

SECURITIES EXCHANGE ANNOUNCEMENT & MEDIA RELEASE

15 September 2008

KARARA MAGNETITE PUBLIC REVIEW COMMENCES

Gindalbie Metals Limited (**ASX: GBG** – “Gindalbie”) is pleased to provide an update on the environmental approvals process for both the magnetite and hematite phases of the Karara Iron Ore Project in Western Australia following the release today (**Monday**) of the **Public Environmental Review** (PER) for the magnetite phase of Karara for public comment.

The PER document has been through a detailed review with Western Australia’s Environmental Protection Authority (EPA) prior to its release for public comment today. The public comment phase will run for a fixed 4-week period with public submissions until 13 October 2008.

The commencement of the public review period represents a major milestone in the approvals process for the magnetite phase of the Project, following extensive and detailed studies undertaken by the Karara Joint Venture on the environmental impacts of the world-class development.

Once the public review period closes, the Joint Venture will respond to any public comments. The EPA will then commence preparation of its assessment report and recommendations to the Minister for the Environment. It is the Minister who will then decide whether to approve the development of the project after taking into account all environmental considerations plus social and economic impacts.

Last year, the WA Government handed down its Strategic Review of the Banded Iron Formation Ranges of the Mid West and Goldfields, which outlined areas where the Government favours mining development and preferred sites for conservation in the region, as well as highlighting further areas for investigation. In the case of Karara, the report noted that the Government is predisposed to allow the development of the magnetite resource identified in the Karara/Mungada/Blue Hills area as it delivers significant benefits to the State.

Gindalbie’s Managing Director, Mr Garret Dixon, said he was pleased that Karara had progressed to this important milestone, with the commencement of the public environmental review period representing the conclusion of many months of detailed investigations and assessment with ongoing discussion with the EPA.

“We are confident that we have addressed all of the points raised during this process and that we are now in a position to move ahead with the effective development of this world-class resource in a manner that balances appropriately the conservation and biodiversity value of the area with the significant positive economic and social impacts expected for the Mid West region and the State of Western Australia,” Mr Dixon said.

Hematite Approvals Update

The Public Environmental Review process for the hematite phase of Karara has now been completed and the Joint Venture has responded to all of the public submissions. The Joint Venture has been in discussions with the EPA regarding approvals for the hematite phase of Karara and is awaiting the final EPA assessment.

The hematite start-up phase of Karara is made up of iron ore deposits which occur on both the Karara and nearby Mungada tenements. The WA Government's Strategic Review Report highlighted the Mungada Ridge tenements, which contain part of the Company's hematite resource inventory, as having significant biodiversity value and therefore presenting some environmental challenges. The Karara area, however, was recognised as an area on which the Government would support mining development.

After lengthy discussions and negotiations the Joint Venture has made the decision to withdraw the resources contained on the Mungada Ridge from its current project assessment until such time as it has a more comprehensive understanding of the conservation and mineralogical value of the area. Assessment is continuing on the hematite resources contained on the Karara tenements.

"This is in line with our previously announced position, which is based on working closely with the EPA to find a suitable compromise that will enable us to develop those iron ore resources located in areas where the Government has confirmed that it is pre-disposed to approve development," Mr Dixon said.

"It is important to note that even with the removal of the Mungada Ridge tenements from the current assessment we will still be able to proceed with development of a Direct Shipping Ore operation in 2009 at an initial start-up rate of 1.5Mtpa, increasing to 2Mtpa, based on our existing resources," he added. "At the same time, we are continuing an aggressive exploration program across our tenement area and remain confident of being able to prove up additional hematite resources to support the project."

An EPA assessment on the hematite phase of the Karara Project is still forecast for the fourth Quarter of 2008, which would enable construction to begin in early 2009 with first production in the second half of the year.

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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 2009 to be followed by production of high grade magnetite concentrate and blast furnace quality pellets in 2010. 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.

For further information, visit www.gindalbie.com.au

About Ansteel

Ansteel is currently one of China's largest steel producers and is the major producer in the north-east region of China, with crude steel production of 22 million tonnes, annual sales revenues in excess of US\$11 billion and a profit of approximately US\$1.5 billion in 2006. 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 is developing 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 facility in the city of Anshan. The new facility will have the capacity of 6.5Mtpa of finished steel products and is the facility that the Karara products will feed upon commencement of production.

For further information, visit www.ansteelgroup.com