

HIGHLIGHTS FOR THE MARCH 2008 QUARTER

GINDALBIE REGIONAL EXPLORATION

- Drilling is scheduled to start in May after approvals were received for Phase 2 drilling at the Shine and Gap Prospects. The drilling is targeting hematite iron ore suitable for direct shipping from Joint Venture and 100% owned tenements.

KARARA IRON ORE PROJECT (Ansteel earning 50%)

Exploration

- Infill and Resource extension drilling and DTR tests over the Karara and Blue Hills North Deposits continue to deliver premium grade concentrate intersections.
- Drilling targeted to lift Karara resource from 1.43 billion tonnes to 2.2-2.8 billion tonnes.
- Significant magnetite resource identified below Blue Hills North hematite deposit of 112 million tonnes at 41.1% Fe capable of producing concentrate of 71% Fe and 1.9% SiO₂ at 43% weight recovery.

Approvals

- Responses to the Mungada Hematite Public Environmental Review (PER) are 85% complete. EPA assessment recommendation and Ministerial decision forecast for completion in the September quarter 2008.
- Discussions continue with Government to structure the project so that it meets the economic and environmental objectives of the Mid West Strategic Review.

Project Development

- Gindalbie and Ansteel formally confirm decision-to-mine and established Karara Mining Limited (KML), an incorporated joint venture vehicle, for the development and operation of the Karara Iron Ore Project.
- Gindalbie senior executive, Mr Peter Freund, appointed General Manager KML.
- Ansteel pays its first \$50 million project entry fee into KML.

GINDALBIE CORPORATE

- Group cash reserves at 31 March 2008 of \$83.4 million, which includes the consolidation of Gindalbie's share of the KML cash reserves.
- Experienced iron ore executive, Mr Geoff Wedlock was appointed to the Gindalbie Board.

DSO drilling program to start in May on JV and 100%-owned tenements

Drilling continues to find additional magnetite at Karara and Blue Hills North

Gindalbie and Ansteel commit to decision-to-mine and form incorporated joint venture

Submission of Magnetite Public Environmental Review scheduled for May

OVERVIEW

The Company holds 1,900 square kilometres of prospective tenements and iron ore rights in the Mid West Region of Western Australia both wholly owned and in Joint Venture.

The Company's aim is to be a substantial iron ore producer within the next 2 years. This will be achieved through the development of the Karara Iron Ore Project, which consists of an initial start-up hematite operation, followed by a substantial magnetite concentrate operation.

The Company is also undertaking extensive exploration over its substantial portfolio of prospective iron ore tenements to extend its current resource base and outline future production opportunities.

