



STOCK EXCHANGE ANNOUNCEMENT & MEDIA RELEASE

26 April 2007

FURTHER HIGH-GRADE HEMATITE MINERALISATION DELINEATED AT KARARA

Gindalbie Metals (ASX code: GBG) is pleased to announce that Reverse Circulation (RC) drilling undertaken at the **Terapod West (MR7) Prospect**, which forms part of its wider Karara Hematite Project in Western Australia, has intersected significant zones of high-grade hematite mineralisation.

Better intersections from the drilling included:

Hole MGC 269	42 metres @ 62.5% Fe, 4.5% SiO₂ & 0.04% P from 14 metres
Hole MGC 271	42 metres @ 64.4% Fe, 2.5% SiO₂ & 0.03% P from 53 metres
Hole MGC 293	26 metres @ 64.6% Fe, 1.8% SiO₂ & 0.02% P from 34 metres

The drilling program was part of the ongoing exploration and resource development program focused on the Mungada Ridge area at Karara, where Gindalbie is aiming to define resources which will underpin the development of a long-term hematite DSO (direct shipping ore) business, planned to commence operations in 2008.

Earlier this year, Gindalbie announced an initial hematite resource of 14.1 million tonnes grading 60.6% Fe, 7.8% SiO₂, 1.2% Al₂O₃, 0.11% P, 0.06% S and 3.1% LOI. This initial Inferred Resource was generated from the first nine hematite deposits at Karara to be covered by Gindalbie's ongoing hematite resource development program. There is considered to be significant potential to further increase the hematite resource inventory through drilling of numerous hematite prospects discovered in the region such as the MR7 Prospect.

Results of the RC drilling at the MR7 Prospect, which was first discovered in 2006 by the surface mapping and rock chip sampling program, have confirmed the presence of significant zones of high-grade hematite mineralisation. Gindalbie completed 21 Reverse Circulation (RC) drill holes at MR7 (see Figure 1) on a 100 metre by 50 metre pattern which defined high-grade hematite mineralisation over 650 metres of strike.

The drilling program defined two zones of mineralisation, each between 10-30 metres in width and extending over 300 metres of strike, reducing to a single zone of less continuous mineralisation over a further 350 metres of strike. Hematite enrichment within the BIF profile shows two distinct zones consisting of:

- an upper zone to approximately 75 metres depth characterised by high grade Fe (+63%) with low levels of contaminants (eg. <0.05% P and <0.1% S); and
- a lower zone below 75 metres depth consisting of fresh enriched BIF characterised by intensely magnetic, moderate to low grade Fe (55-60%) with low silica (1-5%), but moderate to high P%, S% and LOI%.

The second zone at MR7 highlights, for the first time, the potential of the deeper style of mineralisation in the region to host highly magnetic, moderate grade (+50% Fe) BIF. This material can be mined as part of a hematite open pit operation but can also be used as feed to supplement the magnetite concentrate project proposed for Karara. Metallurgical and concentrating testwork will be undertaken to confirm the magnetic concentration effects on this type of ore.

A full table of drilling results, drilling location plan and indicative cross-section for the MR7 prospect is attached to this announcement.

Gindalbie's Managing Director, Mr Garret Dixon, said the success of the drilling at MR7 highlighted the prospectivity of the Mungada area and the potential to continue to further significantly increase the hematite resource inventory at Karara to underpin the longer term growth of the planned DSO operation.

"The initial resource of 14.1 million tonnes is being used in our current Feasibility Studies and will underpin an initial start-up DSO operation commencing at 1.5mt/annum in 2008 and subsequently expanding to 3mt/annum," Mr Dixon said. "However, our exploration activities are continuing to test numerous other hematite prospects in the area with a view to enhancing the longer-term future of this project."

"The hematite project has the potential to generate significant early cash flow which will support our broader objectives with the development of the Karara Magnetite Project," he added.

"The drill hole data is presently being modelled with the aim of establishing an initial Mineral Resource for the MR7 prospect," Mr Dixon continued. "Importantly, the drilling intersections at MR7 highlight the potential of the area to host significant zones of near-surface, high-grade iron mineralisation with notably low levels of phosphorous. Deposits like this will be strategically important in improving the overall DSO product blend".

