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STOCK EXCHANGE ANNOUNCEMENT

20 March 2006

GINDALBIE ANNOUNCES 737 MILLION TONNE RESOURCE FOR KARARA MAGNETITE DEPOSIT

- **JORC compliant resource of 737mt at 37.1% Fe announced for the Karara magnetite deposit, significantly exceeding the pre-feasibility target.**
- **Resource model highlights quality and size of the Karara magnetite deposit, with widths up to 500m and exceptional uniformity and consistency. Step-out drilling to the north is continuing.**
- **Preliminary test work indicates that blast furnace quality concentrate grading 68.8% Fe can be achieved from fine grinding.**
- **Mining Leases granted, covering both the hematite and magnetite projects at Karara, representing another key milestone towards development.**

737 MILLION TONNE RESOURCE DEFINED

Gindalbie Metals Ltd (ASX: GBG) today announced completion of the first geological model and resource estimate for its **Karara Iron Ore Project** in Western Australia's Mid West region. The Inferred Resource totals **737 million tonnes** at **37.1% Fe** for the Karara magnetite deposit.

The Resource, which was estimated by RSG Global Consulting Group, represents a major step forward for the Company. The Resource exceeds by 84% the company's pre-feasibility study target for the Karara magnetite deposit of 400 million tonnes, highlighting the size and quality of the deposit as the basis for a substantial, long-term, iron ore business.

Drilling of the Karara magnetite deposit commenced in May 2005. The Resource is based on the assay of 46 Reverse Circulation and Diamond drill holes which tested approximately 1.8km of strike length of the deposit to a depth of 300 metres below surface. See figures 1 and 2. The Banded Iron Formation (BIF) which contains the deposit has a total strike extent in excess of 4km, with significant potential for additions to the resource along strike and at depth with ongoing drilling.

Information from over 3900 composite samples was used by RSG to calculate the resource. Details of the resource estimate are available in the attached resource statement.

The success of the resource estimation reflects the better than expected widths (up to 500m) of magnetite-rich BIF intersected in the drilling and the confirmation of exceptional uniformity and consistency of the mineralisation both along strike and at depth. Recent diamond drilling has confirmed that the ore body continues down-dip to 600m below surface.

Test work to confirm concentrate production grade and quality is ongoing as part of the Definitive Feasibility Studies being undertaken under the Karara Project Alliance with Thiess Pty Ltd. Preliminary test work has indicated that a blast furnace quality concentrate of 68.8% Fe, 4.5% SiO₂, 0.1% AL₂O₃ and 0.01% P can be achieved from fine grinding.

Further metallurgical test work including bulk-sample grinding, concentrating, flotation and pelletisation is underway to determine the ultimate concentrate and pellet grade and quality. This work will define the process flow sheet as part of the Karara DFS. These studies are due for completion in late 2006.

BASE CASE PRODUCTION TARGET UPGRADED

In response to the drilling, metallurgical tests and resource definition, Gindalbie's Board has increased the base case production scenario for the Karara project from 4mtpa to 7mtpa of blast furnace quality concentrate and pellets. In addition, the northern step-out drilling program on the Karara deposit is continuing, with the objective of increasing the magnetite resource to greater than 1 billion tonnes. This drilling program is scheduled to be completed in June 2006.

At the increased production level of 7 mtpa, Gindalbie's development proposal contemplates building the pellet plant on site at the proposed new deepwater port at Oakajee, north of Geraldton, with concentrate to be delivered to Oakajee via a 250km slurry pipeline from a concentrator to be constructed on site at Karara.

The Company's Board believes that the business case for establishing the Karara pellet plant at Oakajee is very strong in light of the premium price for pellets relative to iron ore fines (A\$90/tonne FOB versus A\$50/tonne in 2005), the continued strong growth in demand for pellets in the global iron ore and steel markets and the natural advantages of operating in the Geraldton region.

MINING LEASES GRANTED

Gindalbie also announced today that the Mining Leases covering both the hematite and magnetite projects at Karara had been granted by the Department of Industry and Resources (DOIR), representing another significant positive milestone towards the project's development.

In parallel with the ongoing magnetite drilling, Gindalbie also has drilling programs underway targeting hematite mineralisation at Karara which will underpin the planned first production phase of the project. The Company is targeting an initial 1.5mtpa hematite operation with production scheduled to commence in mid-2007. The hematite is to be mined and exported utilising existing road, rail and port infrastructure at Geraldton.

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16 March 2006

General Manager - Operations
Gindalbie Metals Ltd
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Attention: Mr Andrew Munckton

Dear Sir

MT KARARA MAGNETITE PROJECT

The Mineral Resource for the Mt Karara Magnetite Project is complete. The Mineral Resource Statement as at 16 March, 2006 is tabulated below.

The information in the report to which this statement is attached that relates to the Mineral Resource is based on information compiled by Alex Virisheff, who is a Member of The Australasian Institute of Mining and Metallurgy. Alex Virisheff is employed by RSG Global. Alex Virisheff has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which he is undertaking to qualify as a Competent Person as defined in the 2004 Edition of the "Australasian Code for Reporting of Mineral Resources and Reserves". Alex Virisheff consents to the inclusion in the report of the matters based on their information in the form and context in which it appears.