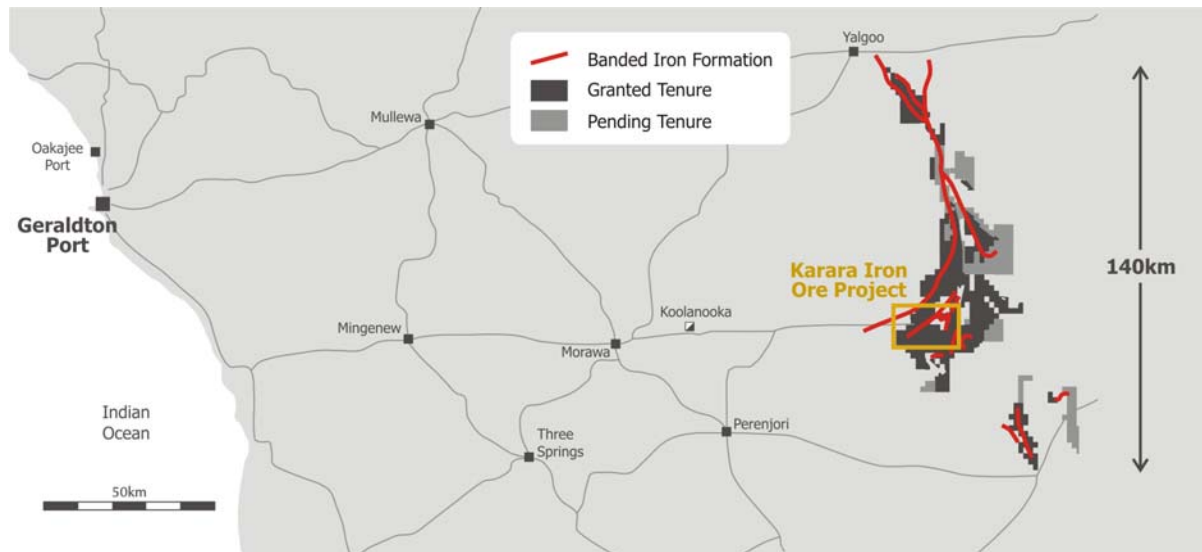


Figure 1: - Gindalbie's Substantial Mid West Landholding

GINDALBIE REGIONAL EXPLORATION

Gindalbie 100%

Exploration during the March 2008 Quarter focussed on the continued mapping and sampling programs particularly at the Shine and Gap Prospects approximately 40km north of Karara. These prospects extend across tenement boundaries and are therefore part of the Warriedar Joint Venture with Royal Resources.

Hematite enrichment north of Shine traverses onto M59/406, owned 100% by Gindalbie. The additional 600 metres of strike length mapped contains several pods of hematite at surface in similar stratigraphic positions to those discovered at Shine in the Warriedar JV tenure in late 2007.

Program of work (PoW) applications were approved in March with exploratory drilling scheduled for commencement in May 2008.

Warriedar Joint Venture (GBG 60%, Royal Resources 40%)

During the March Quarter further mapping around the Shine, Gap and Lister Prospects (see Figure 3) identified additional hematite outcrop and structural controls for mineralisation.

The surface outcrop of hematite mineralisation on the Warriedar JV ground is extensive and straddles the boundary between this tenure and tenure owned 100% by Gindalbie.

Drilling programs are planned for the June 2008 Quarter following receipt of PoW approvals in March and drilling rig availability.

Mt Mulgine Tungsten Project (Vital Metals Ltd Earning up to 70%)

Vital Metals Ltd completed an RC drilling program at Mt Mulgine during the Quarter, testing 8 geophysical and geological targets generated by 3D modelling in 2007. The program comprised 12 holes for 1,776 metres testing to nominal depths of 150 metres with holes varying between 95 metres and 179 metres. Due to drilling delays, two planned holes were not completed. Three of the holes targeted known mineralisation at the Trench Prospect, while the remaining holes were regional targets. Visible scheelite mineralisation was encountered in 8 holes, including 5 of the regional targets. Samples have been submitted for analysis and results are pending.

KARARA IRON ORE PROJECT (Ansteel earning 50%)

The main activities during the Quarter included:

- Progressing with all statutory approvals
- Progressing debt finance arrangements for the Project
- Recruiting of development staff
- Establishment of project management, control policies and procedures for the Karara Iron Ore Project execution phase

In January, based on the previously reported Bankable Feasibility Study, Gindalbie and its Joint Venture partner Anshan Iron & Steel Group Corporation (Ansteel), formally confirmed the recommended decision-to-mine and established Karara Mining Limited (KML), an Incorporated Joint Venture (IJV) vehicle for the development and operation of the Karara Iron Ore Project. Gindalbie senior executive, Mr Peter Freund, was appointed as the General Manager of KML.

Project Financing

Equity

During the Quarter, Gindalbie executed a Subscription Agreement with Ansteel, finalising the funding structure for the combined A\$534 million (30%) equity component of both the magnetite and hematite phases of the A\$1.8 billion project.

