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SECURITIES EXCHANGE ANNOUNCEMENT & MEDIA RELEASE

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A\$70M COMMITMENT TO LONG-LEAD ITEMS FOR KARARA IRON ORE PROJECT

FIRST MAJOR EQUIPMENT PURCHASES FOR A\$1.8 BILLION IRON ORE PROJECT

Gindalbie Metals Limited (**ASX: GBG** – “Gindalbie”) and its joint venture partner, Anshan Iron & Steel Group Corporation (“AnSteel”), have further reinforced their strong commitment to the timely development of the **A\$1.8 billion Karara Iron Ore Project** in Western Australia after placing firm orders totalling approximately **A\$70 million** for key long-lead equipment items for the project’s construction phase.

The orders represent the first major equipment purchase for the Karara Project and are expected to be followed by a series of project and contract milestones as the Karara Project moves into the implementation phase.

The Karara Joint Venture has placed firm orders with Polysius Australia, a company of the German-based global technology group, ThyssenKrupp, for two High Pressure Grinding Rolls (HPGR’s) and four large ball mills for the crushing and grinding phase of the processing facility for the magnetite phase of the Karara Project. The equipment will be manufactured in Australia, Europe and Asia and is scheduled for delivery by March 2010.

ThyssenKrupp is one of the world’s biggest technology groups with sales of more than €51 billion in 2006/07 and a focus in the areas of steel, capital goods and services. ThyssenKrupp has an existing joint venture with AnSteel in steel production.

The HPGR units will be equivalent to some of the largest currently being used in Australia, similar to those at the world-class Boddington Gold Mine in Western Australia’s South West.

The magnetite phase of Karara will utilise conventional processing technology comprising primary and secondary crushing and grinding, followed by magnetic separation to increase the iron grade of the magnetite ore from 36.3% Fe to a high-grade magnetite concentrate grading 68.2% Fe. This premium export product will be equivalent to some of the highest grade and best quality hematite ores currently being mined in the world.

Commenting on the announcement, Gindalbie’s Managing Director, Mr Garret Dixon, said: “This represents another important milestone for the Project and demonstrates the confidence that we have in the timely completion of the approvals process. A commitment to secure these important long-lead items is essential now to ensure that the project meets all of its critical development milestones, particularly given the extensive lead time required to manufacture these large items of equipment.

“There is already a large amount of pre-construction activity with the Project and we expect these orders to mark the beginning of a very busy phase in the second half as we lock away additional contracts and move decisively towards development,” he said.

Other major contracts which are currently being finalized for the Karara Project in coming months include:

- Front End Engineering Design;
- Project Management Consultancy;
- Karara mining contract; and
- Further contracts for crushing and grinding equipment.

Several conditions of the Karara Joint Venture Development Agreement have already been met including the announcement of a formal Decision to Mine, the equity subscription agreement finalized in February this year for the A\$534 million equity component of the project, and the first two payments totaling \$105 million by Ansteel under that agreement.

Mr Dixon said the orders for the long-lead items reflected the growing momentum behind the Karara Project, with a series of important project milestones expected over the coming months. "In no particular order, these include further payments by AnSteel under the equity subscription agreement, finalization of pricing terms for off-take arrangements, completion of project finance arrangements, exploration results and key infrastructure agreements," he added.

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About Gindalbie Metals Ltd (ASX: GBG)

Gindalbie is well advanced towards achieving its vision of becoming a leading independent Australian iron ore company with a diversified portfolio of magnetite and hematite production assets, located in the Mid West region of Western Australia.

The initial focus of Gindalbie's growth strategy is the Karara Iron Ore Project, located 225km east of Geraldton, where it will deliver initial production of Direct Shipping Ore (DSO) hematite in 2009 to be followed by production of high grade magnetite concentrate and blast furnace quality pellets in 2010. Karara is being developed through a 50:50 Joint Venture with Ansteel, one of China's leading steel and iron ore producers.

Gindalbie's longer term growth will be propelled by the exploration and development of its extensive 1,900 sq km tenement portfolio, which includes numerous prospective magnetite and hematite exploration targets expected to deliver a long-term pipeline of growth opportunities.

For further information, visit www.gindalbie.com.au

About 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 22 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 100km south-west of its current steel making facility in the city of Anshan. The new facility will have the capacity of 6.5Mtpa of finished steel products and is the facility that the Karara products will feed upon commencement of production.

For further information, visit www.ansteelgroup.com