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Competent Person Compliance Statement

The information in the report to which this statement is attached that relates to the Mineral Resource is based on information compiled by Felicity Hughes and Andrew Munckton who are Members of the Australasian Institute of Mining and Metallurgy. Andrew Munckton is employed by Gindalbie Metals Ltd. Felicity Hughes is an independent Geological Consultant. Felicity Hughes and Andrew Munckton have sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which they are undertaking to qualify as Competent Persons as defined in the 2004 Edition of the "Australasian Code for Reporting of Mineral Resources and Reserves". Felicity Hughes and Andrew Munckton consent to the inclusion in the report of the matters based on their information in the form and context in which it appears.

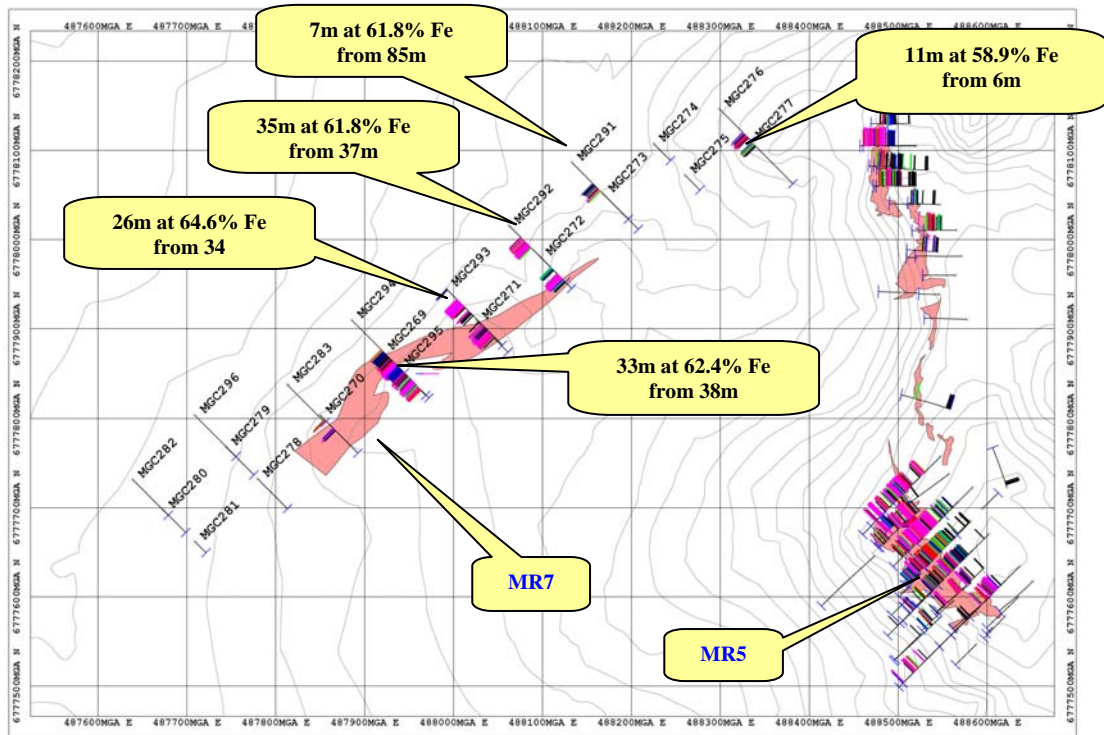


Figure 1: Collar Location of Terapod West (MR7) Phase 1 Drilling

Drilling results received are summarised in Table 1 and illustrated in Figure 2.

