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SECURITIES EXCHANGE ANNOUNCEMENT

9 July 2007

62% UPGRADE IN MUNGADA HEMATITE RESOURCE TO 22.8MT

KEY POINTS

- **Substantial increase in hematite resource tonnage to 22.8 million tonnes.**
- **Resource quality improved to 61.9% Fe, 6.0% SiO_2, 2.1% Al_2O_3, 0.09% P, 0.11% S and 3.1% LOI.**
- **67% of the Resource classified as Indicated, totalling 15.3 million tonnes at 62.2% Fe.**
- **Metallurgical testwork programs demonstrate >60% lump ores available from Resources.**
- **Indicated Resource sufficient to support future production increases above the initial BFS production rate of 2mt/annum.**

Gindalbie Metals Ltd **(ASX: GBG)** is pleased to announce a **62% increase** in the mineral resource inventory for its **Mungada Hematite Project** in Western Australia's Mid West region to **22.8 million tonnes at 61.9% Fe**. The upgraded resource includes a substantial improvement in the resource quality and JORC classification, an increase in iron grade and reduction in contaminants.

The upgraded resource follows the completion of substantial drilling programs over the first 10 identified hematite deposits at Mungada, as well as extensive metallurgical testwork programs designed to enhance the resources classification from Inferred to Indicated categories and to obtain sufficient information to enable detailed optimisation and pit designs for the Mungada Project Bankable Feasibility Study (BFS), scheduled for completion in August 2007 in parallel with the BFS for the Karara Magnetite Project. Both projects are being developed by the Karara Joint Venture between Gindalbie and its 50% partner, AnSteel.

The updated resource represents a substantial increase over the initial Inferred resource of 14.1 million tonnes for the Mungada Hematite Project announced early this year. Significantly, approximately 67% of the resource has now been classified as Indicated, totalling **15.3 million tonnes at 62.2% Fe**. This will underpin resource optimisation and open pit mine designs and estimation of Ore Reserves for the Mungada Hematite Project. A high level of conversion to Ore Reserves is expected from the Indicated Resources.

The Indicated Resource is expected to be able to support a minimum of six years of Direct Shipping Ore (DSO) operations from Mungada at the initial production rate contemplated by the BFS of 2mt/annum, with significant scope to increase production above this start-up level. There is also excellent potential to further increase the hematite resource inventory through ongoing exploration at Mungada and elsewhere within Gindalbie's 1,900 square kilometre tenement portfolio. This will underpin the longer-term growth of the Mungada Hematite Project.

The resource upgrade for the Mungada Hematite Project represents the culmination of 12 months of work including several drilling and metallurgical testwork campaigns designed to provide certainty to key elements of the Mungada BFS such as ore volume, quality and blast furnace performance.

UPGRADED HEMATITE RESOURCE

The updated Mungada Hematite Resource totals **22.8 million tonnes grading 61.9% Fe, 6.0% SiO_2, 2.1% Al_2O_3, 0.09% P, 0.11% S and 3.1% LOI**. A detailed breakdown is shown in Table 1 below:

Mungada Hematite Project – Mineral Resource Summary 57% Fe Cut off Grade applied									
Resources Classification	**Deposit**		**Tonnes ('000)**	**Whole Rock Grades (%)**					
				Fe	**SiO_2**	**Al_2O_3**	**P**	**S**	**LOI**
Indicated and Inferred	Wagonwheel	MR3	2,681	61.3	7.3	3.4	0.05	0.04	3.0
Indicated and Inferred	Tor	MR6	3,712	63.2	7.2	1.0	0.07	0.07	1.6
Indicated and Inferred	Karara South	BH1	382	60.9	6.2	1.8	0.15	0.15	3.8
Indicated and Inferred	Karara East	BH3	422	60.7	6.5	1.8	0.07	0.04	5.2
Indicated and Inferred	Terapod	MR5	1,247	62.0	5.5	2.9	0.07	0.05	5.3
Indicated and Inferred	Skyhook	MR2	3,029	61.4	6.7	1.5	0.07	0.04	2.8
Indicated and Inferred	Mungada South	MR1	1,574	63.0	3.8	1.4	0.14	0.05	3.3
Indicated and Inferred	Blue Hills North	BH2	4,586	62.3	5.9	1.2	0.11	0.02	1.1
Inferred Only	Gully	MR4	1,328	60.0	4.7	1.3	0.28	0.23	5.1
Indicated and Inferred	Terapod West	MR7	3,797	61.3	5.1	4.4	0.05	0.41	5.6
TOTAL			**22,758**	**61.9**	**6.0**	**2.1**	**0.09**	**0.11**	**3.1**

