



\$70M KARARA CONSTRUCTION CAMP CONTRACT AWARDED TO DORIC CONSTRUCTIONS

ON-SITE CLEARING AND DEVELOPMENT ACTIVITIES RAMP UP AT KARARA

Gindalbie Metals Limited (**ASX: GBG – “Gindalbie”**) is pleased to announce the award of a **\$70 million contract** for construction of the main camp and accommodation village for the Karara Iron Ore Project in the Mid West region to West Australian company Doric Constructions (Australia) Pty Ltd, part of the DORIC Group.

The contract encompasses design and installation of the construction camp and associated facilities that will house the main construction work force for Karara, where on-site clearing and earthworks are already well underway.

Under the contract 900 construction camp rooms together with a construction camp kitchen and associated facilities will be completed progressively in 2010. The camp will be located near the old Karara homestead, close to the site of the main Karara concentrator and plant. Once fully completed, the main construction camp will be able to accommodate up to 1,350 personnel.

DORIC Group CEO Peter Iancov said the company was proud to be awarded this significant and major contract.

“DORIC will deliver an accommodation village and main camp for the Karara Iron Ore Project through our dedicated team who are committed to fostering a Zero Harm safety culture which is integrated throughout the organisation,” Mr Iancov said.

“We have a proven track record of delivering high-quality projects to important stakeholders throughout WA and will continue to do this on the Karara project. “

Following completion of the construction phase of the Project in 2011, part of the construction camp will be dismantled and removed, leaving a permanent on-site accommodation village and associated facilities capable of housing up to 450 permanent employees and contractors involved in ongoing operations.

Building of the main camp follows construction of the Lochada Camp, located between Karara and Morawa, which is nearing completion by West Australian companies Western Constructions and North Coast Contractors. This camp will accommodate up to 300 personnel including part of the initial construction workforce for Karara while the main construction camp is completed.

Lochada Camp will subsequently be available to house personnel involved with construction of some of the lineal infrastructure required for the Project including the rail spur and power line to site.

On-site clearing and earthworks commenced at Karara in early November and is well advanced. Approximately 120 personnel are currently on site and land representing around two-thirds of the area required for the Karara Concentrator has been cleared.

“We are very pleased to be able to announce the award of this important major contract for the Karara Project to a West Australian company,” said Gindalbie’s Managing Director, Mr Garret Dixon. “Doric was founded in WA in 1989 and is now a leading national engineering and construction contractor group. We are looking forward to working with them towards the successful completion of this important piece of infrastructure for Karara.

“The construction camp will be a modern, state-of-the-art accommodation facility designed to provide functional, comfortable and efficient accommodation and services to a significant proportion of the estimated 1,500 work force that will ultimately be involved in construction of the Karara Project.

“Once construction is completed, the core of this camp will form the long-term accommodation village that will provide accommodation and facilities for our long-term work force,” he added.

Located 500km north-east of Perth and 225km east of Geraldton, Karara is a major new integrated iron ore project being developed under a 50/50 joint venture between Gindalbie and leading Chinese steel and iron ore company, Ansteel. Karara is the Mid West region's largest resources project.

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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 the first half of 2011 to be followed by production of high grade magnetite concentrate and blast furnace quality pellets in the second half of 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

About Karara

With a multi-billion-dollar capital investment, the Karara Project will deliver major economic benefits for the Mid West region and the State of Western Australia, generating some 1,500 construction jobs and 600 direct and indirect long-term jobs.

The Project will initially produce 10Mtpa of iron products commencing in 2011, comprising 8Mtpa of high-grade magnetite concentrate, a value-added product, and 2Mtpa of Direct Shipping Ore (DSO). Karara has the potential to produce more than 30Mtpa over a mine life estimated at more than 30 years.

Karara will initially generate around A\$1 billion in annual export revenues, building to A\$3 billion annually as the project grows, equating to \$40 million in Government revenues rising to \$120 million annually.

Iron products will initially be exported through Geraldton Port, with Karara also able to commit foundation tonnages to underpin the development of the new multi-billion dollar Oakajee Port.