

GINDALBIE METALS LTD

ABN 24 060 857 614

JUNE 2006 QUARTERLY REPORT



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Gindalbie Metals Ltd
Ground Floor
10 Kings Park Road
WESTE PERTH WA 6005

PO Box 512
WEST PERTH WA 6872

Telephone: +61 8 9480 8700
Facsimile: + 61 8 9481 2395

Email: gbg@gindalbie.com.au
Web: www.gindalbie.com.au

Enquiries to:
David McSweeney
Managing Director
Telephone: (08) 9480 8700

or

Darren Gordon
Chief Financial Officer
Telephone: (08) 9480 8700

HIGHLIGHTS FOR THE JUNE 2006 QUARTER

KARARA IRON ORE PROJECT

Karara Joint Venture Agreement - Ansteel

- First Karara Iron Ore Joint Venture meeting held in Perth.
- Anshan Iron and Steel Group Corporation (AnSteel), China's second largest steel producer pays inaugural Joint Venture cash call of \$8.5 million.

Karara Hematite Project

- Infill drill results continue to build the Company's confidence in reaching the initial hematite resource target of +10 million tonnes of +60% iron from both a grade and tonnage perspective by December 2006.
- 10,900 metres of infill RC drilling completed at Karara on hematite targets MR1 to MR5 and BH1 to BH3.
- First drilling at Blue Hills North (BH2) confirms multiple zones of high grade hematite over 500 metres of strike, open at depth and along strike with better results of:
 - 13 m @ 66.4% Fe in Hole MKC118
 - 13 m @ 65.8% Fe in Hole MKC113
- Other significant drill results during the Quarter included:
 - MR3 - Tor 29 metres @ 64.0% Fe in Hole MGC098
 - MR2 - Skyhook 21 metres @ 63.4% Fe in Hole MGC064
 - MR5 - Terrapod 17 metres @ 63.5% Fe in Hole MGC159

Karara Magnetite Deposit

- Results from 12,200 metres of successful step-out drilling on the 2 kilometres of strike to the north of the initial Karara resource has confirmed that the Karara magnetite deposit is continuous in grade and style of mineralisation for at least 4 kilometres.
- Infill drilling designed to lift the category of the already identified Inferred magnetite resource of 737 million tonnes grading 37.1% Fe to Measured and Indicated categories continued during the Quarter.
- Gindalbie and Ansteel agree to a new magnetite base case of 4 million tonnes per annum of blast furnace pellets and 4 million tonnes per annum of concentrate to be exported through the Port of Geraldton.

Minjar Gold and Base Metal Project

- The sale of the Minjar Gold and Base Metal project to ASX Listed Monarch Gold Mining Company Ltd (ASX Code: MON) for \$10 million in staged payments was settled on 30 June 2006.

Corporate

- Cash reserves at 30 June 2006 of \$36 million.
- Tranche 2 of share placement of 43 million shares at 37 cents per share completed early in the Quarter to clients of Southern Cross Equities.
- Mr George Jones appointed Executive Chairman on 10 July 2006.



KARARA IRON ORE PROJECT (AnSteel Earning a 50% Interest)

The Karara Iron Ore Project, including the Karara Magnetite and Hematite Projects, is located 90 kilometres east of Morawa in Western Australia's South Murchison Region, 220 kilometres inland from the Port of Geraldton (Figure 1). The Project is the focus of Gindalbie's two-stage strategy to become a diversified iron ore company.

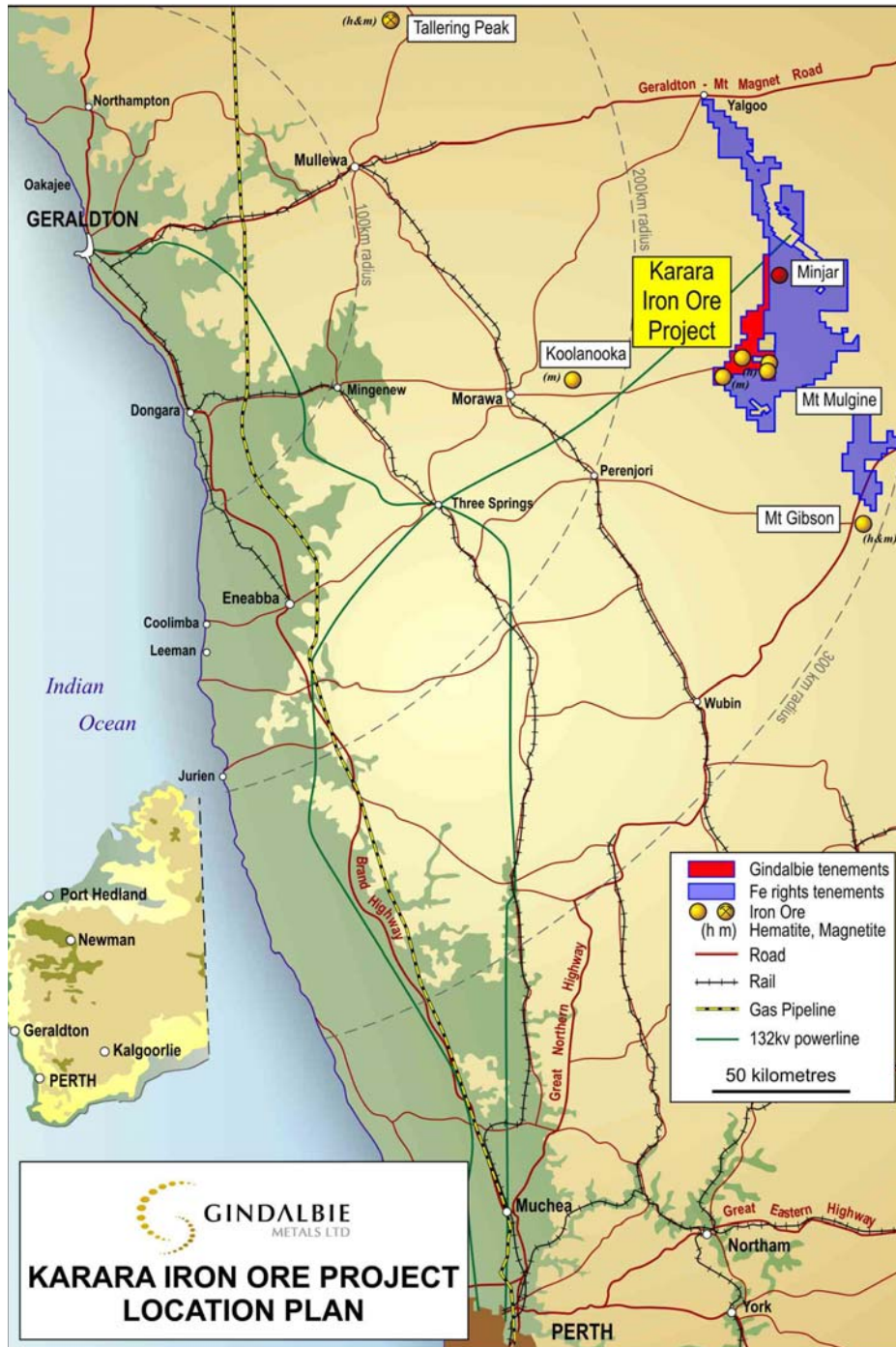


Figure 1. Karara Iron Ore Project Location Plan

KARARA JOINT VENTURE AGREEMENT - ANSTEEL

The Karara Iron Ore Joint Venture is a 50:50 joint venture between Gindalbie and China's second largest steel producer, Anshan Iron and Steel Group Corporation ("AnSteel"). The joint venture partners are funding feasibility studies that are focussed on the Karara Iron Ore Project located in Western Australia's Mid West region. The manager of the joint venture is Karara Management Services Pty Ltd (KMS), a wholly owned subsidiary of Gindalbie.

During the Quarter, the first Karara Iron Ore Joint Venture Meeting was held in Perth with representatives of AnSteel. AnSteel's first cash call, in the amount of \$8.5 million, was paid into the KMS Joint Venture bank account during the Quarter.

Two representatives of Ansteel have relocated to Perth to contribute technical and operational support to the project teams assembling both feasibility studies.

Background - AnSteel

AnSteel is currently China's second largest steel producer and the major steel producer in the north-east region of China, with crude steel production of 13 million tonnes, annual sales revenues in excess of A\$11 billion and a profit of approximately A\$1.5 billion in 2005. First established in 1916, AnSteel is one of China's oldest and one of the world's most influential steel companies. AnSteel has announced a merger with Benxi Steel (7 million tonnes of crude steel production in 2004), also based in Liaoning Province, with completion of this merger expected in 2006 under the merged name of ANBEN STEEL GROUP COMPANY. ANBEN is expected to have total steel production capacity of 30 million tonnes per annum by 2010.

Under current Chinese Central Government policies, AnSteel is considered to be one of the country's key growth companies and has strong support in securing new sources of long-term iron ore supply through international investment. It reports that it has financial support for its investments with the China National Development Bank.

KARARA HEMATITE PROJECT

New Karara Hematite Development Schedule

As a result of the timeframe required for delivery and commissioning of the new \$35 million shiploader at Berth 5 by the Geraldton Port Authority and a new environmental approvals process timetable instituted during the Quarter, Gindalbie now expects to commence hematite shipments at an initial rate of 1.5 million tonnes per annum in the first Quarter of 2008.

