

SECURITIES EXCHANGE ANNOUNCEMENT & MEDIA RELEASE

4 February 2009

GINDALBIE SET TO COMPLETE KARARA EQUITY FUNDING FOLLOWING APPROVAL FOR \$162M PLACEMENT

FURTHER KEY MILESTONE AS \$534M EQUITY FUNDING PACKAGE NEARS COMPLETION

Gindalbie Metals Limited (**ASX: GBG** – “Gindalbie”) is pleased to advise that it has received overwhelming support from shareholders to approve the proposed **\$162.06 million** share placement to its joint venture partner, Anshan Iron & Steel Group Corporation (“AnSteel”). The approval clears the way for completion of the \$534.1 million equity funding package for the A\$1.8 billion Karara Iron Ore Project.

In an overwhelming response, less than 1% of Proxies received were against the resolution, which was considered at the General Meeting held in Perth today. Shareholders who attended the meeting also voted overwhelmingly in favour.

Gindalbie can now progress with the allotment of 190,658,824 shares to Angang Group Hong Kong (Holdings) Limited or its nominee at a price of \$0.85 per share once AnSteel receives final Chinese Government and Australian Foreign Investment Review Board approvals. After completion of the placement, Gindalbie will have 704,637,674 shares on issue, with AnSteel increasing its total shareholding from 12.6% to 36.28%.

Gindalbie’s Chairman, Mr George Jones, thanked shareholders for their overwhelming support: “The completion of this share placement represents a pivotal turning point in the Company’s history and corporate development as an emerging Australian iron ore producer.

“I would like to take this opportunity to acknowledge the ongoing support of AnSteel and the close relationship we enjoy with them. The completion of a capital raising of this scale – at a substantial premium to market – would simply not have been possible in the current market environment without the backing of a substantial group such as AnSteel which is totally committed to the project and shares our long-term objectives and vision.”

The proceeds of the placement will be utilized to fund Gindalbie’s second equity contribution of \$143.68 million towards the \$534.1 million equity funding component of the Karara Project. AnSteel is also required to make a final contribution of the same amount.

Gindalbie and Ansteel have agreed to re-schedule the final contributions to the first half of 2009. The joint venture company, Karara Mining Limited (KML), currently has approximately A\$150 million in cash reserves from earlier equity payments, and the re-scheduled timeframe will have no impact on the ongoing engineering, design and development work currently being carried out for Karara.

Pre-development activities are already well advanced, with site construction poised to commence subject to receipt of final environmental approvals.

Today’s successful EGM follows the recent conditional approval received by the China Development Bank, for up to US\$1.2 billion for the Karara Project Loan. The Company has also been made aware that in recent weeks the Environmental Protection Authority of Western Australia has met to consider its report and recommendations for the Karara project.

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"The Karara Project is ready to go subject to final Governmental approvals, with funding solutions, engineering and pre-development activities well underway," Mr Jones said.

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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.

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