

## FINAL ENVIRONMENTAL APPROVAL RECEIVED FOR KARARA IRON ORE PROJECT

*WORK TO COMMENCE AT KARARA IMMEDIATELY WITH CONTRACTS TOTALLING \$400M TO BE AWARDED SHORTLY*

Gindalbie Metals Limited (ASX: GBG – “Gindalbie”) is pleased to advise that the Federal Government has today given Commonwealth environmental approval for development of the **Karara Iron Ore Project** in Western Australia to proceed.

The Department of Environment’s decision, which follows the announcement of State environmental approval on 9 September, represents the final regulatory approval required for on-site construction and development work at Karara to proceed.

Following this key milestone, initial work involving clearing, preliminary earthworks and other site establishment activities will commence on site at Karara next week, ramping up to full-scale construction next year.

Located 500km north-east of Perth, the Karara Project is a major integrated iron ore project which will produce both Direct Shipping Ore (DSO) and high-grade magnetite concentrate over several decades – generating substantial positive economic benefits for the Mid West region and the State of Western Australia.

Work has already commenced on construction of the 300-person Lochada Camp, located between Karara and Morawa, which will house part of the initial construction workforce for the Karara Project.

This camp will subsequently be responsible for construction of some of the lineal infrastructure required for the Project including the rail spur and power line to site. Construction of Lochada Camp is scheduled to be completed in December 2009.

The on-site clearing and earthworks commencing at Karara next week will prepare the site for the full-scale construction of the Karara Concentrator to start early in the New Year.

Three major contracts with a combined value of approximately \$400 million are expected to be awarded in the next three months following receipt of the final Commonwealth approval. These contracts include earthworks and concrete, design and installation of the Karara Village, and construction of the ancillary port facilities. Other major contracts will also follow in the subsequent months.

“This is a very exciting time for Gindalbie and our partner Ansteel,” said Gindalbie’s Managing Director, Mr Garret Dixon. “The Project schedule is now in our hands and we can get on with the task we have all been waiting to get stuck into – building a world-class iron ore project.

“I would like to take this opportunity to thank the Premier’s Department and the WA Government for their ongoing support and the Federal Government for this final approval, enabling us to achieve our targeted timeline for commencing site clearing works to enable full-scale construction to kick off early next year.

“We expect to have up to 500 people on site by January and up to 1,000 by June next year, providing a significant economic stimulus to the Mid West region and bringing exciting new opportunities to this emerging iron ore province and the State of Western Australia,” he continued.

“Our focus now will be very much on efficient project management, costs and scheduling to ensure that we deliver a world-class iron ore project within our budgeted development timeframe, with the key objective of commencing exports of high-grade magnetite concentrate to China in 2011,” Mr Dixon added.

**ENDS**

**Released by :**

Nicholas Read / Paul Armstrong  
Read Corporate  
Telephone: (+61-8) 9388 1474  
Mobile: (+61) 419 929 046

**On behalf of:**

Mr Garret Dixon  
Managing Director

Gindalbie Corporate

Mr David Southam  
Chief Financial Officer

Mr Michael Weir  
Investor Relations Manager  
Telephone: (+61-8) 9480 8700  
[www.gindalbie.com.au](http://www.gindalbie.com.au)

### 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)

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