The Company plans to continue its aggressive hematite exploration and drilling campaign in the 18 months leading up to first production with the aim of increasing hematite resources to support a ramp up from 1.5 million tonnes per annum to 3 million tonnes per annum by 2009.

As detailed in previous Quarterly Reports, the required logistics chain is already in place to support the Company's hematite development project due to the location of the project next to an existing 85km haul road and 200km rail network, together with the expanded capacity of the Geraldton Port with the new Berth 5 shiploader.

The development timetable is now as per Table 8 below.

Table 8: Karara Hematite Project – Key Target Dates

Hematite drilling and Initial Hematite Resource	December 2006
Public Environmental Review (PER)	October 2006 to June 2007
Commencement of Hematite Mining	3 rd Quarter 2007
Berth 5 Shiploader	4 th Quarter 2007
Commencement of Export – Geraldton	1 st Quarter 2008

Karara Hematite Exploration

The hematite exploration program continued during the June 2006 Quarter, comprising 10,900 metres of infill RC drilling to follow up the successful stage one drilling programs conducted over the September 2005 to March 2006 period.

The program covered the MR1-5 prospects and BH1-3 prospects. See Figure 2.

The highlights of the Quarter were the:

- Encouraging widths and grades of mineralisation at MR3 - Tor such as:
 - 29m @ 64.0% Fe in Hole MGC098
 - 29m @ 64.3% Fe in Hole MGC073
- The discovery of multiple zones of hematite over 500m of strike (open) at Blue Hills North (BH2) including:
 - 13m @ 66.4% Fe in Hole MKC118
 - 13m @ 65.8% Fe in Hole MKC113

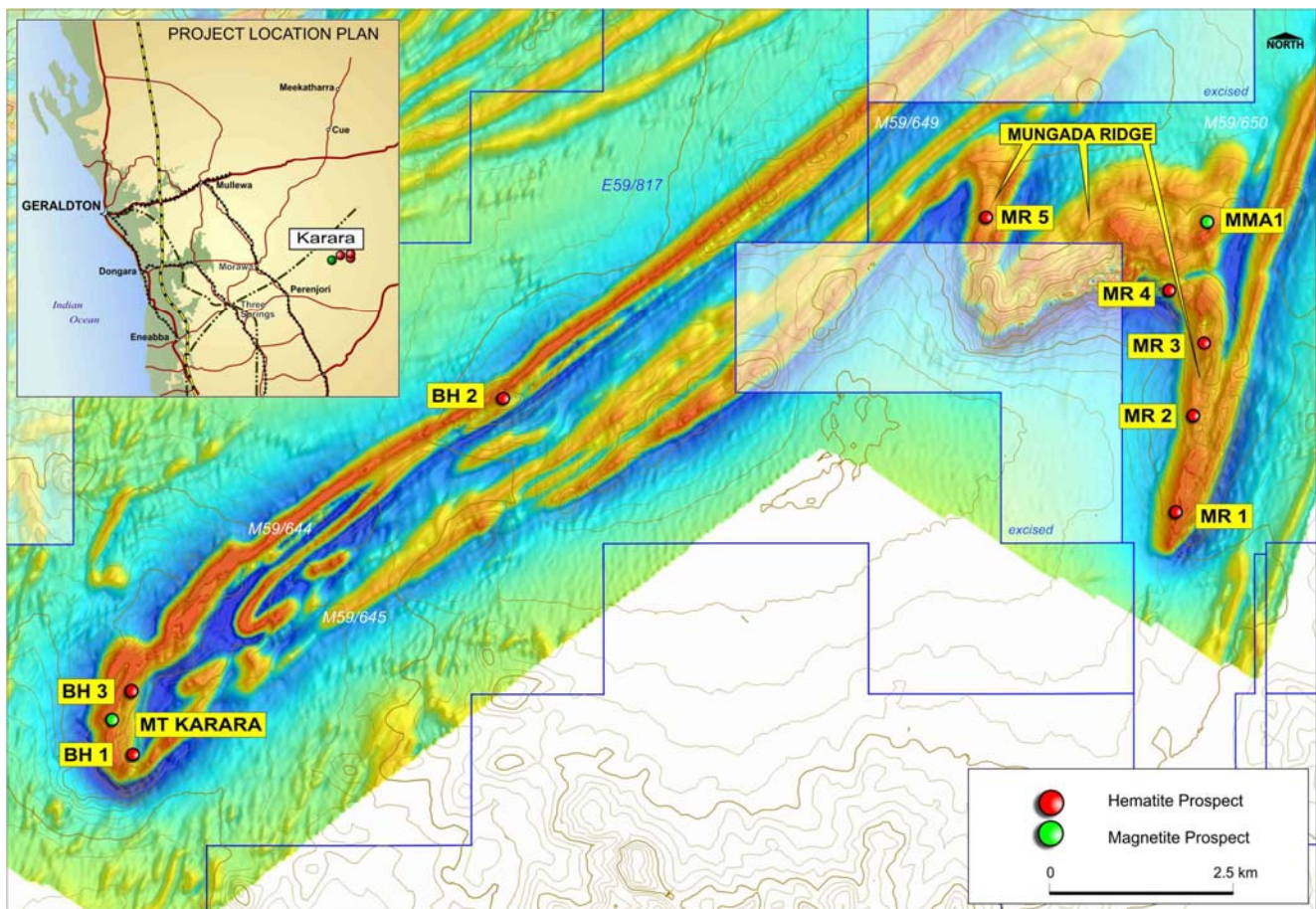


Figure 2: Karara Iron Ore Project Aeromagnetic Image

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Significant results have been received from all prospects during the current exploration program and a clear picture of mineralisation style and control is emerging for the area. Prospect by prospect summaries of hematite exploration results received to date are detailed below.

MR 3 - Tor Prospect

38 holes for 4,128 metres were completed during the Quarter. The ore body extends over 400 metres and remains open at depth. A number of very encouraging intersections have been received including those set out in Table 1 below.

Table 1: Drilling results for MR3 - Tor

Hole ID	From(m)	To(m)	Interval(m)	Fe%	SiO ₂ %	Al ₂ O ₃ %	P%	LOI%
MGC 068	49	63	14	63.7	5.4	1.1	0.06	1.5
MGC 070	40	60	20	62.5	7.8	0.8	0.04	1.1
MGC 071	67	96	29	61.8	7.7	0.8	0.07	0.8
MGC 073	29	58	29	64.3	4.1	1.4	0.11	2.1
MGC 074	35	78	43	62.6	6.5	1.3	0.10	2.0
MGC 098	96	125	29	64.0	5.5	1.0	0.06	1.7
MGC 106	109	149	40	66.0	3.6	0.3	0.12	1.0

Further drilling is planned to access down-dip, deeper positions in the ore body. There appears to be at least two, and possibly three, lode positions to be drill tested.

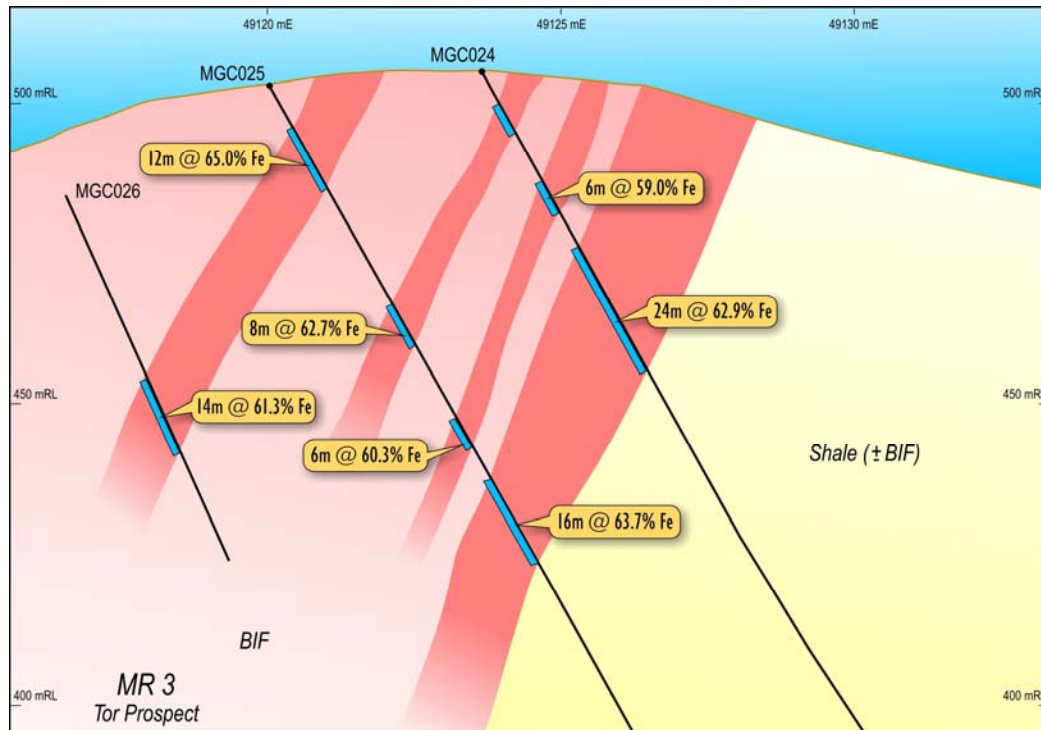


Figure 3: Cross Section of MR 3 - Tor Prospect

BH2- Blue Hills North Prospect

Previous mapping at the Blue Hills North Prospect identified zones of hematite mineralisation with a strike extent of over 500 metres. 10 RC drill holes for 1,041 metres were drilled during the Quarter intersecting multiple zones of hematite with mineralisation open to the north, south and at depth.