Table 1: Mungada Hematite Resource Summary - June 2007

DRILLING PROGRAM

The updated resource estimate for the Mungada Hematite Deposit follows the completion of over 19,000 metres of in-fill and extension drilling around the 10 hematite deposits identified during 2006 (Figure 1). The deposits straddle the Windanning Banded Iron Formation (BIF) and are scattered over approximately 12km of the BIF.

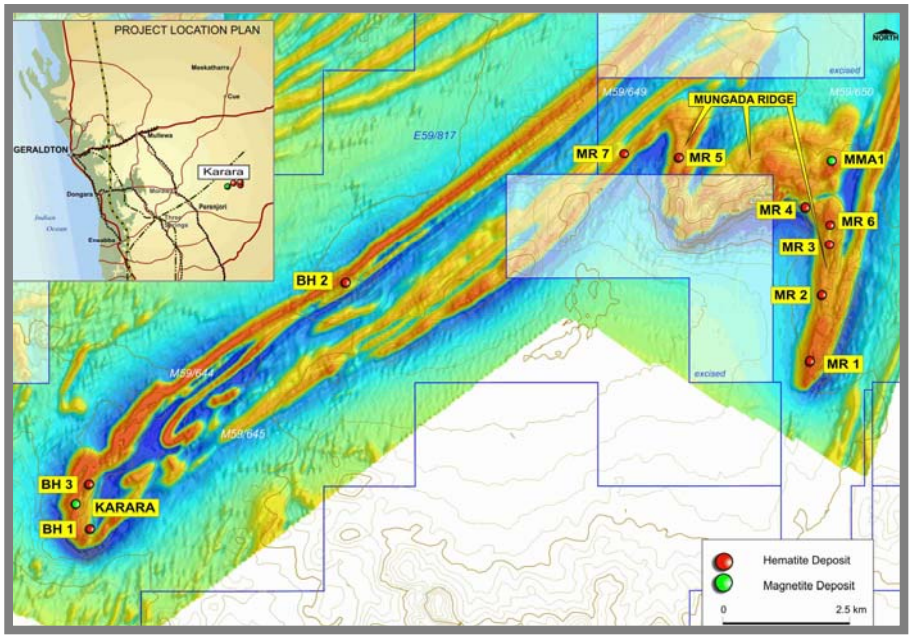

Figure 1 : Mungada Hematite Project – Prospect Locations

The updated resource estimates, which were calculated by independent consultant FJ Hughes & Associates are based on a combined 44,300 whole rock assays at one metre intervals. A further detailed breakdown showing resource classifications is shown in Table 2 below, while a Mineral Resource statement is attached in Appendix A.

Drilling coverage for Indicated Resources is generally on a 50m x 25m spacing. Inferred Resources are covered by drilling of predominantly 100m x 25m spacing, or drilling below indicated resources where drill spacing is insufficient to adequately define the internal controls to mineralisation.

