



中钢澳洲中西矿业公司
SINOSTEEL MIDWEST CORPORATION LIMITED

KARARA
IRON ORE PROJECT
a Gindalbie-AnSteel Joint Venture

GINDALBIE - SINOSTEEL MIDWEST CORPORATION ANNOUNCE SIGNING OF INFRASTRUCTURE-SHARING AGREEMENT

MID WEST MINERS ESTABLISH INNOVATIVE COLLABORATIVE FRAMEWORK AGREEMENT

ENCOMPASSES ACCOMMODATION, RAIL ACCESS, WATER & ENVIRONMENTAL INFORMATION

Two of the Mid West region's major iron ore developers, Gindalbie Metals Limited (ASX: **GBG** – "Gindalbie") and Sinosteel Midwest Corporation, are pleased to announce the signing of a **Cooperation Agreement**, providing a framework for sharing access to key items of infrastructure and mine services to realise mutual benefits for their neighbouring projects in Western Australia's emerging iron ore province.

The agreement, between Sinosteel Midwest and Gindalbie's joint venture company Karara Mining Limited, is designed to enhance project economics and unlock synergies between the Karara Iron Ore Project and Sinosteel Midwest's nearby Koolanooka/Blue Hills Project.

The agreement includes key items such as spur line rail access, use of on-site accommodation facilities, shared access to the new Karara airstrip, water infrastructure and sharing of environmental data.

The agreement is one of the first of its kind in the Mid West region and sets a benchmark for collaboration between resource groups in the region with strategically located assets and aligned infrastructure development strategies, helping to facilitate the growth of the region as a major new mining hub.

Both groups will gain mutual benefits from the arrangement, which will reduce capital costs and lead to lower operating costs through economies of scale, especially in relation to ore transport.

Avoiding the duplication of infrastructure will also reduce the size of the combined projects' overall environmental footprint and the level of vegetation clearing required.

Gindalbie, through its 50/50 Joint Venture with the leading Chinese steel company Ansteel, recently commenced construction of the Karara Project, which is located 500km north-east of Perth, and is targeting first production in 2011. Clearing of the Karara concentrator site has been completed, preliminary earthworks for the processing plant are underway and the 300-person Lochada Camp is being commissioned and will be occupied early this month, allowing for the rapid build-up of the Karara workforce.

Sinosteel Midwest Corporation received final approval for its Koolanooka/Blue Hills Project in January 2010 and is targeting the commencement of mining before the end of February at a rate of up to 1.5Mtpa of hematite ore. The Company also has advanced production opportunities for iron ore at its Weld Range, Jack Hills and Robinson Range Projects, also located in the Mid West region.

The agreements are contingent on the successful construction of each of the infrastructure items, and are subject to attaining the necessary government permits and licences. They are also subject to terms and conditions agreed between the two parties.

Gindalbie's Managing Director, Mr Garret Dixon and Sinosteel Midwest's Chief Operating Officer, Mr Giulio Casello, said the Cooperation Agreement between Karara Mining and Sinosteel Midwest represented a significant achievement for the development of a mining industry in the Mid West region and set a new benchmark for strategic cooperation and infrastructure-sharing between mining companies in Australia.

"We are very pleased to have signed this Infrastructure Sharing Agreement between our two organisations, which we believe represents a genuine win-win for both groups given the close proximity of our iron ore operations and the significant synergies that can be realised by taking a sensible and pragmatic view of some of the important new infrastructure that will be developed in the region over the next 12 months," they said.

"I look forward to building a mutually beneficial long term relationship with Sinosteel Midwest in the years ahead, and working closely with them as our neighbours to implement the key terms of this agreement," Mr Dixon added.

"We hope that this agreement will prove to be an example for other companies in the Mid West region – and maybe even other iron ore provinces – as to how effective and constructive infrastructure-sharing arrangements can deliver genuine benefits and help to unlock investment, growth and new opportunities," Mr Casello concluded.

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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

About Karara

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.