Hole ID	From (m)	To (m)	Interval (m)	Fe %	SiO ₂ %	Al ₂ O ₃ %	P %	S %	LOI %
MGC269	14	56	42	62.5	4.5	1.3	0.04	0.04	4.3
MGC269	67	73	6	62.3	5.7	0.8	0.04	0.02	3.4
MGC269	76	84	8	62.5	3.9	0.6	0.08	0.03	4.7
MGC269	97	104	7	58.5	3.1	0.9	0.06	0.39	10.7
MGC269	109	113	4	57.4	1.0	0.3	0.02	0.22	15.4
MGC270	14	17	3	60.9	6.4	3.2	0.01	0.02	2.9
MGC270	44	48	4	61.9	4.7	3.9	0.05	0.05	2.6
MGC271	13	55	42	64.4	2.5	1.9	0.03	0.02	2.8
MGC272	53	78	25	63.5	3.5	1.8	0.04	0.04	3.4
MGC276	75	90	15	59.6	6.4	2.0	0.05	0.35	5.7
MGC277	6	17	11	58.9	6.3	3.3	0.01	0.13	5.7
MGC291	66	70	4	58.6	7.8	0.5	0.04	0.04	7.1
MGC291	85	92	7	61.8	3.6	0.9	0.03	0.07	5.7
MGC292	37	72	35	61.8	5.2	0.7	0.03	0.07	4.8
MGC292	133	142	9*	57.1	3.6	0.9	0.18	0.58	7.2
MGC293	34	60	26	64.6	1.9	0.8	0.02	0.05	4.2
MGC293	72	75	3*	63.6	2.4	0.5	0.03	0.15	5.4
MGC294	96	102	6*	59.1	5.2	0.9	0.05	0.54	7.9
MGC294	146	157	11*	56.3	1.0	0.3	0.18	0.22	10.2
MGC294	160	168	8*	56.0	0.7	0.3	0.16	0.24	10.9
MGC295	31	35	4	60.2	6.4	4.1	0.01	0.01	3.1
MGC295	38	71	33	62.4	4.7	1.4	0.06	0.04	4.1

* Represent intersections from enriched BIF associated with transitional to fresh material

Table 1: Drilling Results for Terapod West (MR7)

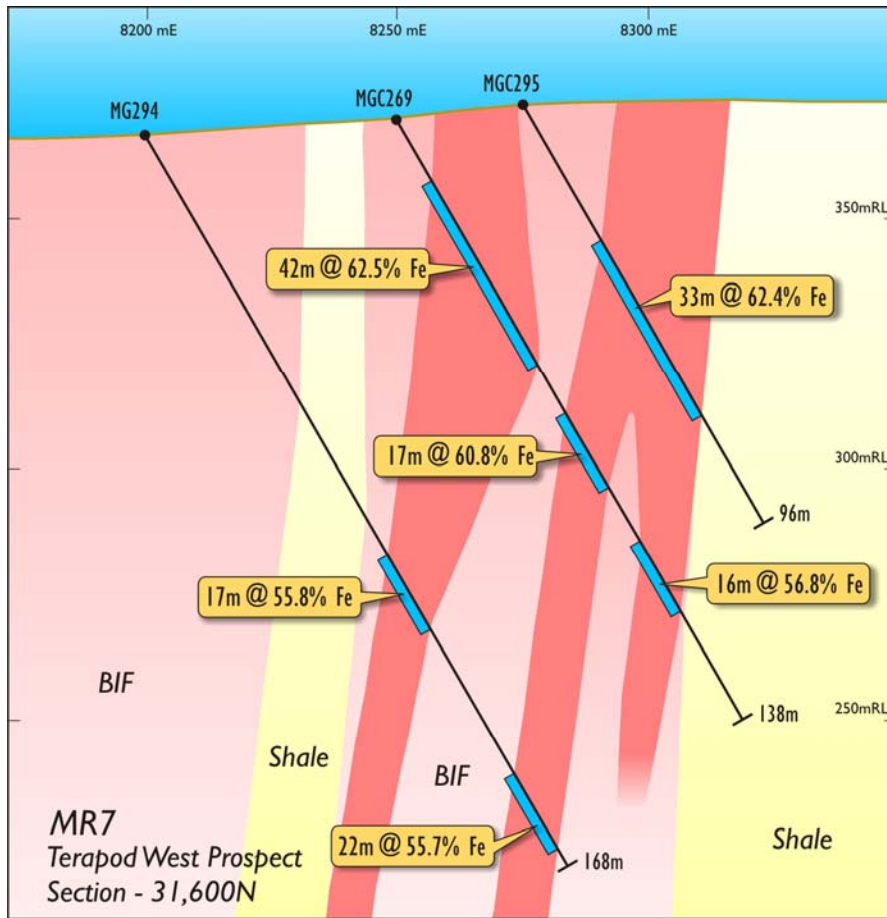


Figure 2: 31600N Cross Section for Terapod West (MR7)