Prospect	INDICATED RESOURCES							INFERRED RESOURCES						
	Tonnes ('000)	Fe %	S_iO_2 %	Al_2O_3 %	P %	S %	LOI %	Tonnes ('000)	%	S_iO_2 %	Al_2O_3 %	P %	S %	LOI %
Wagonwheel	1,527	61.4	7.0	3.3	0.05	0.02	2.9	1,154	61.3	7.7	3.4	0.04	0.07	3.0
Tor	2,644	63.1	6.8	1.0	0.07	0.02	1.6	1,068	63.3	8.3	1.1	0.09	0.03	1.6
Karara South	226	61.0	6.0	1.9	0.15	0.16	3.9	156	60.8	6.4	1.8	0.15	0.14	3.8
Karara East	419	60.7	6.5	1.8	0.05	0.04	5.2	3	60.7	5.3	7.7	0.05	0.02	5.0
Terapod	1,120	62.0	4.9	3.0	0.07	0.04	5.3	127	61.8	10.7	2.2	0.07	0.06	5.0
Skyhook	2,580	61.6	6.6	1.4	0.07	0.04	2.8	449	60.3	7.4	2.0	0.06	0.09	2.8
Mungada South	1,241	62.9	3.8	1.4	0.14	0.05	3.7	333	63.2	4.0	1.2	0.12	0.06	1.8
Blue Hills North	3,942	62.4	5.8	1.3	0.11	0.02	1.2	644	61.6	6.5	0.8	0.13	0.04	0.6
Terapod West	1,628	62.1	4.7	3.9	0.05	0.39	5.5	2,169	60.7	5.5	4.7	0.05	0.41	5.7
Gully								1,328	60.0	4.7	1.3	0.28	0.23	5.1
Total	**15,327**	**62.2**	**5.9**	**1.9**	**0.08**	**0.07**	**2.8**	**7,431**	**61.2**	**6.3**	**2.6**	**0.11**	**0.19**	**3.74**

Table 2 : Resource Inventory - June 2007

The increased confidence in the resource estimate and demonstrated geological continuity of the Mungada deposits will enable the completion of pit optimisation, pit design, Ore Reserve estimation and mine scheduling, which is expected to be completed as part of the BFS in August 2007. Based on the work completed to date the Karara Joint Venture Partners are confident of achieving a high level of conversion to ore reserve from the Indicated component of the updated resource.

GEOLOGY AND MINERALISATION

The Mungada deposit geology is characterised by steeply dipping lodes of hematite enrichment, closely controlled by structural complexities associated with the deformation of the BIF units of the Windanning formation. Typical deposit geometry is illustrated in Figure 2, a cross section of the MR7 deposit.

