



\$120M KARARA EARTHWORKS CONTRACT AWARDED TO NRW HOLDINGS

Gindalbie Metals Limited (ASX: GBG – “Gindalbie”) is pleased to announce the award of a further major construction contract for the Karara Iron Ore Project in Western Australia. The Joint Venture company, Karara Mining Limited (KML), has awarded a staged earthworks and concrete construction contract, with a total value of **\$120 million**, to the ASX-listed specialist civil and mining contractor, NRW Holdings Limited (ASX: **NWH**).

The earthworks and concrete package encompasses most of the preliminary construction work upon which the concentrator will be built. As well as site earthworks and concrete foundations, the contract includes construction of site drains, site roads, a retention pond and the all-weather airstrip. The contract has a 14-month duration and will involve between 400-500 NRW personnel on site.

The total earthworks and concrete package will involve the pouring of more than 40,000m³ of concrete, for which Boral has recently installed a special-purpose batching plant on site to ensure a steady and reliable source of concrete throughout the project construction period.

Originally established in Western Australia's Eastern Goldfields in 1994 as a privately owned civil constructing and general plant hire firm, NRW has grown to become one of Australia's leading diversified suppliers to the Mining and Resources Sector. NRW listed on the Australian Securities Exchange in 2007 and today counts global resource giants such as BHP Billiton, Rio Tinto and Fortescue Metals Group amongst its key client base.

The award of the earthworks contract follows the award in December 2009 of a \$70 million contract for construction of the main camp and accommodation village for the Karara Project to Western Australian company Doric Constructions (Australia) Pty Ltd.

Major additional contract packages targeted for award in the next few months include Geraldton Port works, rail spur line construction, water pipeline construction and Karara mining and tailings management.

“This awarding of this construction package is another step forward for the Karara Project. Importantly, the early contractor engagement process implemented for the project is starting to show dividends with the work being well tendered by a select number of experienced contractors. Following an extensive process we are very pleased to announce the award of this major contract for the Karara Project to another Western Australian company,” said Gindalbie's Managing Director, Mr Garret Dixon. “The earthworks package is one of the key construction packages for the Project and involves a major logistical effort. We are looking forward to working closely with the management of NRW Holdings in delivering this major contract.”

Commenting on the contract award, NRW's Managing Director Civil & Mining, Mr Willie Rooney said: “The award of this contract is a tremendous step forward in the diversification of the NRW skill base with the significant concrete component and, represents the opportunity to build a strong relationship with Gindalbie and Ansteel for future works.” Mr. Rooney went on to note that “it was particularly gratifying to be part of a world class project in the emerging Mid West region of Western Australia.”

Located 500km north-east of Perth and 225km east of Geraldton, Karara is a major new integrated iron ore project being developed under a 50/50 joint venture between Gindalbie and leading Chinese steel and iron ore company, Ansteel. Karara is the Mid West region's largest resources project.

Construction Update

On-site clearing and earthworks are now well advanced with over 80 hectares of land cleared for the main plant site, covering the area required for the Karara Concentrator and associated site infrastructure.

A concrete batch plant has also been installed on site and site communications have been fully established, with phone coverage now available across the entire site as well as surrounding areas including the Lochada camp. The communications systems installed for Karara have also greatly enhanced mobile telephone coverage in the surrounding areas.

The Lochada camp, located between Karara and Morawa, has been completed and is being commissioned, and, with the existing Karara Exploration Camp will provide accommodation for up to 420 personnel including part of the initial construction workforce for Karara while the main construction camp is completed.

Doric Constructions (Australia) Pty Ltd mobilised to site in early February for construction of the main Karara camp, which will provide construction and permanent accommodation and facilities for up to 1350 personnel. Off-site fabrication activities are already underway for accommodation units and other key items for the camp construction contract. Approximately 120 personnel are currently on site, and this is expected to progressively increase to several hundred by the end of this month.

Detailed engineering and design of the Karara Processing Plant is at an advanced stage, with the completion recently of the 60% design model review in China. Detailed engineering and design for the rail spur and water pipeline has been effectively completed.

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Released by :

Nicholas Read
Read Corporate

Telephone: (+61-8) 9388 1474
Mobile: (+61) 419 929 046

On behalf of:

Mr Garret Dixon
Managing Director
Gindalbie Metals

Mr David Southam
Chief Financial Officer

Mr Michael Weir
Investor Relations Manager
Telephone: (+61-8) 9480 8700
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 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.