

ANSTEEL RECEIVES FOREIGN INVESTMENT REVIEW BOARD APPROVAL FOR \$162M GINDALBIE INVESTMENT

Australian iron ore company Gindalbie Metals Limited (ASX: GBG – “Gindalbie”) has taken a key step towards development of its **Karara Iron Ore Project** in Western Australia after Federal Treasurer Wayne Swan today confirmed he has approved the Company’s **\$162.06 million share placement** to its Chinese joint venture partner, Ansteel.

The FIRB approval for the share placement, which was overwhelmingly approved by shareholders 4 February 2009, follows the release on 28 April by the Environmental Protection Authority (EPA) of Western Australia of its Reports for the Karara Project recommending approval for the world-class resources development.

As part of the FIRB approval, Gindalbie and AnSteel have undertaken to support the development of Oakajee Port and use the new deepwater port when it becomes available to export Karara production. The partners have also undertaken that the proposed 50:50 ownership structure of the planned joint venture Pellet Plant to be built in China cannot be altered without Australian Government approval.

The final outstanding condition to be satisfied before the placement is complete is approval from the Chinese Government authorities, which is expected to take approximately six weeks. Gindalbie will then proceed with the allotment of 190,658,824 shares to Angang Group Hong Kong (Holdings) Limited or its nominee at a price of \$0.85 per share.

After completion of the placement, Gindalbie will have 704,637,674 shares on issue, with AnSteel increasing its total shareholding from 12.6% to 36.28%. The Karara Project is being developed through a 50:50 Joint Venture between Gindalbie and Ansteel.

The share placement represents the final component of the A\$534.1 million equity funding package for the Karara Project. The proceeds of the \$162.06 million placement will be utilized to fund Gindalbie’s second equity contribution of \$143.68 million, with the remaining \$18.38 million added to cash reserves. AnSteel is also required to make a final contribution of the same amount.

The FIRB approval and EPA recommendation are important steps in progressing the project financing for the Karara Project, and mark key milestones towards the expected start of construction during the December Quarter of 2009.

Gindalbie’s Chairman, Mr George Jones, welcomed the decision by the Commonwealth Government and also acknowledged the support of the WA Government and Premier Colin Barnett.

“This approval is absolutely fundamental to the overall development of the Karara Project, which I believe is going to have a substantial impact for Western Australia, and particularly in the Mid West region,” Mr Jones said.

“The Karara project is a textbook example of how Chinese investment can help maximise the value of Australia’s resources and, in this instance help to generate a new value-added commodity product for Western Australia in the form of high-grade magnetite concentrate,” he said.

“Ansteel’s help in developing Karara is creating jobs for Australians, generating much-needed revenue for governments, and supporting new common-user infrastructure like Oakajee Port. The Chinese are a valuable source of funding and can play a vital role in the growth of Australia’s resources industry. It should also be remembered that as part of the Joint Venture, Gindalbie will be the half-owner of a pellet plant to be built in China, highlighting the mutually beneficial nature of the relationship.”

Gindalbie Managing Director, Mr Garret Dixon, said the goal of achieving all the necessary approvals for on-site access were now well in sight.

“Today’s FIRB approval together with the positive EPA recommendation last week are a major boost to the project as these are the key regulatory requirements for the project to get going,” he said. “You need a structured approach to developing a major project like Karara and I am pleased to be able to demonstrate that we continue to tick the boxes.”

“Already we have placed orders for all the long-lead items and we are finalising various agreements and contracts. Engineering and design work across all aspects of the project and its related infrastructure is underway, and in some cases even finished. This means that once we get on site, shareholders should be able to see some very rapid progress.”

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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 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

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