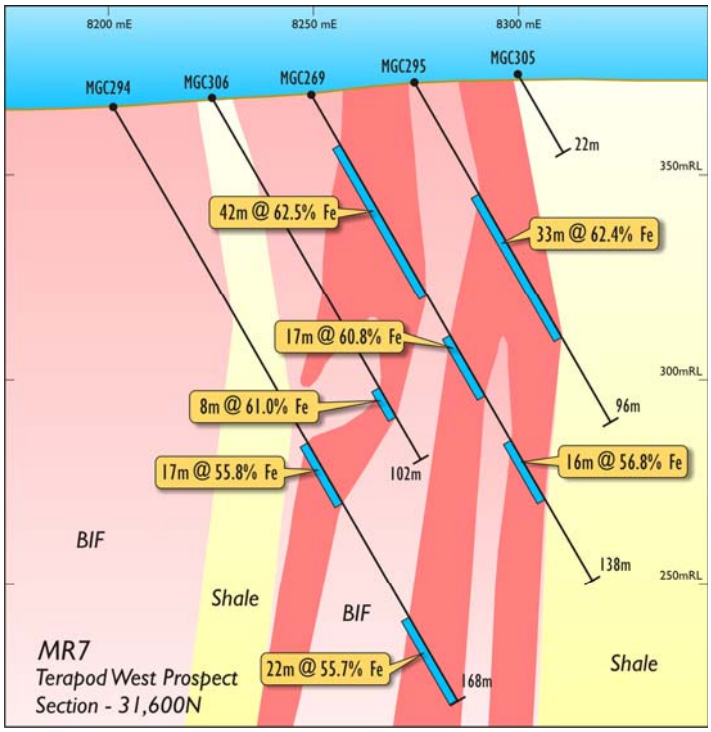

Figure 2: Mungada Hematite Project – Typical Cross Section – MR7 Deposit

High grade (+57% Fe) deposits are usually associated with areas of structural dislocation but form lodes of 5-25 metres width, strataform with the local BIF unit geometry and extending between 150 and 700 metres in strike.

METALLURGICAL TESTWORK

A comprehensive metallurgical testwork program on all material types from all deposits has been undertaken over the previous six months. The program determined Lump Fines ratios, beneficiation characteristics, materials handling characteristics and thermal properties of composite samples of the ores. The results of this testwork indicate that a 60:40 Lump Fines ratio is likely to be achieved and that satisfactory performance of the ores through the crushing, blending, transport and iron making processes can be expected.

EXPLORATION POTENTIAL

The upgraded resource inventory covers only the first 10 hematite deposits to be intensively explored at Mungada. The Company's extensive 1,900 square kilometre tenement holding contains numerous additional hematite targets, both on ground where Gindalbie holds 100% of the iron ore rights and within the Karara Joint Venture ground.

Based on the results achieved to date, the Company is confident that, with ongoing exploration, it will be able to continue to steadily build up its hematite resource inventory.

SUMMARY

The updated resource estimate for the Mungada Project represents another important milestone for Gindalbie in its progress towards the development of a portfolio of high-quality iron ore projects in the Mid West region.

The new resource represents the second increase in the mineral resource inventory for the Mungada hematite deposits since exploration commenced at the Project in January 2005. The current resource of 22.8 million tonnes is 62% larger than the Inferred resource of 14.1 million tonnes announced in January 2007 and importantly has an increased iron grade with lower contaminant grades.

The hematite resource upgrade also follows the upgrade in the resource for the Karara Magnetite Project announced last week to 1.43 billion tonnes grading 36.3% Fe, further strengthening the total inventory of iron ore resources controlled by the Karara Joint Venture in the Mid West region.

The Indicated portion of the updated hematite resource, totalling 15.3 million tonnes at 62.2% Fe, is sufficient for a minimum of six years of operations at the initial production rate of the Mungada Direct Shipping Ore (DSO) project of 2mt/annum, with significant scope to increase production above this start-up level. The BFS currently being completed on the Mungada Project by Gindalbie and AnSteel is on schedule for completion in August 2007, in parallel with the BFS on the Karara Hematite Project.

The Joint Venture partners are targeting commencement of construction activities for the Mungada Hematite Project in the second half of 2007, with production and exports targeted to commence in the second half of 2008.

The continued growth in resources demonstrates the prospectivity of the Company's project areas and provides a strong foundation for Gindalbie's long-term growth ambitions in the iron ore industry. The Company's medium term objective is to grow its hematite resources to a level that can sustain a major upgrade in hematite production to a long-term sustainable level of 6-8mt/annum. This will position Gindalbie as one of the more significant emerging hematite producers in Australia, complementing the development of a world-class magnetite operation at Karara.

- ENDS -

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9 July 2007

General Manager - Operations
Gindalbie Metals Ltd
Level 9, 216 St George's Tce
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Attention: Mr Andrew Munckton

Dear Sir

Mungada Ridge Hematite

The Mineral Resource for the Mungada Ridge Hematite Project is complete. The Mineral Resource Statement as at 29 June 2007 is tabulated below.

The information in the report to which this statement is attached that relates to the Mineral Resource is based on information compiled by Felicity Hughes, who is a Member of the Australasian Institute of Mining and Metallurgy. Felicity Hughes is an Independent Consultant Geologist employed by Gindalbie Metals Ltd.

