

## KARARA JOINT VENTURE APPEALS AGAINST CERTAIN EPA CONDITIONS AND RECOMMENDATIONS

Gindalbie Metals Limited (**ASX: GBG** – “Gindalbie”) today confirmed that the Karara Joint Venture will be appealing against some of the conditions and recommendations contained in the Reports released on 28 April by the Environmental Protection Authority (EPA) of Western Australia for the **Karara Iron Ore Project**.

While the Company was very pleased with the EPA’s overall recommendation that the flagship Karara Project be approved for development, conditional on the implementation of Ministerial Conditions, it has lodged an appeal against the exclusion of the Terapod deposit from the recommended approval.

Gindalbie’s Managing Director, Mr Garret Dixon, said while the exclusion of Terapod had little impact on the flagship magnetite phase of the Karara Project, the deposit was an important part of the planned first stage hematite operation. The Company has also identified that magnetite mineralisation exists below the hematite ore that should develop into a significant magnetite deposit based on its detailed understanding of the geology of the area.

“Terapod comprises a significant portion of our initial hematite resources and our intention would be to mine it as part of the start-up 2Mtpa DSO operation,” he said. “This phase of operations will generate substantial early cash flow which will underpin the broader project development as well as generate new jobs, royalties and other economic benefits in the very early stages of the Project.”

In addition to the Terapod appeal, a detailed review of the EPA report in relation to the Karara Project has highlighted some inconsistencies and ambiguities within the report, which the Joint Venture is appealing, along with some parts of the other minor conditions. The appeal against Terapod is not expected to have any impact on the timing of final Ministerial approval for the Karara Project.

Gindalbie looks forward to working with the authorities to resolve these outstanding issues and is confident that they can be dealt with in a constructive and cooperative fashion, enabling the Karara Project development to proceed.

“The recent EPA recommendation and the decision last week by the Foreign Investment Review Board to approve the \$162 million share placement to our Chinese partner AnSteel means that it is now full-steam ahead at Karara,” Mr Dixon said.

“It is very important that the Karara Project proceeds in a timely fashion, however it is also important that we work with the EPA to resolve any ambiguities and inconsistencies that may be in the report for the main Karara Project, and have the opportunity to raise our concerns through the appropriate channels about the exclusion of the valuable Terapod deposit, which is a significant component of our planned DSO operations,” he said

“At the same time, and despite all the high standard work that has been undertaken on the project and the extensive reviews undertaken by the EPA, we may still receive appeals from external parties against the recommendation that the Karara Project should be developed. We do not believe that our appeals will therefore add any time to the process. “

“The key issue for Gindalbie, Ansteel and the people of the WA is being able to get on with the job of building Karara, which will provide much needed employment and revenue.”

Once the appeals have been lodged, reviewed and heard by the Appeals Convenor, the recommendation will be referred to the Minister. The entire process is expected to take in the order of 16 weeks to complete before final Ministerial approval can be obtained enabling the Karara Project development to proceed.

-ENDS-

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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 2010 to be followed by production of high grade magnetite concentrate and blast furnace quality pellets in 2011. 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 China's second-largest steel producer and the biggest iron ore miner. It is the major producer in the north-east region of China, with crude steel production of 35 million tonnes and plans to increase output to approximately 50Mtpa. 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 has developed 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 facilities in the city of Anshan. The new facility has the capacity to produce 6.5Mtpa of finished steel products. Once the Karara Project is in production, its products will be the key feed source for Bayuquan.

For further information, visit [www.ansteelgroup.com](http://www.ansteelgroup.com)