

KEY ENVIRONMENT APPEALS UPHELD FOR KARARA IRON ORE PROJECT BY WA ENVIRONMENT MINISTER

TERAPOD HEMATITE DEPOSIT TO BE INCLUDED IN KARARA PROJECT DEVELOPMENT

Gindalbie Metals Limited (**ASX: GBG** – “Gindalbie”) is pleased to advise that all of the key appeals lodged by the Karara Joint Venture against the Environmental Protection Authority (EPA)’s recommendations and conditions for both the hematite and magnetite phases of the Karara Iron Ore Project have been upheld by Western Australian Environment Minister, Donna Faragher.

Importantly, the Minister has upheld the appeal on the Terapod hematite deposit, clearing the way for it to be mined, together with the Blue Hills North hematite deposit as part of the 2.0Mtpa hematite phase of the Karara Project.

As part of the Ministerial determination, the Minister has noted the Joint Venture’s offer to relinquish the tenements covering the Mungada Ridge, on the basis that the Karara, Blue Hills North, Terapod orebodies be approved for development.

Terapod is important to the hematite phase of the Karara Project and Gindalbie has identified magnetite mineralisation below the hematite ore which will be important to the future long term expansion of Karara.

In her determination, the Minister has upheld the majority of appeal points lodged in relation to inconsistencies and ambiguities identified within the Karara Report, as well as most importantly upholding the appeal in relation to the Terapod deposit.

The Minister has indicated that she will now consult with other relevant Ministers to obtain agreement on the final conditions for the approval of the Karara Project.

Commenting on the Minister’s announcement, Gindalbie’s Managing Director, Mr Garret Dixon, said: “This is another very encouraging step forward for Karara, and we are looking forward to working closely with the Minister and her colleagues to agree on the conditions required to secure final Ministerial approval to enable the Karara Project development to proceed.

“We are confident that this can be achieved during the current Quarter, enabling us to be on site in the December Quarter, 2009, to commence construction and development activities,” he added.

Gindalbie Chairman, Mr George Jones, said from China that the Minister’s decision came at an opportune time as it coincided with the visit to China by WA Premier Mr Colin Barnett.

“During his visit to China, Mr Barnett is meeting directly with AnSteel President Dr Zhang Xiaogang, and touring the Bayuquan Steel Mill, where Karara ore will be the main long term feed source,” he said.

“We also note some very positive comments out of the China visit by the Premier regarding potential Chinese involvement in the development of the Oakajee Port. The successful development of Oakajee will underpin the long term future of the Mid West iron ore industry, and in particular the expansion of the Karara Project to +30Mtpa.”

“With these approvals Gindalbie and AnSteel can now get on with the job of building the project and start to realise the potential that this Project has to add serious value to the Joint Venture partners and to Western Australia.”

The Minister’s determination on the proposals and the Appeals Convenor’s Reports are available at www.appealsconvenor.wa.gov.au.

-ENDS-

Released by :

Nicholas Read
Read Corporate
Telephone: (+61-8) 9388 1474
Mobile: (+61) 419 929 046

On behalf of:

Mr Garret Dixon
Managing Director

Gindalbie Corporate
Mr David Southam
Chief Financial Officer

Mr Michael Weir
Investor Relations Manager
Telephone: (+61-8) 9480 8700
www.gindalbie.com.au

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