Drilling is planned to test extensions to open positions and evaluate exploration potential of parallel BIF units.

Better results from drilling at the Blue Hills North Prospect are set out in Table 2 below.

Table 2: Drilling results for BH2 - Blue Hills North

Hole ID	From(m)	To(m)	Interval(m)	Fe%	SiO ₂ %	Al ₂ O ₃ %	P%	LOI%
MKC113	53	66	13	65.8	3.8	0.6	0.03	1.3
MKC115	27	42	15	63.0	7.1	0.5	0.12	1.9
MKC118	61	74	13	66.4	2.5	0.7	0.08	1.5
MKC119	53	57	4	67.1	2.4	0.4	0.04	1.1
MKC120	56	67	11	63.3	5.7	1.5	0.05	2.0

Figure 4 demonstrates the multiple lodes that exist at the BH2 Prospect.

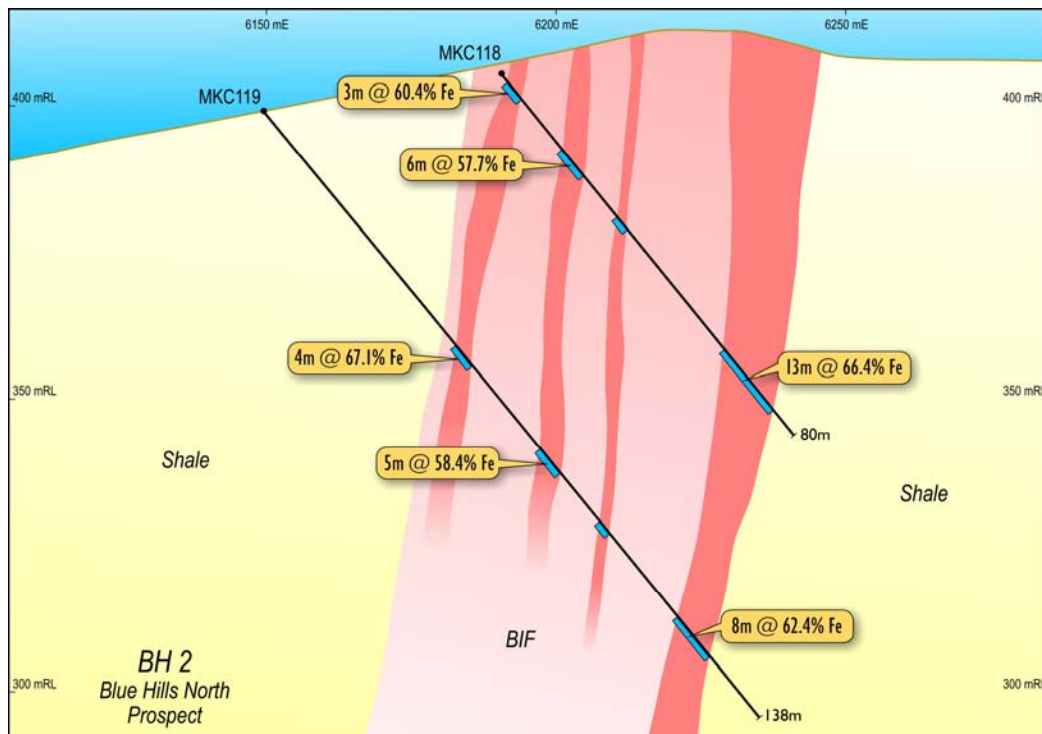


Figure 4: Cross section showing Blue Hills North prospect (BH2)

MR5 - Terrapod

The RC drilling program of 13 holes for 1,082 metres at MR 5 followed up recent Gindalbie drilling and targeted nearer surface mineralisation up dip from the deeper holes intersected during the Company's initial drill program.

Drilling encountered some wide intersections of hematite enrichment summarised in Table 3.

Table 3: Drilling results for MR 5 - Terrapod

Hole ID	From(m)	To (m)	Interval(m)	Fe%	SiO ₂ %	Al ₂ O ₃ %	P%	LOI%
MGC 154	25	38	13	61.9	3.9	2.6	0.13	4.4
MGC 156	14	42	28	60.0	3.7	2.5	0.07	7.1
MGC 157	44	75	31	60.1	5.1	1.7	0.09	6.8
MGC 159	12	29	17	63.5	2.7	1.3	0.08	4.8
MGC 159	41	54	13	62.7	3.5	2.3	0.07	4.0
MGC 162	52	65	13	61.3	5.2	4.0	0.03	2.9

Figure 5 below shows the cross section of Terrapod featuring two distinct zones of hematite enrichment within BIF and overlying a distinctive footwall shale zone.

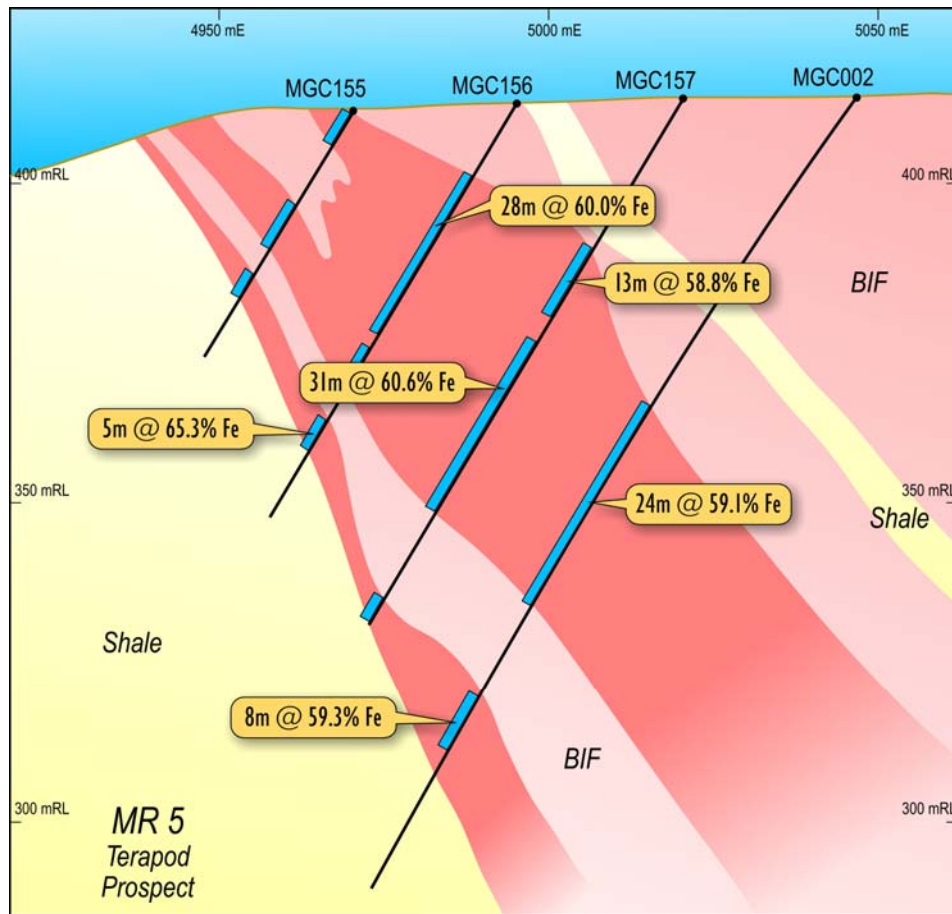


Figure 5: Cross section of MR 5 - Terrapod

MR2 - Skyhook

RC Drilling of 9 holes for 956 metres following up previous historical and Gindalbie intersections has encountered two continuous zones of mineralisation approximately 400 metres in strike length.

Recent results are included in Table 4.

Table 4: Drilling results for MR 2 - Skyhook

Hole ID	From(m)	To(m)	Interval(m)	Fe%	SiO ₂ %	Al ₂ O ₃ %	P%	LOI%
MGC 063	30	43	13	63.4	4.6	1.5	0.07	2.8
MGC 064	62	83	21	63.4	5.0	0.4	0.08	3.3
MGC 065	78	86	8	61.9	6.8	0.7	0.05	2.9
MGC 078	75	85	10	60.1	8.5	1.3	0.09	3.1

