

GINDALBIE WELCOMES GOVERNMENT POWER DECISION

WA PREMIER'S ANNOUNCEMENT UNDERPINS KARARA'S LONG-TERM GROWTH POTENTIAL

Gindalbie Metals Limited (**ASX: GBG** – "Gindalbie") welcomes today's announcement by the WA Government that it has committed to building a major power line in the Mid West region that will help underpin the planned significant expansion of the Karara Iron Ore Project.

WA Premier Colin Barnett and Energy Minister Peter Collier announced today the State Government would build a 330kV power line from Pinjar, north of Perth, to Eneabba.

Gindalbie was pleased to note Mr Collier's comments today that following a recent review: "...there are a number of major Mid-West projects that are well under way and will require access to substantial electricity supply. As a result, the review team proposed that the 330kV line initially extends from Pinjar to Eneabba to encourage progress of Gindalbie's Karara mine, six prospective wind farms and a major new power station."

While the existing 132kV power network is suitable for Karara's start-up capacity of 10Mtpa, the increase in transmission capacity is required for the planned expansion of the project to a production rate of more than 30Mtpa.

Gindalbie and its joint venture partner, Ansteel, are building a 330kV power line from Karara to Eneabba as part of the Project infrastructure which will connect into the State grid.

The project will draw power under a 15-year supply deal with the State Government's power generation arm, Verve Energy. Until the new Pinjar-Eneabba line is built, Karara will tap into the existing 132kV network at Eneabba and be able to draw sufficient power for the Project's start-up.

"The Government has shown tremendous leadership and support for the development of the resources sector in the Mid West region," Gindalbie's Managing Director Garret Dixon said. "The Premier has shown his commitment to Mid-West iron ore and infrastructure development, and particularly has demonstrated strong support for Karara and its long-term potential. This latest decision to ensure the region has sufficient power infrastructure, is testament to the Government's belief that the Mid West is set to become the next resources growth centre in WA."

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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