed mill. China's second-biggest steel producer, not trader. Concentrate priced on Hamersley iron fines, plus adjustment for premium quality.
Project Funding	Project equity (\$534m) in place. Project debt funding from China Development Bank and Bank of China.
Project Approvals	State environmental approval received September 2009. Commonwealth environmental approval October 2009. Strong Government support.
Flow Sheet Technical	Experience from AnSteel (+90yrs magnetite mining), KML, Bateman, Worley Parsons, ProMet.
Project Infrastructure	Power secured. Building on existing Port and Rail infrastructure. Not dependent on Oakajee Port for start-up.
Project Development Budget & Schedule	Experienced project people in KML. Hands on management approach. Widespread contractor backgrounds. Worley Parsons and AMEC Minproc support



GINDALBIE METALS LTD



For more information contact Michael Weir:

Corporate Affairs and
Investor Relations Manager

Level 9, London House,
216 St George's Terrace, Perth WA 6000

E: michael.weir@gindalbie.com.au

W: www.gindalbie.com.au

T: + 618 9480 8700

F: + 618 9480 8799

M: + 61 402 347 032

NOT FOR RELEASE, PUBLICATION OR DISTRIBUTION IN WHOLE OR IN PART IN THE UNITED STATES OR TO U.S. PERSONS