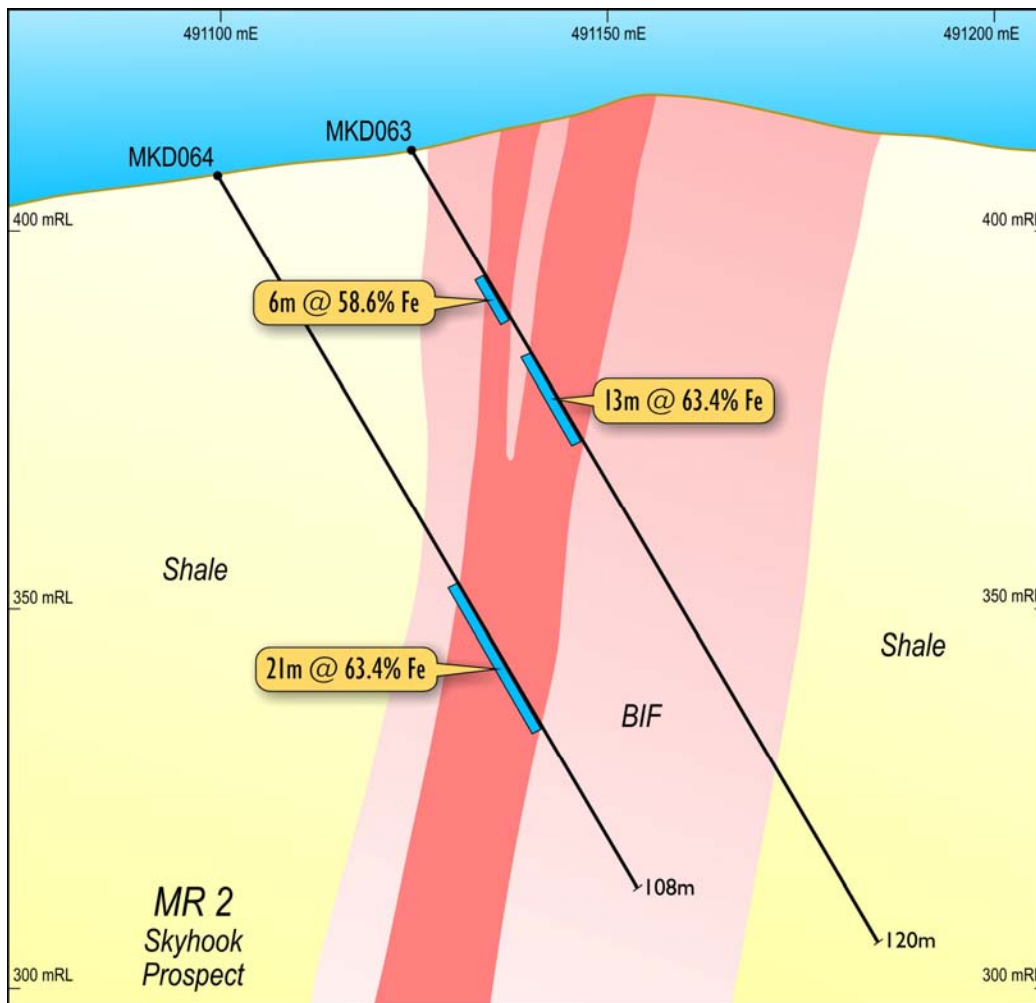


Figure 6: Cross section of Skyhook (MR2)

BH 3 – Karara East Prospect

RC Drilling of 4 holes for 345 metres at Karara East has defined thick zones of supergene enrichment of iron over 100 metres of strike. Mineralisation is open to the north and south with a potential for a 400 metre zone of shallow supergene mineralisation.

Better results from drilling at Karara East set out in Table 5 below.

Table 5: Drilling results for BH3 - Karara East

Hole ID	From(m)	To(m)	Interval(m)	Fe%	SiO ₂ %	Al ₂ O ₃ %	P	LOI
MKC090	14	32	18	57.9	8.1	1.4	0.07	7.1
MKC091	36	50	14	59.5	8.9	0.9	0.07	4.1
MKC103	12	50	38	62.4	4.2	1.0	0.05	5.3
MKC138	5	38	33	60.2	6.6	1.1	0.05	5.4

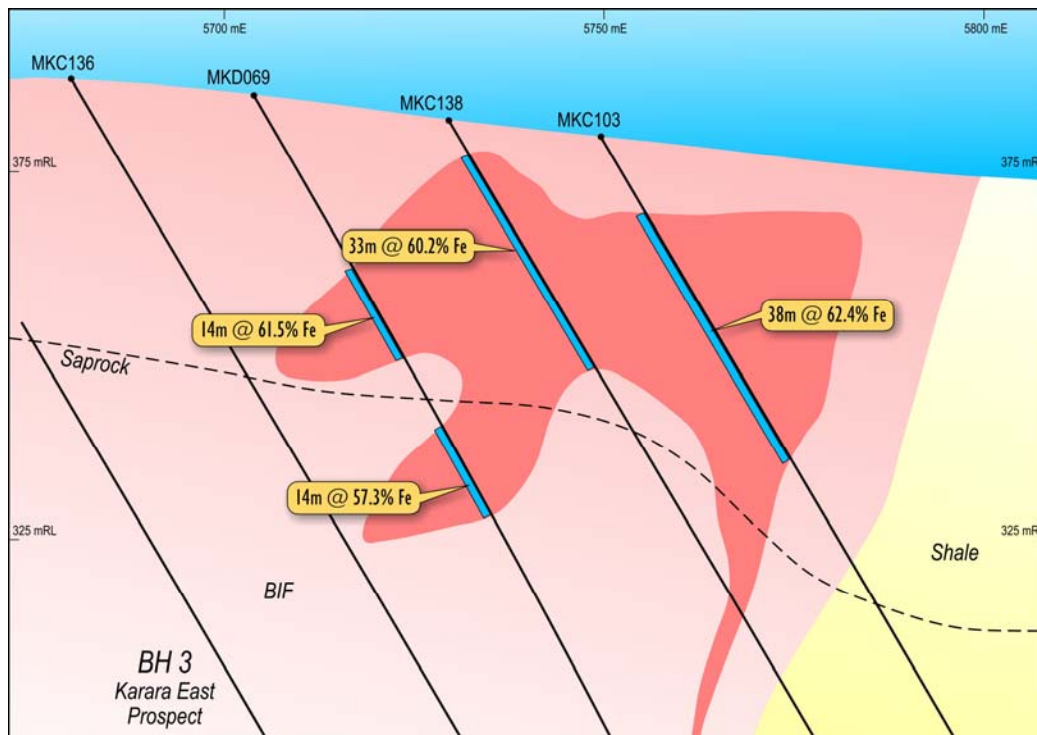


Figure 7: Cross section of Karara East (BH3)

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BH 1 – Karara South Prospect

RC drilling of 11 holes for 764 metres at Karara South intersected a shallow dipping zone of hematite mineralisation over 150 metres of strike. Significant widths of mineralisation are open to the north, south and down dip to be targeted by RC drilling in the next quarter.

Holes where mineralisation has not been closed off by current drilling are listed in Table 6 below.

Table 6: Drilling results for BH1 - Karara South

Hole ID	From(m)	To(m)	Interval(m)	Fe%	SiO ₂ %	Al ₂ O ₃ %	P%	LOI%
MKC126	3	21	18	63.6	3.2	1.5	0.16	3.7
MKC131	1	20	19	61.4	5.1	1.4	0.12	4.9
MKC146	8	40	32	59.3	7.8	2.1	0.19	3.2
MKC147	9	30	21	63.7	4.1	1.0	0.14	2.8
MKC150	7	49	42	60.7	6.5	1.0	0.22	3.4

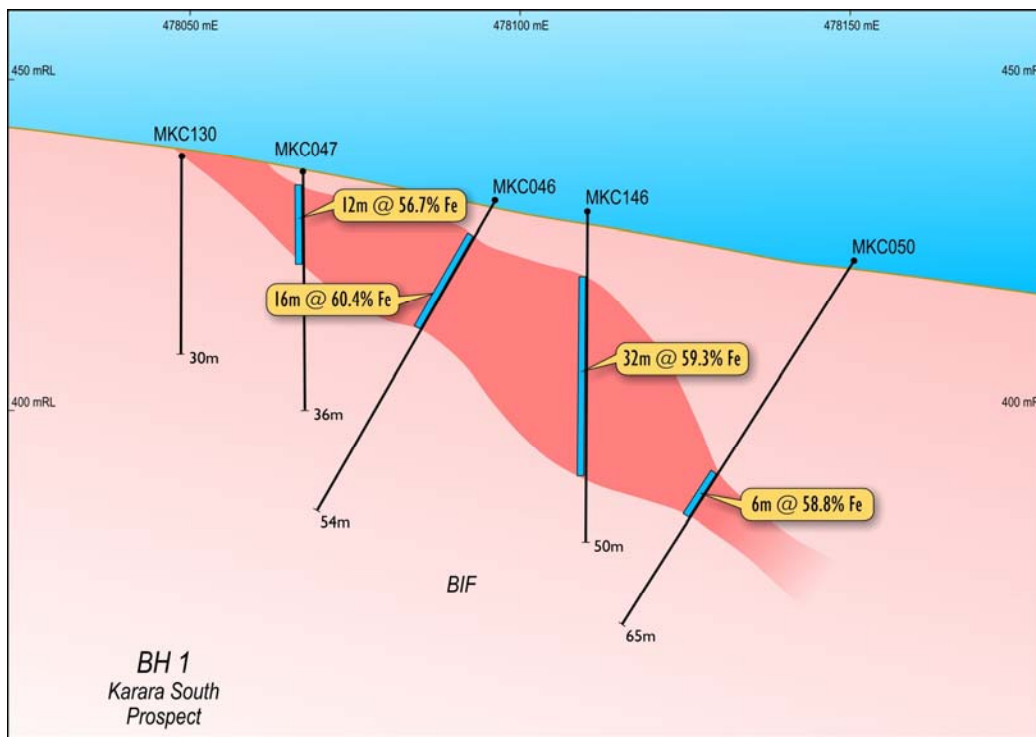


Figure 8: Cross section of Karara South (BH1)

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MR1 – Mungada South Prospect

RC Drilling of 18 holes for 1,771 metres following up previous rock chip samples grading 62% Fe and historical (WMC 1970) drilling was completed during the Quarter. Significant intersections are set out in Table 7 below. 20 drill holes on a 100 metre x 50 metre pattern have been completed to date.

