

EPA RECOMMENDS KARARA IRON ORE PROJECT FOR MINISTERIAL APPROVAL

Gindalbie Metals Limited (**ASX: GBG** – “Gindalbie”) is pleased to advise that the Environmental Protection Authority (EPA) of Western Australia today released its Reports for the **Karara Iron Ore Project** in Western Australia recommending approval for the world-class resources development.

The EPA reports pave the way for the Karara Project, which is located 225km east of Geraldton in Western Australia’s Mid West region, to commence construction later this year. The Karara Project is being developed through a 50:50 Joint Venture with AnSteel, one of China’s leading steel producers.

The release of the EPA reports, which contain the EPA’s assessment, report and recommendations to the Minister for the Environment, represents a major milestone for the Project and a strong endorsement of the Karara Joint Venture’s approach to environmental management.

Gindalbie is pleased to note the report has concluded that with the implementation of Ministerial Conditions the development of the flagship multi-billion tonne Karara Project could be undertaken. While these conditions are under review, the majority of the conditions are consistent with a sustainable approach to mining and development. Management plans and actions to address these are in an advanced stage of development.

The EPA recommendation provides significant encouragement that the company will be able to complete the approvals process in the coming months to allow the on-site construction of the project to proceed in the second half of 2009.

The report suggests the Government has decided to declare a conservation area based around Mungada Ridge. The Joint Venture partners have previously withdrawn from assessment the hematite orebodies located on the Mungada Ridge, while continuing assessments of the nearby Blue Hills North and Terapod iron orebodies and the main Karara magnetite deposit.

While the EPA report recommends the approval of the Karara magnetite and Blue Hills North orebodies, it recommends the Terapod deposit should be included in the Government’s conservation area. It should be noted that during discussions with various Government departments in the review process, the Joint Venture partners advised they were prepared to consider relinquishment of the tenement covering the Mungada Ridge, strictly on the basis that Karara, Blue Hills North, Terapod and all associated infrastructure were approved. The Joint Venture partners are currently reviewing this issue, the findings of the EPA and the conditions attached to the report to determine whether they will appeal any conditions.

The EPA Bulletin is now open for a 14 day public appeal period before entering the appeals determination and final Ministerial approval process. Gindalbie anticipates that these processes will be completed during the September Quarter, 2009. Subject to obtaining these final approvals in a timely fashion, the Karara Joint Venture now anticipates being able to gain full access to site for the commencement of construction in the December Quarter, 2009.

Gindalbie’s Managing Director, Mr Garret Dixon, said the recommendations released in the EPA’s Reports represented the culmination of several years of hard work by the Company’s environmental and approvals team, led by Greg Kaeding.

“We are looking forward to completing the final ministerial approval process, which will enable us to commence site-based construction activities,” Mr Dixon said. “As previously announced, pre-development and off-site activities for the Karara Project are already well underway, including manufacturing of key long-lead items, engineering design and procurement.

“This represents a significant show of faith in the future of this project considering that the final regulatory approvals process is still being completed.”

Gindalbie's Chairman, Mr George Jones, welcomed the report and acknowledged the support of the WA Government, and in particular Premier Colin Barnett, describing it as a very positive step forward for the project.

"At a time when many resource projects in Western Australia are being closed, cancelled or cut back, it is very pleasing to be announcing a positive milestone for a project in the Mid West region that will result in the investment of some A\$1.8 billion, providing long-term employment, opportunities and economic stimulus both for the region and the State," he said

"With a life of over 50 years, the Karara Project will generate direct and indirect employment of over 600 new Mid West jobs, more than 1500 jobs during the construction phase, annual export revenue of around A\$1 billion, some \$630 million in capital contributions to upgrade regional infrastructure, as well as significant new opportunities for economic and business development and training programs to provide skills and vocational education."

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