

GINDALBIE FURTHER STRENGTHENS CASH RESERVES AFTER COMPLETING SALE OF SHINE PROJECT TO MT GIBSON IRON

Upfront cash payment of \$12M received following satisfaction of all conditions precedent

Gindalbie Metals Limited (ASX: **GBG** – “Gindalbie”) is pleased to advise that the previously announced sale of its 100%-owned Shine Hematite DSO Deposit, located 40km north-east of the Karara Project, to Mount Gibson Iron Limited (ASX: MGX) has been completed, with the Company receiving the \$12 million cash consideration.

Mt Gibson reached agreement to acquire the iron ore rights over the Shine tenements in December last year for total consideration of \$15 million plus a trailing price participation royalty. In addition to the \$12 million upfront payment, a further milestone payment of \$3 million is due on the first commercial sale of iron ore – effectively a non-refundable pre-payment on the price participation royalty.

Under this royalty, on a month average for every A\$1 the Platt's 62% price is above A\$115 per tonne Gindalbie will receive an additional A\$0.20 per tonne sold with the \$3 million having been prepaid under the milestone payment.

The sale crystallises significant upfront value for one of Gindalbie's 100%-owned assets in the Midwest region and represents a positive outcome for shareholders. The proceeds of the sale will further strengthen Gindalbie's balance sheet, and increase its cash resources which stood at \$35.5 million at the end of the December 2013 Quarter.

The sale of the Shine Project is consistent with the continued focus on completing the ramp-up of the Karara magnetite project to Stage 1 capacity.

ENDS

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