Table 7: Drilling results for MR1 - Mungada South

Hole ID	From(m)	To(m)	Interval(m)	Fe%	SiO ₂ %	Al ₂ O ₃ %	P%	LOI%
MGC049	66	82	16	63.5	1.5	0.4	0.24	6.4
MGC051	49	56	7	63.0	3.5	0.6	0.16	5.3
MGC061	33	40	7	62.9	7.4	0.7	0.02	2.0
MGC079	88	99	11	65.2	5.3	0.3	0.02	1.1

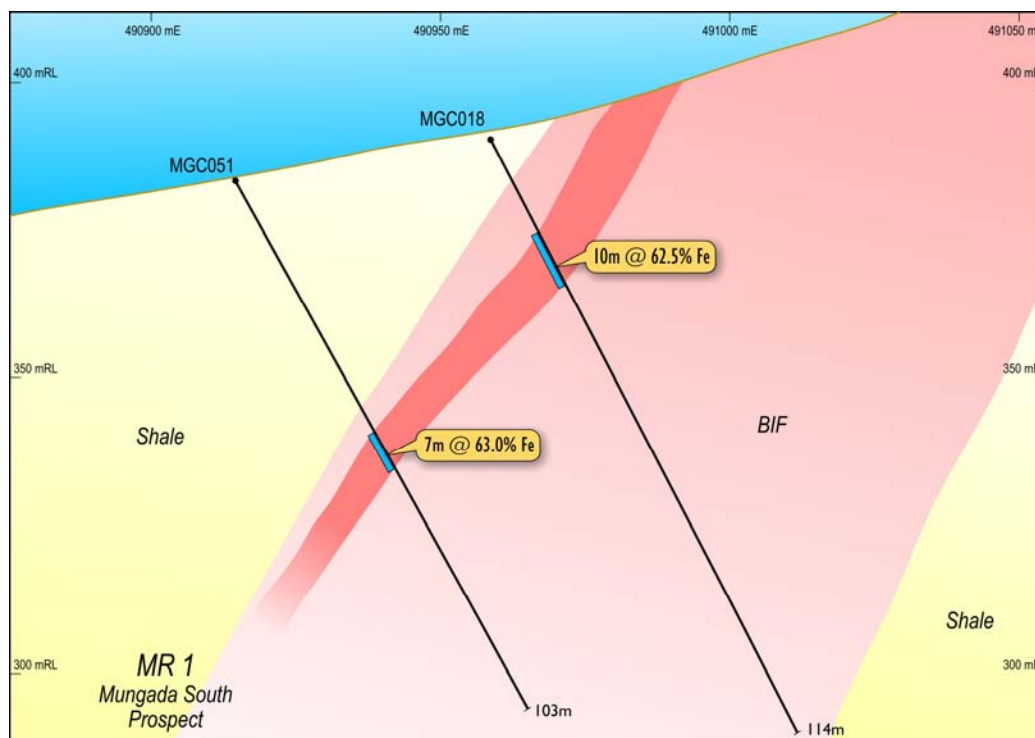


Figure 9: Cross Section of Mungada South (MR1)

MR4 – Gully

During the Quarter, results from 3 RC drill holes were received from the MR4 Prospect, a deposit known to contain wide iron intersections but high phosphorus grades. These results included:

Hole ID	From(m)	To(m)	Interval(m)	Fe%	SiO ₂ %	Al ₂ O ₃ %	P%	LOI%
MGC046	8	49	41	59.3	4.0	2.1	0.24	7.3
MGC047	9	38	29	60.0	4.8	1.8	0.24	6.6
MGC048	10	67	57	62.7	3.9	0.7	0.26	3.5

Due to the high phosphorus grades (0.25%) returned from this deposit, no further drilling is planned in the short term.

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Summary

Overall the program has advanced the geological understanding of the area and demonstrated the continuity of the hematite deposits around the initial discovery holes either by rock chip sampling or drilling.

Over the coming six months, Gindalbie will continue with its hematite drilling programs to define sufficient hematite resources to commence project development during 2007. The results to date have increased the Company's confidence in the potential to achieve its target of delineating an initial hematite resource of +10 million tonnes grading on average +60% Fe from both a grade and tonnage perspective.

This enhanced geological understanding of the mineralising styles will be applied to Gindalbie's continuing search for further economic deposits over the remaining 50 kilometres of strike length of Windanning BIF (Banded Iron Formation).

A full list of hematite drill results for the Quarter is set out in Appendix A to this Report.

Karara Hematite Infrastructure Update

The study work on the preliminary design and costing of the hematite infrastructure was well advanced by the end of the Quarter. This study work covered all infrastructure needs for the operation, particularly:

- The onsite crushing and screening plant and facilities;
- Accommodation camp;
- Haul road design and construction;
- Rail siding design and construction in cooperation with Geraldton Iron Ore Alliance members;
- Rail wagon supply and manufacture;
- As part of the Geraldton Iron Ore Alliance, study work on the Geraldton Port Train Unloading facility;
- Negotiating with the Geraldton Port Authority for an option over Berth 7 land;
- Design, fabrication and construction of the port storage facilities.

KARARA MAGNETITE DEPOSIT

Karara Magnetite Exploration

During the Quarter, magnetite exploration drilling continued across the Karara Magnetite Deposit with 53 holes (both RC and Diamond) drilled for 12,200 metres. Wide intersections of 175 to 225 metres of approximately 37% iron continued to be received, in keeping with the previous intersections and the Company's geological understanding of the deposit. Representative intersections recorded during the Quarter include:

Table 9 – Magnetite Drilling Results – Karara

Hole ID	From(m)	To(m)	Interval(m)	Fe%	SiO ₂ %	P%
MKC 093	86	252	166	35.9	42.6	0.10
MKC 101	0	242	242	37.1	42.3	0.10
MKC 106	64	218	154	38.3	41.5	0.08
MKC 112	76	234	158	36.6	42.0	0.08
MKC 124	0	250	250	35.0	43.6	0.07
MKC 134	20	136	116	39.0	39.3	0.08
MKC 139	20	230	210	36.1	43.0	0.09

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MKC 152	14	210	196	37.8	41.0	0.08
MKC 153	0	156	156	40.4	37.6	0.07

All intersections listed in Table 9 above are outside of the existing JORC magnetite resource of 737 million tonnes at 37.1% Fe except Hole MKC 101. A full list of magnetite drill intersections for the Quarter are set out in Appendix B to this Report.

The majority of drilling undertaken during the Quarter was targeted at mineralisation outside of the existing magnetite resource. The location of the drilling this Quarter is set out in Figure 10.

Resource Definition

An Inferred Resource of 737 million tonnes at 37.1% Fe was previously announced for the Karara Magnetite deposit. The Resource was estimated by RSG Global Consulting Group.

Metallurgical recovery and concentrate grade test work is currently being undertaken on over 1,500 composite samples of magnetite ore at the Amdel laboratories in Adelaide to confirm concentrate production grade and quality. Preliminary test work has indicated, and the current testwork continues to indicate, that a blast furnace quality concentrate of 68.8% Fe, 4.5% SiO₂, 0.1% Al₂O₃ and 0.01% P can be achieved from fine grinding.

Further metallurgical test work including bulk-sample grinding, concentrating, flotation and pelletizing is underway to determine the ultimate concentrate and pellet, grade and physical quality.

Resource Upgrade Program

A step-out drilling program over the 2 kilometre northern extension of the Karara BIF continued during the Quarter as part of a planned 18,000 metre drilling program, designed to increase the magnetite resource to between 1.0 and 1.5 billion tonnes over 4 kilometres of strike length to a depth of approximately 300 metres below surface.

Metallurgical Testwork Programs and Bankable Feasibility Study

A Bankable Feasibility Study is being undertaken under the Karara Project Alliance with Thiess Pty Ltd and Promet to meet an accelerated project development timetable. Resource definition, metallurgical pilot plant testing and conceptual engineering are all proceeding concurrently with the objective of completing the project economic evaluation during February 2007. Process flowsheet design for the concentrator and pellet plant are well advanced and will allow engineering and estimating work to progress during the next Quarter.

Revised Base Case

During the Quarter, the Karara Iron Ore Project Joint Venture partners agreed revisions to the base case production scenario for the Karara Concentrate/Pellet Project. The base case now involves producing 8 million tonnes per annum of magnetite concentrate with 4mtpa being supplied to the Joint Venture's pellet plant and 4mtpa being directly shipped as a concentrate.

At the production level of 4 million tonnes per annum of pellets and 4mt/annum of concentrates, Gindalbie's development proposal now contemplates building the pellet plant on a site at the Industrial Park at Narngulu, 6km east of the Port of Geraldton, with concentrate slurry to be delivered to Narngulu and to Berth 7 at the Geraldton Port via a 220 kilometre slurry pipeline from a concentrator to be constructed on site at the Karara mine.

The joint venture partners are also examining the business case for establishing the Karara pellet plant at a site adjacent to AnSteel's new 5 million tonne per annum steel mill at the Port of Yingkou in the province of Liaoning, China.

