

SECURITIES EXCHANGE ANNOUNCEMENT & MEDIA RELEASE

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MUNGADA HEMATITE PROJECT TAKES KEY STEP IN ENVIRONMENTAL APPROVALS PROCESS

Gindalbie Metals' (**ASX:GBG**) proposed Karara Iron Ore Project moved a key step forward today with the release of its Mungada Hematite Public Environmental Review (PER) to the general public.

The PER, an important part of the State Government environmental approvals process, addresses potential environmental impacts of the Mungada mining proposal. Its release today represents a key milestone for Gindalbie, heralding the first stage hematite development of its proposed \$1.8 billion iron ore project at Karara, 225 kilometres south east of Geraldton. A further PER outlining the project's second stage Karara Magnetite mining proposal is due for release in the first half of 2008.

Gindalbie Community Relations and Environment Manager, Greg Kaeding, said the Mid West community's support would play a crucial role in seeing the Mungada Hematite mining proposal approved and help pave the way for infrastructure development to begin.

"There are major positive implications for the Mid West through this project and once we've got approval, construction can begin as early as the second half of next year and the first shipment of ore through Geraldton port in the first quarter of 2009" Mr Kaeding said.

"The PER process is an opportunity for residents and other stakeholders to have their say and submit comments about the proposed mining project over a six-week period, during which time we'll be offering information and gathering feedback through a series of community briefings."

Mr Kaeding said Gindalbie had already been actively engaging with landowners, community members and key business stakeholders.

"We want to show just how serious we are about being a major partner and contributor in the Mid West by helping the region tap into these rich iron ore deposits whilst acknowledging the need to 'tread' carefully and respect the unique environment," he said.

Mr Kaeding said the recent Government Strategic Review of the Banded Iron Formation Ranges had indicated that up to 30% of the total number of ranges should be reserved. The review also recognised that development planning and environmental assessment of the Karara/Mungada/Blue Hills range system was well advanced, and the creation of a national park or Class A nature reserve was inappropriate at this stage.

“Mungada is one of the 28 banded iron formation ridges identified in the Strategic Review and Gindalbie has provided extensive environmental and biodiversity information on its Mungada project area.” he said.

“As a result, Gindalbie acknowledges the biodiversity richness of the region and is working to ensure the Mungada mine impact is minimised by limiting development as far as practicable in the high conservation value areas in the region and sharing common mine infrastructure with our Karara mining proposal.

“At the same time, we are working on providing greater definition of the available ore resources in the immediate area.”

Mr Kaeding said the Karara Iron Ore Project would create hundreds of new jobs and opportunities for skills training to the Mid West region, as well as programs and initiatives that directly benefited the local community, economy and social infrastructure.

“We also expect to deliver significant benefits to regional infrastructure through improvements in power, rail and port facilities arising from the project,” he said.

To find out more about Gindalbie Metals or how to get a copy of the PER, go to www.gindalbie.com.au.

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BACKGROUND INFORMATION – Karara & Mungada Projects

The Karara Project is a substantial new integrated iron ore project in the Mid West region of Australia, which will produce some 11Mtpa of iron products from 2010, including an initial 8Mtpa of high-grade magnetite concentrate and blast furnace quality pellets from the Karara Magnetite Project and an initial 3.0Mtpa of direct shipping ore from the Mungada Hematite Project.

The project includes a joint venture pellet plant which will be constructed near the site of a major new steel-making facility being developed by Ansteel in north-eastern China, as well as extensive mining, processing and associated infrastructure in the Mid West region of Western Australia.

The development of the Karara Project – which was granted Major Project Facilitation (MPF) status by the Australian Federal Government last year is expected to generate significant short and long-term economic benefits in the Mid West region of Western Australia.

The Karara BFS concluded that, based on an initial JORC compliant Ore Resource of 1.43 billion tonnes at 36.3% Fe and an initial Ore Reserve defined as part of the study of 497 million tonnes at 36.3% Fe, the Project would generate an initial after tax free cash flow of A\$9.3 billion and an indicative annual cash surplus after tax of A\$360 million. The Project has a Net Present Value (NPV) using a 9% discount rate of A\$2.3 billion and an Internal Rate of Return (IRR) of 24.6%.

The BFS is based on a 20Mtpa mining operation producing on average 8Mtpa of magnetite concentrate grading 68.2% Fe, 4.7% SiO₂ and 0.01% P, with the initial Ore Reserve sufficient to underpin 25 years of production at the proposed 'start up' production rate of 8Mtpa.

Magnetite concentrate from Karara will be shipped to China via a process involving transportation on barges to a location off Geraldton for loading to a trans-shipper and ultimately onto Capesize vessels which will freight the high-grade iron ore concentrate to the port of Yingkou in China, for use in the joint venture pellet and directly in Ansteel's new steel mill.

The BFS for the Mungada Hematite Project concluded that, based on an initial Product Inventory of 14.3 million tonnes at 61.5% Fe (resource of 27.1 million tonnes at 61.7% Fe), the Project would generate an initial after tax free cash flow of A\$184 million.

The Project has a Net Present Value using a 10% discount rate of A\$79.6 million and IRR of 27.5%. Direct Shipping Ore from Mungada will be exported at an initial rate of 3Mtpa through the Port of Geraldton directly to China.

Background – Ansteel

Ansteel is currently one of China's largest steel producers and is the major producer in the north-east region of China, with crude steel production of 16 million tonnes, annual sales revenues in excess of US\$11 billion and a profit of approximately US\$1.5 billion in 2006.

Ansteel is considered to be one of the country's key growth companies and has strong government support in securing new sources of long-term iron ore supply through international investment.

Ansteel is developing a new integrated iron and steel making facility at Bayuquan, adjacent to the Port of Yingkou, approximately 100 kilometres south-west of its current steel making facility in the city of Anshan. The new facility will have the capacity of 5.0Mtpa of finished steel products and is the facility that the Karara Iron Project's products will feed upon commencement of production.

Background – Gindalbie Metals Ltd

Listed on the Australian Stock Exchange since 1994, Gindalbie Metals Ltd is an emerging Australian iron ore company based in Perth, Western Australia. Gindalbie is developing a strategic portfolio of high-quality production and exploration assets located some 225km east of the port of Geraldton which will underpin its vision to become a leading independent supplier of iron ore products to world markets over the next decade.

The initial focus of Gindalbie's growth strategy is the Mungada Hematite and Karara Magnetite Projects, however its longer term growth will be propelled by the exploration and development of its extensive 1,900 sq km tenement portfolio in the Mid West region, which includes numerous prospective magnetite and hematite exploration targets expected to deliver a long-term pipeline of growth opportunities.

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