

MANDATE LETTER AND TERM SHEET SIGNED FOR US\$1.2 BILLION KARARA PROJECT LOAN

FINAL LOAN DOCUMENTATION BEING PREPARED AND IJV UPDATE

Gindalbie Metals Limited (ASX: **GBG** – “Gindalbie”) is pleased to advise the signing of the **Mandate Letter** and **Term Sheet** for the US\$1.2 billion Karara Project Loan facility on commercially competitive terms, representing another key step towards completing the debt funding arrangements for development of the Karara Iron Ore Project in Western Australia.

The conditions of the facility agreement and security documentation for the loan are currently being negotiated to complete the project debt arrangements. This is expected to occur within a timeframe to meet the first required debt drawdown by 30 June 2010.

The 12 year Karara Project Loan Facility is being provided principally by China Development Bank (“CDB”) and Bank of China (“BOC”), which have both shown enormous support and enthusiasm for the Karara Project.

The Project Loan Facility will be secured against the Karara Project and the shareholders’ shares in Karara Mining Limited (“KML”) and, during the construction phase of the Project, will be severally guaranteed by Gindalbie and its joint venture partner Ansteel in accordance with their respective equity interest in KML.

Gindalbie and Ansteel have already contributed A\$534 million in equity payments to the joint venture company KML, which means that first draw-down of the Karara Project Loan Facility will not be required until 30 June 2010. KML currently has approximately A\$200m in cash reserves.

“This is another important step forward for Karara which crystallizes our relationship with China Development Bank and Bank of China as lead arrangers and financiers for the development of this world-class project. Most importantly for Gindalbie it means that we are well on the way to being an iron ore producer next year and part of a joint venture that will generate annual revenue of about A\$1 billion at start up production levels.” said Gindalbie’s Managing Director, Mr Garret Dixon.

“The Karara Project Loan Facility is based on the US 6 month LIBOR with a competitive margin for KML,” he continued. “Importantly, as the facility is based on an international interest rate benchmark, it provides a very good long term arrangement for the project.”

“Our close partnership with Ansteel has been vital throughout these negotiations and it is through our relationship with them that we have been able to access globally-competitive financing for this project in what would otherwise be a very difficult market. We also acknowledge the support of China Development Bank and Bank of China as they remained committed to supporting our project during difficult global economic times.”

CDB and BOC are two of the most important and largest banks in China and have funded a number of Chinese domestic and international major infrastructure projects. BOC recently expanded its business to Perth in a sign of its commitment to projects in Western Australia.

IJV Agreement Extended

Because of the anticipated timing of the Project Loan Facility drawdown, Gindalbie advises that it has agreed with its joint venture partner Ansteel to extend the time for completion of conditions under the Karara Incorporated Joint Venture Agreement (“IJV”).

Under the terms of the IJV a number of conditions related primarily to arrangement of senior debt facilities, offtake agreements and Chinese regulatory approvals for the pellet plant subsequent had to be completed by April 9, 2010. Under provisions within the IJV Ansteel and Gindalbie have agreed to a further extension until 30 June 2010 to allow for completion of project debt and progress with the pellet plant. The extension of completion dates to the IJV is essentially a technical requirement to ensure ongoing compliance with the terms of the IJV. It is not anticipated to affect the ongoing development of the Karara Project.

ENDS

Released by :

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

On behalf of:

Mr Garret Dixon
Managing Director

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 mid-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.