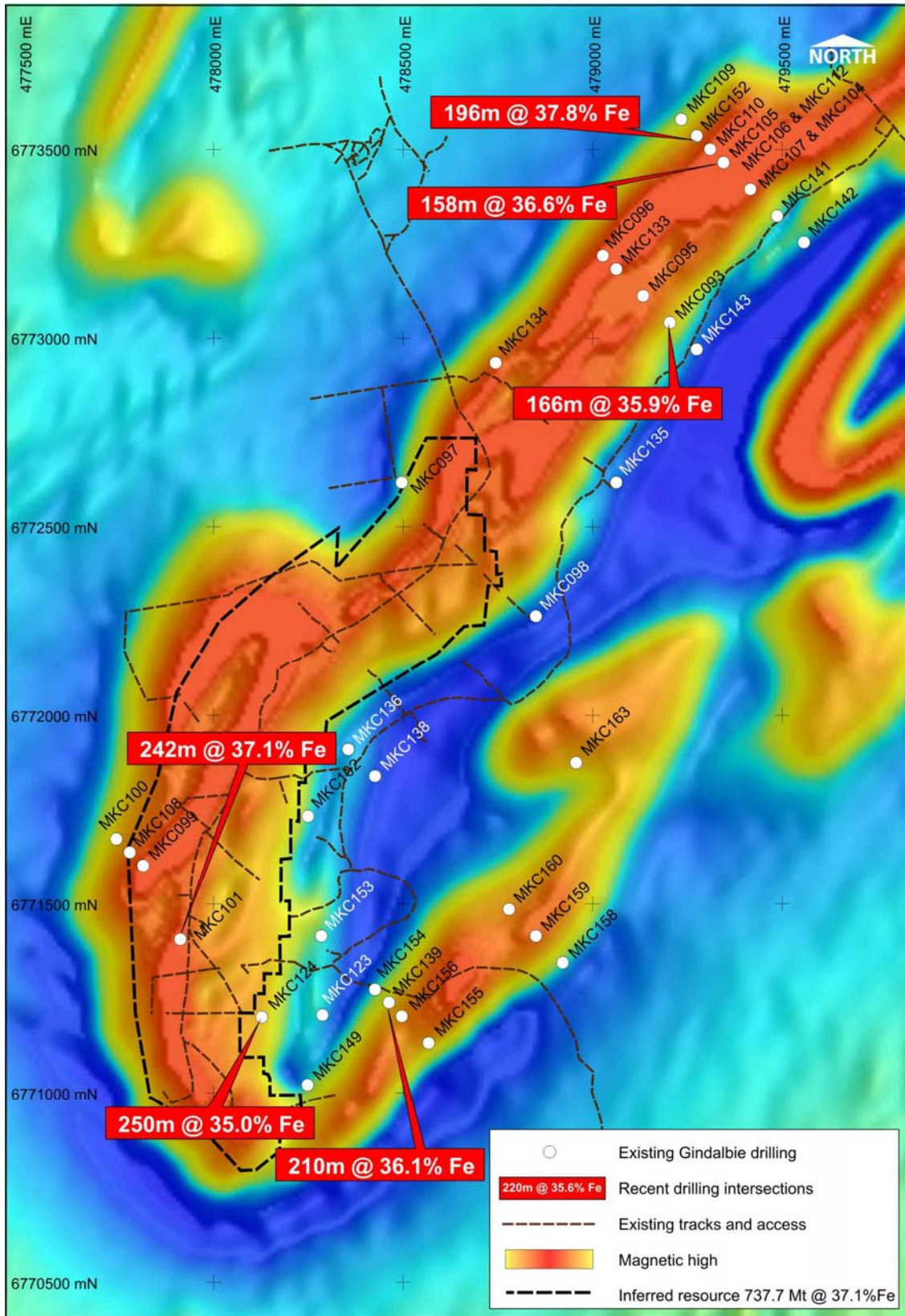


Figure 10. Karara Magnetite Project - Location of Key Drill Intersections

Karara Infrastructure and Access Requirements

The Karara magnetite development will involve the processing of magnetite ore into concentrate at the Karara minesite using conventional crushing, grinding and magnetic separation, followed by slurry pipeline transportation to the Narngulu Industrial Estate, a distance of 220 kilometres. An option over an 80 hectare site at Narngulu is currently being finalised with LandCorp. A constraints mapping study is in progress to identify a preferred pipeline route.

Studies of options for the supply of power and water to the concentrator at Karara were progressed during the Quarter with a borefield at Tathra being identified as the preferred water source. Various options are being considered with regard to power supply requirements, including stations capable of supplying Karara as a base load customer.

Table 10: Karara Magnetite Project – Key Target Dates

Resource Definition and Financial Viability Report	February 2007
Public Environmental Review (PER)	October 2006 to October 2007
Detailed Design Mining	October 2007 to April 2008
Order Long Lead Items	January 2008
Construction	January 2008 – December 2009
Commencement of Export – Geraldton	1 st Quarter 2010

MINJAR GOLD AND BASE METAL PROJECT

During the Quarter the Company completed the sale its Minjar Gold and Base Metal Assets to Monarch Gold Mining Company Ltd. Under the terms of the sale, Monarch will pay \$10 million for the assets over the course of the next 12 months. The final tranche of \$5 million can be settled by Monarch by way of cash or the issue of Monarch shares to the same value.

MT MULGINE TUNGSTEN PROJECT (Vital Metals Ltd Earning up to 70%)

The Company has a joint venture agreement with Vital Metals Ltd (“Vital”) whereby Vital can earn up to 70% in the tungsten mineralisation on the Company’s Mt Mulgine Project by spending \$750,000 over three years.

At Mt Mulgine a representative suite of both mineralised and unmineralised core samples from the Hill and Trench deposits were tested for physical properties to help choose appropriate geophysical exploration methods. Ground gravity was determined to be the most effective method to assist mapping of lithologies and to discern potentially mineralised granite bodies and apophyses underlying mafic units.

A ground gravity survey was completed over the entire project area, with detailed coverage in the central portion of the tenement package. Preliminary interpretation has identified several gravity lows and interpretation and modelling of the data is continuing with an infill program planned in the next quarter. Integration and reinterpretation of geophysical data conducted by previous explorers was also completed.

Compilation and verification of the database is continuing and will facilitate interpretation of the geophysical data and in exploration targeting.

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CORPORATE

Appointment of Executive Chairman

On 12 July 2006, the Company appointed Mr George Jones as an Executive Chairman of the Company. Mr Jones initially joined the Board in September 2005 as a non executive director, taking the position of Non Executive Chairman on 30 November 2005.

In his role as Executive Chairman, Mr Jones will be responsible for overseeing, promoting and facilitating the Group's strategic plans at a corporate level and fostering the strong relationship the Company has with its Joint Venture partner on the Karara Iron Ore Project, Anshan Iron and Steel Group Corporation.

Board Composition

On 12 April 2006, the Company appointed Mr Michael O'Neill as a non executive Director of the Company.

Mr O'Neill's experience includes almost 40 years with the ANZ Bank in both New Zealand and Australia, where he held a number of senior positions including Senior Manager Liquidity Control, Senior Manager Treasury and Chief Manager Australian Treasury.

Since his retirement from the ANZ Bank in 2002, Michael has established and operated a boutique investment bank, Cornhill Group Pty Ltd. He is also an independent Director of IWD Group Pty Ltd and on the Board of the Western Australian Institute of Sport.

On 16 May 2006, Mr Keith McKay resigned from the Board. Mr McKay's significant contribution to the Board during his 9 years as a director is greatly appreciated.

Cash Reserves

At 30 June 2006, the Company had cash reserves of \$36 million which includes the Company's share of the Karara Iron Ore Joint Venture cash.

Shareholder Information

At 30 June 2006, the Company had 4,485 shareholders and 430,884,406 shares on issue with the Top 20 Shareholders holding 60.4% of the total issued capital.

General Meeting of Shareholders

On 13 April 2006, a General Meeting of shareholders was held which approved the issue of 90 million shares at 37 cents each to clients of Southern Cross Equities. In addition to the share placement, shareholders approved an issue of 2 million options to Southern Cross Equities at an exercise price of 50 cents and a future issue of up to 3,584,444 options to Thiess Pty Ltd at an exercise price of 45 cents.

Share Placement

The share placement discussed above was undertaken in two tranches. The first tranche was undertaken under the Company's 15% capital raising ability in the previous Quarter. The second tranche of 43 million shares was completed on 27 April 2006 raising \$15.91 million.

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Office Relocation

Effective 31 July 2006, the Company will be relocating from its offices at 10 Kings Park Road, West Perth to London House in the CBD of Perth. Specific details of the new office location are set out below:

Street Address

Gindalbie Metals Ltd
Level 9, London House
216 St Georges Terrace
PERTH WA 6000
Ph: +61 8 9480 8700
Fax: +61 8 9480 8799

Postal Address

PO Box 7200
CLOISTERS SQUARE WA 6850

Yours faithfully

GINDALBIE METALS LTD



DAVID McSWEENEY

Managing Director

Competent Person Compliance Statements

The information in this report that relates to Exploration Results is based on information compiled by Mr Andrew Munckton who is a Member of the Australasian Institute of Mining and Metallurgy.

Mr Munckton is a full-time employee of the Company and has sufficient experience which is relevant to the style of mineralisation and type of deposit and to the activity which he is undertaking to qualify as a Competent Person as defined in the 2004 Edition of the "Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves". Mr Munckton consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.

