

## MOU SIGNED WITH OAKAJEE PORT & RAIL

### *NEW DEEPWATER PORT TO PROVIDE KARARA'S PATHWAY FOR EXPANSION*

Gindalbie Metals Limited (ASX: **GBG** – “Gindalbie”) has taken a key step to underpin future growth potential at its \$2 billion Karara Iron Ore Project in Western Australia, today announcing the signing of a Memorandum of Understanding (MOU) with Oakajee Port & Rail (OPR) for the use of the proposed new deepwater port.

The MOU, signed by Gindalbie's joint venture company Karara Mining Limited (KML), establishes the principles and a formal framework under which it can negotiate a Supply Chain Agreement with OPR for the port and associated infrastructure development.

The Supply Chain Agreement will include details such as projected tonnage allocations, port charges and outline the process by which any future port capacity expansion could occur.

Managing Director of Gindalbie, Mr Garret Dixon, said the Oakajee Port development was a key component of the Company's long term vision for the Karara Iron Ore Project.

“The signing of this MOU with Oakajee Port & Rail is an important milestone for Gindalbie, providing us with a formal framework through which we can develop the port infrastructure required for the future expansion of the Karara Iron Ore Project,” Mr Dixon said.

Gindalbie has recently commenced construction for Stage 1 of the Karara Project, which will comprise initial production of 10Mtpa from mid-2011, with all Stage 1 iron ore production to be exported through the Port of Geraldton.

Work is already underway on the study to increase production to 14Mtpa. However, in the longer term, the Karara Project with the Oakajee infrastructure in place has the potential to produce in excess of 30Mtpa for a mine life of more than 30 years.

“The development of Oakajee Port will play a vital role in helping us realise the full potential of the Karara Project, providing us with the port infrastructure necessary to reach full production capacity under a future Stage 2 expansion,” Mr Dixon commented. “Today's MOU with Oakajee Port & Rail represents an important first step in achieving this goal.”

### 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 mid-2011 to be followed by production of high grade magnetite concentrate 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](http://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.