

## FORMAL SIGNING OF US\$1.2 BILLION KARARA PROJECT LOAN FACILITY IN CANBERRA

### *MAJOR AUSTRALIAN IRON ORE PROJECT SIGNS FUNDING AGREEMENT*

**Canberra, 21 June 2010** – Gindalbie Metals Limited (ASX: **GBG** – “Gindalbie”) today applauded China’s support for emerging Australian resource projects following the formal signing of key loan documentation for a **US\$1.2 billion Project Loan Facility** which underpins development of its US\$2 billion Karara Iron Ore Project in Western Australia.

Gindalbie and its joint venture partner, Ansteel, said the landmark debt facility was a major achievement in the current uncertain political and economic climate which reflected the quality of the Karara Project – one of the largest resource projects currently under construction in Australia.

The loan facility agreement was signed in Canberra today by Gindalbie’s Managing Director, Mr Garret Dixon, representing the joint venture company Karara Mining Limited, and Mr Chen Yuan, the Chairman of China Development Bank.

The documents were signed in the presence of the Vice President of the Peoples Republic of China, Mr Xi Jinping, who is the immediate deputy to President Hu Jintao, and Australian Prime Minister Mr Kevin Rudd.

It is the second time the Karara Project has attracted the support of the highest levels of the Chinese Government after the original joint venture development agreement between Gindalbie and Ansteel was signed in the presence of President Hu Jintao in 2007.

Gindalbie’s Managing Director, Mr Garret Dixon, said the completion of final ancillary banking documents and obtaining Chinese regulatory approval for Ansteel’s parent company guarantee in coming weeks were the key final requirements to allow drawdown of the Loan Facility to proceed on schedule from July.

“This is a major milestone for the Karara Project and the joint venture partners Ansteel and Gindalbie,” Mr Dixon said. “Securing such a large project debt facility, which was arranged under the previous taxation regime, against the current backdrop of massive uncertainty arising from the proposed Resources Super Profits Tax is a considerable achievement. If this project was only at the concept stage I am not sure that it would be proceeding. It would more likely have been put on hold until the issues raised by the proposed new tax on the resources industry were sorted out.

“Signing of the Loan Facility is a reflection of both the unwavering support and commitment for this Project from our Chinese partners and the banking syndicate led by the China Development Bank and Bank of China, together with the fundamental quality and strength of the Karara Project,” Mr Dixon continued.

“What is important to remember is we are currently building only the first stage of a world-class, long-life project. Under the right investment regime, both partners are keen to see Karara expanded to reach its full potential and take advantage of the considerable up-front investment they have made to build the necessary infrastructure that is required for these types of projects.

“Our path to production has taken more than four years of hard work – exploration, studies, approvals and financing. That is an enormous risk that has been borne by our shareholders. With iron ore production commencing next year, shareholders will start to be rewarded for their support.

“Karara is a new-generation magnetite mine that is taking low grade iron ore, turning it a premium iron ore product and creating a new market for our natural resources. Along the way we are making enormous investments in common-user infrastructure, supporting communities, creating jobs and paying taxes and royalties.”

The 12-year Karara Project Loan Facility is being provided on competitive commercial terms principally by the China Development Bank and Bank of China with Ansteel providing a 100% parent company guarantee.

The Project Loan Facility is based on the US 6 month LIBOR with a competitive margin. Importantly, as the facility is based on an international interest rate benchmark, it provides a very good long term arrangement for the project.

CDB and BOC are two of the most important and largest banks in China and have funded a number of Chinese domestic and international major infrastructure projects. BOC recently expanded its business to Perth in a sign of its commitment to projects in Western Australia.

**ENDS**

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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 mid-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](http://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.