The information in the report that relates to the Mineral Resource is based on information compiled by Alex Virisheff, who is a Member of The Australasian Institute of Mining and Metallurgy. Alex Virisheff is employed by RSG Global.

Alex Virisheff has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which he is undertaking to qualify as a Competent Person as defined in the 2004 Edition of the "Australasian Code for Reporting of Mineral Resources and Reserves". Alex Virisheff consents to the inclusion in the report of the matters based on their information in the form and context in which it appears.

Appendix A

June Quarter – Hematite Drill Results (Cutoff >55% Fe, minimum intersection of 4m and maximum internal waste of 2 metres)

Hole ID	Northing	East	Depth	Dip/Azim	From (m)	To (m)	Interval (m)	Fe%	SiO2%	Al2O3%	P%	LOI%
BH1 - Karara South												
MKC126	6,770,850	478,095	60	-90/90	3	21	18	63.6	3.2	1.5	0.16	3.7
MKC128	6,770,875	478,075	40	-90/90	11	19	8	60.4	6.7	1.1	0.15	5.2
MKC129	6,770,872	478,064	60	-90/90	7	11	4	58.2	8.4	2.6	0.12	5.0
MKC131	6,770,978	478,050	30	-90/90	1	20	19	61.4	5.1	1.4	0.12	4.9
MKC146	6,770,925	478,111	50	-90/90	8	40	32	59.3	7.8	2.1	0.19	3.2
MKC147	6,770,897	478,127	50	-90/90	9	30	21	63.7	4.1	1.0	0.14	2.8
MKC150	6,770,939	478,071	50	-45/0	7	49	42	60.7	6.5	1.0	0.22	3.4
BH2 - Blue Hills North												
MKC113	6,775,381	482,422	80	-50/90	53	66	13	65.8	3.8	0.6	0.03	1.3
MKC115	6,775,465	482,554	90	-50/90	27	42	15	63.0	7.1	0.5	0.12	1.9
MKC115					45	52	7	61.3	8.6	1.7	0.07	1.7
MKC115					70	74	4	60.0	10.8	0.5	0.13	2.4
MKC115					81	86	5	61.5	7.7	1.3	0.21	1.1
MKC116	6,775,494	482,523	108	-50/90	84	92	8	58.0	13.9	0.7	0.13	1.7
MKC116					104	108	4	60.2	11.7	0.2	0.23	-0.3
MKC117	6,775,489	482,598	89	-50/90	0	4	4	58.6	5.2	2.0	0.19	8.2
MKC117					67	77	10	61.9	9.6	0.3	0.08	1.4
MKC118	6,775,513	482,644	90	-50/90	17	23	6	57.7	14.0	0.3	0.26	2.6
MKC118					61	74	13	66.4	2.5	0.7	0.08	1.5
MKC119	6,775,540	482,619	138	-50/90	53	57	4	67.1	2.4	0.4	0.04	1.1
MKC119					113	121	8	62.4	6.9	0.2	0.17	0.8
MKC120	6,775,541	482,694	80	-50/90	5	12	7	61.0	9.4	0.4	0.11	2.7
MKC120					27	35	8	58.4	11.9	2.2	0.05	2.2
MKC120					49	55	6	63.3	5.4	2.0	0.06	1.9
MKC120					56	67	11	63.3	5.7	1.5	0.05	2.0
MKC121	6,775,576	482,655	150	-50/90	64	70	6	64.6	4.5	0.7	0.14	1.8
MKC121					128	132	4	57.9	15.0	0.2	0.02	-0.1
MKC122	6,775,589	482,719	126	-50/90	3	20	17	59.0	7.3	1.6	0.18	5.7
BH3 - Karara East												
MKC090	6,771,834	478,334	148	-60/90	14	32	18	57.9	8.1	1.4	0.07	7.1
MKC090					34	38	4	55.8	13.7	1.4	0.07	4.4
MKC091	6,771,939	478,380	118	-60/90	36	50	14	59.5	8.9	0.9	0.07	4.1
MKC091					68	80	12	57.2	14.6	0.5	0.12	-0.5
MKC103	6,771,869	478,373	100	-60/90	12	50	38	62.4	4.2	1.0	0.05	5.3
MKC137	6,771,921	478,394	75	-60/90	40	46	6	61.4	5.7	1.6	0.05	4.4
MKC138	6,771,878	478,357	100	-60/90	5	38	33	60.2	6.6	1.1	0.05	5.4
MKC138					73	77	4	56.3	14.9	0.3	0.09	2.2
MR1 - Mungada South												
MGC049	6,774,150	490,902	100	-60/90	66	82	16	63.5	1.5	0.4	0.24	6.5
MGC051	6,774,049	490,915	103	-60/90	49	56	7	63.0	3.5	0.6	0.16	5.3
MGC052	6,773,950	490,953	54	-60/90	12	21	9	63.6	3.6	0.5	0.20	4.6
MGC053	6,773,952	490,908	72	-60/90	50	56	6	59.7	8.2	2.3	0.14	3.5
MGC054	6,773,849	490,901	84	-60/90	15	22	7	59.4	7.7	1.5	0.09	5.5
MGC061	6,773,739	490,990	60	-90/0	11	18	7	59.3	11.1	1.1	0.04	2.8
MGC061					33	40	7	62.9	7.4	0.7	0.02	2.0
MGC079	6,773,857	491,003	114	-50/180	88	99	11	65.2	5.3	0.3	0.02	1.1

Appendix A (Continued)

Hole ID	Northing	East	Depth	Dip/Azim	From (m)	To (m)	Interval (m)	Fe%	SiO2%	Al2O3%	P%	LOI%
MR2 - Skyhook												
MGC063	6,775,461	491,122	120	-60/90	19	25	6	58.6	9.3	1.0	0.13	5.3
MGC063					30	43	13	63.4	4.6	1.5	0.07	2.8
MGC064	6,775,461	491,099	108	-60/90	62	83	21	63.4	5.0	0.4	0.08	3.3
MGC065	6,775,507	491,091	102	-60/90	78	86	8	61.9	6.8	0.7	0.05	3.0
MGC076	6,775,380	491,124	110	-60/90	16	26	10	63.6	3.9	0.8	0.15	3.7
MGC077	6,775,380	491,102	140	-60/90	12	25	13	56.6	3.8	2.3	0.13	11.8
MGC077					38	44	6	61.3	5.5	0.8	0.24	5.4
MGC077					52	57	5	62.3	5.6	2.3	0.07	2.6
MGC077					69	104	35	58.8	11.6	0.4	0.09	3.0
MGC077					107	112	5	56.2	9.7	1.0	0.13	5.3
MGC078	6,775,257	491,120	110	-50/90	75	85	10	60.1	8.6	1.3	0.09	3.1
MGC083	6,775,290	491,099	120	-60/90	40	48	8	57.2	10.3	2.2	0.21	4.9
MGC083					63	71	8	59.7	8.6	2.2	0.14	3.1
MGC084	6,775,339	491,139	40	-60/90	19	23	4	64.1	3.0	0.6	0.17	4.2
MR3 - Tor												
MGC066	6,776,479	491,251	126	-50/90	23	27	4	62.9	7.3	1.2	0.02	1.3
MGC066					30	37	7	59.8	11.3	1.4	0.04	1.4
MGC067	6,776,479	491,250	90	-75/90	26	31	5	65.4	3.3	1.0	0.07	1.6
MGC067					37	42	5	64.0	3.9	1.3	0.13	2.2
MGC068	6,776,480	491,225	90	-75/90	49	63	14	63.7	5.4	1.1	0.06	1.5
MGC068					66	72	6	58.8	13.1	0.6	0.07	1.7
MGC070	6,776,523	491,231	90	-50/60	40	60	20	62.5	7.8	0.8	0.04	1.2
MGC070					66	70	4	58.0	12.1	2.1	0.06	2.3
MGC071	6,776,524	491,230	120	-75/45	67	96	29	61.8	7.7	0.8	0.07	0.8
MGC073	6,776,455	491,226	78	-50/90	0	5	5	64.0	4.8	0.9	0.06	2.5
MGC073					29	58	29	64.3	4.1	1.4	0.11	2.1
MGC074	6,776,455	491,224	102	-75/90	0	9	9	64.9	3.8	0.7	0.07	2.4
MGC074					35	78	43	62.6	6.5	1.3	0.10	2.0
MGC085	6,776,416	491,195	120	-50/100	49	60	11	63.5	6.8	0.5	0.13	1.5
MGC086	6,776,416	491,195	138	-75/100	67	73	6	62.1	9.1	0.5	0.10	1.5
MGC087	6,776,542	491,063	114	-50/45	84	94	10	58.9	12.7	0.2	0.14	1.4
MGC088	6,776,542	491,063	130	-75/45	95	99	4	61.6	4.1	1.6	0.18	3.9
MGC089	6,776,518	491,095	126	-50/45	61	83	22	61.1	9.8	0.3	0.07	1.5
MGC091	6,776,416	491,195	120	-50/135	51	59	8	66.1	2.7	0.8	0.10	1.8
MGC092	6,776,416	491,195	140	-75/135	69	79	10	63.7	6.1	0.6	0.14	1.9
MGC092					101	112	11	58.8	14.1	0.9	0.03	0.7
MGC093	6,776,518	491,095	102	-50/000	73	77	4	65.6	4.1	0.7	0.08	1.2
MGC094	6,776,480	491,178	132	-90/090	3	12	9	62.6	8.4	0.2	0.08	1.6
MGC094					21	29	8	62.5	8.3	0.3	0.08	1.7
MGC094					32	57	25	58.8	13.5	0.2	0.09	1.7
MGC094					103	111	8	59.0	13.0	0.2	0.11	1.3
MGC098	6,776,416	491,195	150	-75/180	96	125	29	64.0	5.5	1.0	0.06	1.7
MGC098					128	147	19	62.1	8.6	1.0	0.05	0.9
MGC099	6,776,480	491,178	114	-50/090	40	49	9	62.0	6.7	0.2	0.12	2.3
MGC099					73	100	27	61.4	8.0	0.7	0.09	1.4
MGC100	6,776,487	491,133	126	-75/45	94	99	5	59.5	11.1	1.1	0.15	-0.2
MGC102	6,776,487	491,133	102	-90/45	56	63	7	56.6	16.3	0.2	0.06	2.2
MGC102					98	102	4	57.3	14.2	1.2	0.12	-0.3
MGC103	6,776,480	491,178	102	-75/090	55	63	8	59.5	13.2	0.2	0.08	1.1
MGC106	6,776,416	491,195	150	-90/0	109	149	40	66.0	3.6	0.3	0.12	1.0