Felicity Hughes has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which she is undertaking to qualify as a Competent Person as defined in the 2004 Edition of the "Australasian Code for Reporting of Mineral Resources and Reserves". Felicity Hughes consents to the inclusion in the report of the matters based on their information in the form and context in which it appears.

Felicity Hughes.

FELICITY HUGHES
CONSULTANT

Mungada Ridge Hematite Project

Mineral Resource – June 2007

57% Fe Cut off Grade applied

Resources Classification	Material Type	Deposit	Tonnes ('000)	Whole Rock Grades (%)					
				Fe	S_iO_2	Al_2O_3	P	S	LOI
Indicated & Inferred	**Hematite Enriched BIF**	Wagonwheel	2,681	61.3	7.3	3.4	0.05	0.04	3.0
Indicated & Inferred	**Hematite Enriched BIF**	Tor	3,712	63.2	7.2	1.0	0.07	0.07	1.6
Indicated & Inferred	**Geothite Enriched BIF**	Karara South	382	60.9	6.2	1.8	0.15	0.15	3.8
Indicated & Inferred	**Geothite Enriched BIF**	Karara East	422	60.7	6.5	1.8	0.07	0.04	5.2
Indicated & Inferred	**Hematite Enriched BIF**	Terapod	1,247	62.0	5.5	2.9	0.07	0.05	5.3
Indicated & Inferred	**Hematite Enriched BIF**	Skyhook	3,029	61.4	6.7	1.5	0.07	0.04	2.8
Indicated & Inferred	**Hematite Enriched BIF**	Mungada South	1,574	63.0	3.8	1.4	0.14	0.05	3.3
Indicated & Inferred	**Hematite Enriched BIF**	Blue Hills North	4,586	62.3	5.9	1.2	0.11	0.02	1.1
Inferred	**Hematite Enriched BIF**	Gully	1,328	60.0	4.7	1.3	0.28	0.23	5.1
Indicated & Inferred	**Hematite Enriched BIF**	Terapod West	3,797	61.3	5.1	4.4	0.05	0.41	5.6
TOTAL			**22,758**	**61.9**	**6.0**	**2.1**	**0.09**	**0.11**	**3.1**

Notes:

- Drilling coverage for the whole rock grades (6 grade items) in the Indicated Resources is generally on 50m by 25m spacing, oriented perpendicular or nearly so to the strike of the mineralisation. Karara South and Karara East drilling is predominantly 25m by 25m vertical drilling.
- Inferred Resources are covered by drilling of predominantly 100m by 25m spacing or drilling of insufficient density to adequately define the internal controls to mineralisation.
- Sampling of material is at 1 metre intervals with sample preparation and XRF analysis undertaken at Ultratrace laboratory. Statistical analysis on 1 metre samples was completed. Variography and Search Neighbourhood analysis was conducted as input to grade estimation for the six primary elements Fe, S_iO_2, Al_2O_3, P, S and LOI.
- The Grade Estimate method used was Ordinary Kriging.
- The Average Bulk density (3.03 t/m3) for the Resource was defined from the analysis of downhole gamma density measurements taken at 10cm intervals and composited to 1 metre intervals comparable with the 1metre assay composites.
- Resource classification was derived from the confidence levels of key criteria including drill methods, geological understanding and interpretation, sampling, data density, location, grade estimation and quality.
- Metallurgical testwork has been undertaken on all deposits and all ore types to determine an estimate of lump and fines material and any beneficiation of deleterious elements into either product type.
- Samples obtained for metallurgical testwork were composited into similar ore types by pit and derived from PQ sized whole core or split ore samples.
- Rigorous QA/QC check sampling and analysis has been undertaken on all sample batches including:
    - Routine check analysis of XRF results to known standards
    - Assay analysis of blind standards
    - Duplicate assays
    - Sample precision checks