

## GINDALBIE WELCOMES STUDY INTO WA STEEL MILL

### ***WA PREMIER'S VISIT TO ANSTEEL UNDERPINS SUPPORT FOR KARARA DEVELOPMENT***

Gindalbie Metals Limited (**ASX: GBG** – “Gindalbie”) notes today’s report on the front page of The West Australian and is pleased to announce that it supports the feasibility study surrounding a steel mill proposal for Western Australia’s Mid-West region.

During last week’s visit to China, WA Premier Mr Colin Barnett, signed an agreement with Gindalbie’s joint venture partner, Ansteel, to conduct a feasibility study into an integrated iron and steel plant and rolling mill at the Oakajee industrial estate near Geraldton.

Mr Barnett’s visit to China, during which he met directly with AnSteel President Zhang Xiaogang highlighted the support of both the WA Government and Ansteel for the development of the Karara Iron Ore Project. Mr Barnett also inspected AnSteel’s new Bayuquan Steel Mill at the Port of Yingkou in north-eastern China, which has been designed to use Karara products as a key feed source.

Gindalbie also notes the ongoing support shown by Mr Barnett during the China tour for the development of Oakajee Port. The successful development of the new deepwater port, 30km north of Geraldton, will underpin the ability of Karara to expand from its planned 8Mtpa start-up to fulfill its long term potential of producing more than 30Mtpa for a mine life of more than 30 years.

Gindalbie Managing Director and Chief Executive Officer Mr Garret Dixon said Ansteel’s commitment to a feasibility study was an extremely exciting development for the Karara Project, which has offtake arrangements to supply Ansteel’s vast Chinese operations.

Ansteel, China’s second-biggest steel producer has invested \$573 million into Gindalbie and the Karara Project.

Following last week’s successful environmental appeal outcome, construction on-site at Karara is expected to start in the December Quarter, with first production of hematite scheduled for the end of next year, and magnetite concentrate by mid-2011.

Mr Dixon said the multi-billion tonne Karara orebody could comfortably underpin annual production of 30Mtpa for a mine life of more than 30 years, giving it ample scope to become a major exporter of iron ore concentrate while also supplying feedstock for a WA-based steel mill.

“Ansteel has recognised the high quality of the Karara iron ore with its decision to invest heavily in the Project,” Mr Dixon said. “Now, this agreement with the WA Government highlights the benefits for Gindalbie of having a large strategic shareholder and partner with whom we can pursue further opportunities for iron ore processing and value-adding. Gindalbie is delighted that Ansteel is now proceeding with a feasibility study into a steel mill at Oakajee.”

“This project could provide another major market for Karara’s iron ore, in the process underpinning further expansions and production increases. Gindalbie wishes Ansteel and the WA Government every success with this study and offers its full assistance to the Project, which stands to generate substantial benefits for Ansteel, Gindalbie and the overall WA economy.”

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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](http://www.ansteelgroup.com)