Appendix A (Continued)

Hole ID	Northing	East	Depth	Dip/Azim	From (m)	To (m)	Interval (m)	Fe%	SiO2%	Al2O3%	P%	LOI%
MR4 - Gully												
MGC046	6,776,774	490,840	120	-60/90	8	49	41	59.3	4.0	2.1	0.24	7.3
MGC046					60	64	4	60.6	6.9	1.2	0.33	3.8
MGC046					73	77	4	57.9	11.0	0.2	0.29	3.8
MGC046					102	106	4	58.8	6.1	2.2	0.25	5.6
MGC047	6,776,800	490,843	140	-60/90	9	38	29	60.0	4.8	1.8	0.24	6.6
MGC047					43	61	18	61.9	2.2	0.6	0.23	5.2
MGC047					62	72	10	59.2	5.4	0.2	0.28	6.0
MGC047					75	85	10	59.6	6.2	0.3	0.38	3.9
MGC047					101	118	17	59.1	7.6	0.4	0.29	3.2
MGC048	6,776,823	490,846	140	-60/90	10	67	57	62.7	3.9	0.7	0.26	3.5
MGC048					93	123	30	59.2	4.6	0.6	0.28	4.9
MGC048					125	129	4	57.2	9.3	0.6	0.28	3.2
MR5 - Terrapod												
MGC154	6,777,616	488,582	82	-60/270	25	38	13	61.9	3.9	2.6	0.13	4.4
MGC155	6,777,626	488,526	45	-60/270	1	6	5	57.7	9.9	2.2	0.05	4.6
MGC155					20	25	5	59.8	5.2	1.0	0.08	7.8
MGC156	6,777,647	488,543	75	-60/270	14	42	28	60.0	3.7	2.5	0.07	7.1
MGC156					45	52	7	62.7	2.5	1.7	0.05	5.9
MGC156					58	63	5	65.3	2.5	1.5	0.03	2.3
MGC157	6,777,666	488,563	95	-60/270	27	40	13	58.8	5.3	2.9	0.10	7.2
MGC157					44	75	31	60.1	5.1	1.7	0.09	6.8
MGC158	6,777,678	488,505	50	-55/270	2	6	4	61.3	4.9	2.8	0.03	4.4
MGC158					27	32	5	57.5	6.4	2.0	0.13	8.6
MGC158					38	43	5	60.5	6.8	2.5	0.06	3.7
MGC159	6,777,697	488,524	75	-55/270	12	29	17	63.5	2.7	1.3	0.08	4.8
MGC159					41	54	13	62.7	3.5	2.3	0.07	4.0
MGC160	6,777,714	488,542	105	-55/270	48	53	5	63.3	3.3	1.0	0.08	4.9
MGC160					63	74	11	59.4	5.6	2.9	0.13	5.6
MGC161	6,777,986	488,545	50	-60/270	6	12	6	58.7	7.8	2.1	0.06	5.7
MGC161					29	34	5	59.0	5.0	4.0	0.07	6.1
MGC162	6,778,080	488,507	70	-60/270	52	65	13	61.3	5.2	4.0	0.03	2.9

Appendix B

June Quarter - Magnetite Drill Results (Cutoff >25% Fe, minimum intersection of 10m and maximum internal waste of 4 metres)

Hole ID	Northing	East	From (m)	To (m)	Interval (m)	Fe%	SiO2%	P%
MKC093	6,773,049	479,179	64	78	14	34.2	44.3	0.08
MKC093			86	252	166	35.9	42.6	0.10
MKD095	6,773,108	479,114	82	204	122	37.4	41.5	0.10
MKD096	6,773,173	479,044	0	86	86	36.6	41.2	0.08
* MKC097	6,772,592	478,481	184	194	10	26.1	50.4	0.08
* MKC097			238	250	12	34.3	44.1	0.08
MKC098	6,772,211	478,873	34	70	36	33.6	48.6	0.04
* MKC099	6,771,652	477,759	80	182	102	37.5	42.0	0.10
* MKC100	6,771,696	477,688	254	266	12	28.2	48.3	0.07
* MKC101	6,771,401	477,903	0	242	242	37.1	42.3	0.10
MKD102	6,771,752	478,192	0	250	250	34.7	44.4	0.07
MKC104	6,773,241	479,546	20	76	56	36.7	44.0	0.04
MKC104			88	112	24	37.8	41.8	0.08
MKC104			114	162	48	36.6	42.4	0.08
MKC104			164	174	10	35.1	43.1	0.07
MKC105	6,773,319	479,469	0	90	90	35.0	43.3	0.06
MKC105			114	232	118	36.0	42.3	0.08
MKC106	6,773,312	479,479	64	218	154	38.3	41.5	0.08
MKD107	6,773,242	479,545	22	120	98	38.1	42.5	0.06
MKD107			172	188	16	32.8	45.7	0.07
MKD107			196	232	36	30.3	45.4	0.07
* MKC108	6,771,668	477,725	112	200	88	36.6	43.0	0.09
MKC109	6,773,454	479,337	0	110	110	36.6	41.4	0.07
MKD110	6,773,386	479,399	0	94	94	36.4	42.7	0.08
MKD110			110	261	151	37.6	40.8	0.09
MKC112	6,773,320	479,475	76	234	158	36.6	42.0	0.08
MKC113	6,775,381	482,422	0	70	70	41.9	36.1	0.03
MKC114	6,775,442	482,505	0	83	83	39.1	41.0	0.04
MKC115	6,775,465	482,554	0	90	90	49.4	25.2	0.08
MKC116	6,775,494	482,523	45	108	63	45.1	30.3	0.09
MKC117	6,775,489	482,598	0	86	86	46.8	28.2	0.15
MKC118	6,775,513	482,644	0	80	80	48.8	26.8	0.10
MKC119	6,775,540	482,619	48	127	79	47.6	27.5	0.11
MKC121	6,775,576	482,655	56	139	83	45.9	31.7	0.07
MKC122	6,775,589	482,719	37	120	83	38.4	41.6	0.08
MKC123	6,771,205	478,212	0	108	108	37.0	41.6	0.07
MKC123			110	124	14	31.8	45.7	0.08
MKC124	6,771,213	478,073	0	250	250	35.0	43.6	0.07
MKC133	6,773,151	479,068	16	166	150	38.0	41.0	0.09
MKC134	6,772,855	478,799	20	136	116	39.0	39.3	0.08
MKC135	6,772,568	479,086	102	154	52	37.6	42.8	0.08
MKC136	6,771,922	478,319	10	110	100	40.6	33.6	0.09
MKC138	6,771,878	478,357	1	94	93	52.7	18.3	0.06
MKC139	6,771,218	478,445	20	230	210	36.1	43.0	0.09
MKC141	6,773,217	479,570	84	100	16	40.2	40.6	0.07
MKC142	6,773,187	479,601	156	168	12	38.0	40.0	0.07
MKC143	6,772,928	479,294	113	126	13	31.7	45.8	0.07
MKC143			134	160	26	39.8	40.4	0.07
MKD149	6,771,000	478,250	24	84	60	37.6	39.5	0.07
MKC152	6,773,417	479,367	14	210	196	37.8	41.0	0.08
MKC153	6,771,450	478,242	0	156	156	40.4	37.6	0.07
MKC154	6,771,298	478,375	132	291	159	35.4	44.4	0.08

Appendix B (Continued)

Hole ID	Northing	East	From (m)	To (m)	Interval (m)	Fe%	SiO ₂ %	P%
MKC155	6,771,157	478,516	0	78	78	34.4	47.5	0.06
MKC155			80	130	50	35.4	43.8	0.11
MKC156	6,771,192	478,481	0	184	184	36.4	42.4	0.08
MKC158	6,771,422	478,817	2	100	98	35.5	44.3	0.07
MKC159	6,771,493	478,746	88	234	146	34.3	44.7	0.09
MKC160	6,771,564	478,675	198	300	102	33.2	45.4	0.08
MKC163	6,771,935	478,870	74	112	38	32.1	46.2	0.06

* Denotes holes drilled within existing resource area