

KARARA PROJECT RECEIVES FINAL STATE ENVIRONMENTAL APPROVAL

CONSTRUCTION SET TO COMMENCE IN FOURTH QUARTER OF 2009

Gindalbie Metals Limited (**ASX: GBG** – “Gindalbie”) is pleased to advise that the Western Australian Minister for Environment, Donna Faragher, has given **final State environmental approval** for development of the **Karara Iron Ore Project** in Western Australia to proceed.

The landmark decision is a very significant milestone for Gindalbie and its joint venture partner, AnSteel, as well as the entire Mid West region. The decision clears the way for on-site construction and development of the large-scale Karara Project to proceed during the fourth Quarter of 2009.

Located 225km east of Geraldton in Western Australia’s Mid West, the Karara Project will be a major integrated iron ore project producing both DSO and high-grade magnetite concentrate over several decades – generating significant economic benefits for the Mid West region and the State.

The final State Ministerial approval follows the July decision to uphold all key appeals lodged by the Karara Joint Venture in relation to recommendations and conditions which formed part of the Environmental Protection Authority (EPA)’s overall positive recommendation for the Project released in May 2009.

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

The Minister’s final approval was granted subject to the implementation of certain conditions. These conditions are consistent with Gindalbie’s existing environmental management and monitoring practices and will enable the Company to undertake and maintain a sustainable approach to future mining and development activities. Under the approvals process the Karara Joint Venture has a 14-day period to appeal the Minister’s decision, but as it is satisfied with the conditions has decided to waive that right in order to expedite the final approvals.

With the State approval in place, a final environmental sign-off is required from the Commonwealth Government before on-site construction and development activities can proceed, and this process is expected to take approximately 30 days.

Commenting on the announcement, Gindalbie’s Managing Director, Mr Garret Dixon, said: “This is a very significant day for Gindalbie, for our shareholders, for our partner Ansteel and for the communities of the Mid West region.

“I would like to acknowledge the support of the Western Australian Government, in particular the Premier Colin Barnett and his office in ensuring the timely completion of the approvals process to enable us to meet our goal of being on site at Karara during the fourth quarter of 2009.

“The Karara Iron Ore Project is the first major iron ore project to be developed in the Midwest and will open up opportunities for the region to be developed as the next iron ore province” he added.

Mr Dixon said the final approval by the Minister was the end result of many years of meticulous environmental assessment in consultation with key State Government departments.

“This result represents years of hard work and dedication by the Gindalbie team. The high environmental standards that we have set for the project have been supported by the EPA’s positive recommendation and now the decision by the Environment Minister,” he said.

“With this final State approval, Gindalbie and AnSteel are now in a position whereby we can focus on the construction phase of the project and start to realise the potential that Karara has to add serious value to the Joint Venture partners and to Western Australia,” said Mr Dixon

"When you consider the multitude of jobs this project will create, the Government revenue it will generate, the infrastructure that is being developed and our long-term expansion plans, this really is a project of national significance," he added.

"I'd like to take this opportunity to thank everyone involved in this process, including our Environment Manager Greg Kaeding and his team, as well as the various State Government departments.

"We now look forward to gaining the final Commonwealth Government Approvals before moving into the construction phase in just a couple of month's time," 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 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