

CONSTRUCTION OFFICIALLY UNDERWAY AT KARARA IRON ORE PROJECT

WA PREMIER COLIN BARNETT ATTENDS HISTORIC GROUND-BREAKING CEREMONY

KARARA, WESTERN AUSTRALIA: Saturday, 28 November 2009 – Construction is officially underway on the Mid West region's largest resources project, the Karara Iron Ore Project, following an official ground-breaking ceremony held on site this morning attended by Western Australian Premier, the Hon Colin Barnett MLA, and other dignitaries.

Located 500km north-east of Perth and only 225km east of Geraldton, the Karara Project is a major new integrated iron ore project being developed under a 50/50 joint venture between Australian iron ore company Gindalbie Metals Limited (**ASX: GBG** – “Gindalbie”) and leading Chinese steel and iron ore company, Ansteel.

The symbolic first sod was turned on the site of the Karara magnetite concentrator – a massive structure that will rise out of the ground over the next 18 months – by Mr Barnett, Gindalbie Director and immediate past-Chairman, Mr George Jones, and the Vice-President of Ansteel, Mr Wen Baoman.

The ceremony was also attended by Gindalbie Managing Director Mr Garret Dixon, senior Ansteel executives Mr Su Wensheng and Mr Wang Heng, who is also a non-executive Director of Gindalbie, the Chinese Consular General in Perth, Mr Li Shugang, representatives of the area's traditional owners, representatives of the media and other senior Gindalbie management, employees and guests.

The official launch of the Karara Project represents a pivotal event for Gindalbie, which was one of the pioneers of iron ore exploration in the Mid West region. Karara is the first major mine development in the Mid West and also one of only a handful of new magnetite projects to be developed in Australia. These magnetite projects herald a new era of downstream processing for the industry in the emerging Mid West iron ore province.

Initial site clearing activities and preliminary earthworks commenced at Karara in early November following the receipt of final Commonwealth environmental approval on 30 October and State Government environmental approval on 9 September.

With a multi-billion-dollar capital investment, the Karara Project will deliver major economic benefits for the Mid West region and the State of Western Australia, generating some 1,500 construction jobs and 600 direct and indirect long-term jobs.

The Project will initially produce 10Mtpa of iron products commencing in 2011, comprising 8Mtpa of high-grade magnetite concentrate, a value-added product, and 2Mtpa of Direct Shipping Ore (DSO). Karara has the potential to produce more than 30Mtpa over a mine life estimated at more than 30 years.

Karara will initially generate around A\$1 billion in annual export revenues, building to A\$3 billion annually as the project grows, equating to \$40 million in Government revenues rising to \$120 million annually.

Iron products will initially be exported through Geraldton Port, with Karara also able to commit foundation tonnages to underpin the development of the new multi-billion dollar Oakajee Port.

Gindalbie Managing Director Mr Garret Dixon said the commencement of construction marked a major milestone for Gindalbie, the beginning of a new period of growth and development for the Mid West region and a strong vindication of the partnership established with Ansteel.

“In commemorating this historic milestone, I would like to acknowledge the vital support that has been provided to us over many years by Ansteel, which has brought key elements to the project development including a long-term off-take agreement, equity and project funding,” Mr Dixon said.

Karara is one of the first projects in Australia to involve an integrated development with an offshore downstream processing facility in the form of a Joint Venture pellet plant which will be constructed near the site of Ansteel's new steel-making facility at BaYuQuan in China.

Mr Dixon acknowledged the invaluable support and assistance which the Karara Joint Venture has received from both the State and Federal Governments.

"Under the leadership of Premier Colin Barnett, the State Government has played an important role in expediting several key aspects of the approvals process over the past 12 months, and I would like to thank the Premier and his Department for their support," he said.

"I would also like to thank the outstanding team of people at Gindalbie, Ansteel and in the Karara Project who have contributed to our success to date, and who will play a crucial role in our future growth as we move from development to production."

Mr Dixon, said the Joint Venture had not wasted any time in getting on the ground to commence development, with the site already teeming with people, trucks, diggers and other equipment as the joint venture company, Karara Mining Limited, tackled the task of building a world-class project.

"Our planning is for production to start at an initial rate of 10Mtpa in 2011. However, we already know that the ore body can support a much higher production rate, and our vision is for Karara to eventually become a 30-35Mtpa project, which we believe can be sustained for over 30 years.

"This is a great new project for our shareholders, for our partners at Ansteel, for the communities of the Mid West region and the people of Western Australia."

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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 the first half of 2011 to be followed by production of high grade magnetite concentrate and blast furnace quality pellets in the second half of 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