Alex Virisheff
Principal Consultant – Resources
RSG Global

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060320 Karara Resource ASX Announcement FINAL

RSG Global Pty Ltd (ACN 101 090 135) as trustee for RSG Global Partnership (ABN 79 256 402 893)
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Mt Karara Magnetite Project
Mineral Resource
Reported within Fresh BIF constraint (no grade cutoff applied)

Resource Classification	Material Type	Tonnes (Mt)	BIF Grades (%)											
			Fe	SiO ₂	Al ₂ O ₃	P	LOI	CaO	K ₂ O	MgO	MnO	Na ₂ O	S	TiO ₂
Inferred	BIF (Fresh)	737	37.1	41.95	0.70	0.093	-0.47	1.27	1.15	1.26	0.049	0.522	0.099	0.029

- Drilling coverage is predominantly on 200m by 100m grid orientated northwest-southeast. Some 46 drillholes intersect the targeted fresh banded iron formation (BIF). Both reverse circulation (RC) and diamond drilling has been used.
- Statistical analyses on samples and 5m composites were completed. Variography and search neighbourhood analysis were also conducted as input into grade estimation.
- The method used to obtain grade estimates within the fresh BIF was Ordinary Kriging. Grade estimates were confined to the fresh BIF horizon only.
- An average density (3.51t/m³) for the fresh BIF was derived from the analysis of 279 diamond core determinations.
- Resource classification was developed from the confidence levels of key criteria including drilling methods, geological understanding and interpretation, sampling, data density and location, grade estimation and quality.
- As magnetite recovery data was limited, this and the associated concentrate grades have not been estimated.

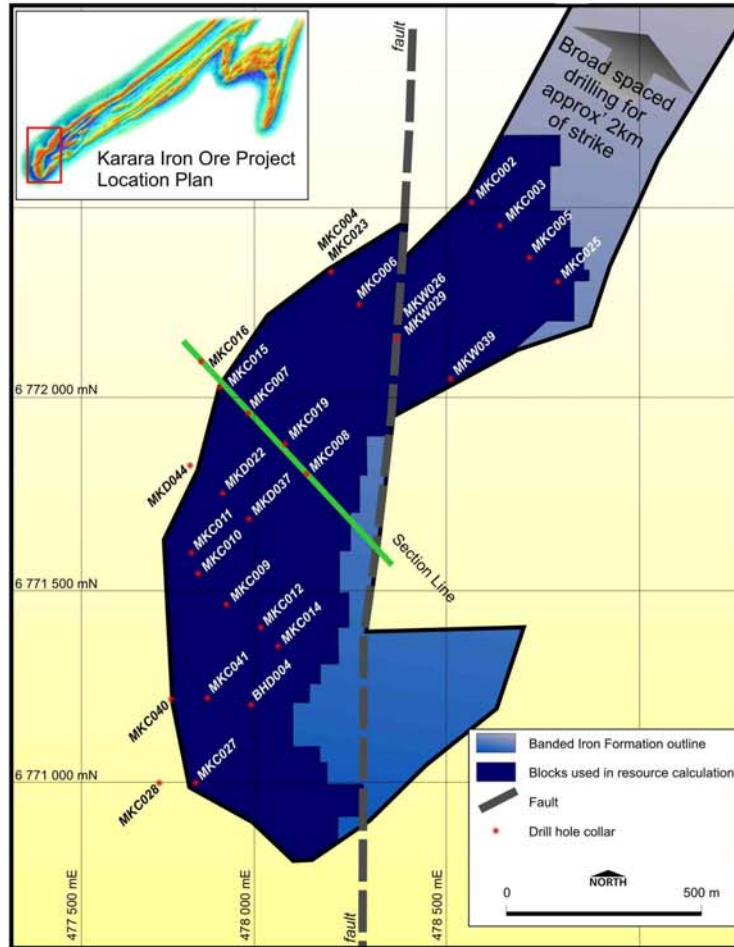


Figure 1. Plan showing Banded Iron Formation and Resource Blocks

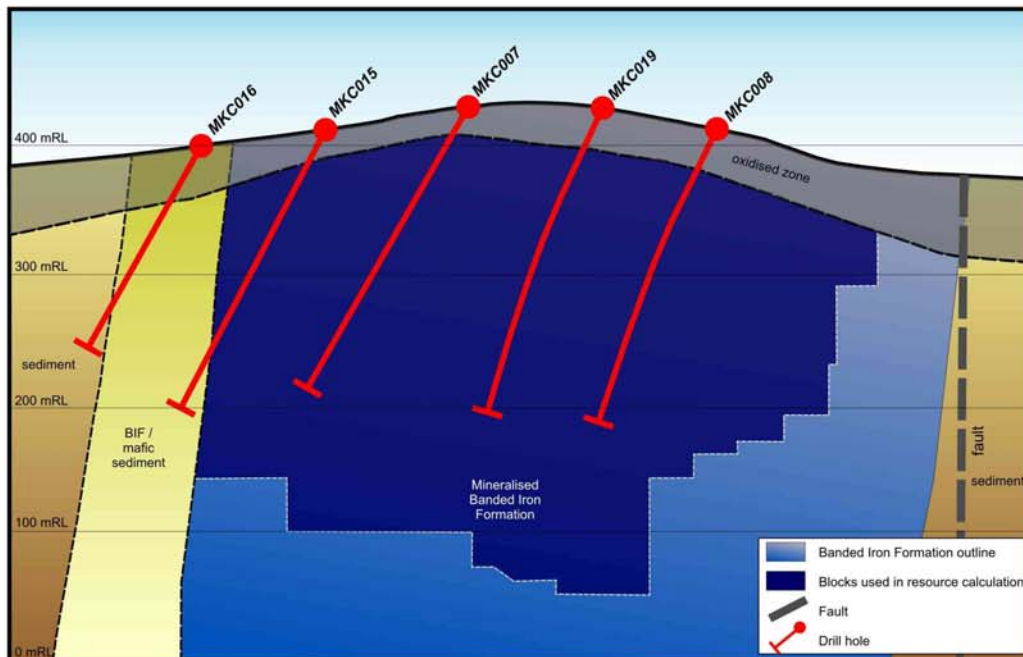


Figure 2. Representative section showing Banded Iron Formation and Resource Blocks