Ansteel made its first A\$50 million subscription payment into KML under the Agreement, reinforcing its commitment to the rapid development of the Karara Iron Ore Project and highlighting the strong funding position of the Joint Venture – with both the debt and equity components effectively underwritten by Ansteel.

The remaining schedule of equity contributions agreed between the Joint Venturers is:

Payment Date	Ansteel (A\$m)	Gindalbie (A\$m)
April 2008	55.00	-
July 2008	123.38	18.38
October 2008	143.68	143.68
	322.06	162.06

Under the IJV Development Agreement, Gindalbie can request Ansteel to provide finance for its share of equity contributions to the Project, subject to adequate security being put in place. Given the current state of the equity markets, Gindalbie anticipates that it will exercise its rights for Ansteel to provide finance to Gindalbie and negotiate the terms of this finance in the June Quarter.

The strength of this right allows Gindalbie to avoid having to raise equity in a weak market and avoids unnecessary dilution to existing Gindalbie shareholders at current market prices.

Debt

During the Quarter, the Joint Venture commenced detailed discussions with China Development Bank to provide Project Finance in the order of \$1.3 billion. These discussions have progressed well and the joint venture is aiming to have committed finance in place by the end of September 2008.

Exploration

Exploration work on the Karara Iron Ore Project during the March 2008 Quarter focussed on a series of Davis Tube Recovery (DTR) sampling programs associated with the resource extension drilling program at Karara and infill program at Blue Hills North.

Both programs of DTR sampling produced outstanding results with wide intersections of high grade magnetite in DTR tests confirmed. Indicative intersections at both Karara and Blue Hills North are summarised in Table 1 and Table 2 respectively.

At Karara, a substantial body of magnetite rich BIF exists below and along strike from the previously defined resource of 1.43 billion tonnes. In the March 2008 Quarter a number of very deep intersections of BIF were recorded. Assay results are pending, however, the extent of the BIF ore intersection is shown in Figure 2 which indicates a substantial body of BIF exists under the current resource. Results received in the March quarter are summarised in Table 1 and are consistent in terms of grade with the current resource.

Table 1

Karara DTR Results – March Quarter 2008												
Hole ID	From	To	Interval	Recovery	Concentrate Grades				Whole Rock Grades			
	(m)	(m)	(m)	(%)	Fe%	SiO2%	P%	S%	Fe%	SiO2%	P%	S%
MKD387	26	283	257	43.4	69.4	3.7	0.009	0.015	36.6	42.5	0.084	0.043
MKC386	30	126	96	42.5	68.7	4.4	0.011	0.011	36.0	43.5	0.086	0.061
MKD385	26	288	262	43.5	69.5	3.5	0.013	0.497	38.5	37.2	0.119	0.304
MKD384	42	196	154	42.5	69.1	4.0	0.014	0.053	37.8	41.6	0.107	0.054
MKD383	60	203	143	47.1	69.8	3.4	0.010	0.036	37.4	42.6	0.085	0.069
MKD382	50	252	202	44.2	69.1	4.1	0.012	0.040	36.4	43.3	0.089	0.065
MKC380	32	200	168	42.6	69.2	4.1	0.012	0.123	36.9	42.6	0.094	0.117
MKC379	44	204	160	44.2	68.5	4.8	0.015	0.375	37.3	41.8	0.091	0.334
MKC378	36	200	164	42.4	68.5	4.6	0.014	0.037	38.1	42.4	0.092	0.057
MKC377	42	196	154	39.9	68.3	4.8	0.018	0.113	36.7	42.8	*	*
MKD324	262	298	36	47.2	68.9	4.2	0.012	0.239	37.7	41.0	0.085	0.079
MKD294	48	300	252	45.5	66.6	*	*	*	36.4	43.1	0.091	0.077
MKD182	81	304	223	46.7	65.7	*	*	*	39.2	36.6	*	*
MKD178	229	402	174	44.0	66.2	*	*	*	35.4	43.2	*	*

* Assay yet to be reported

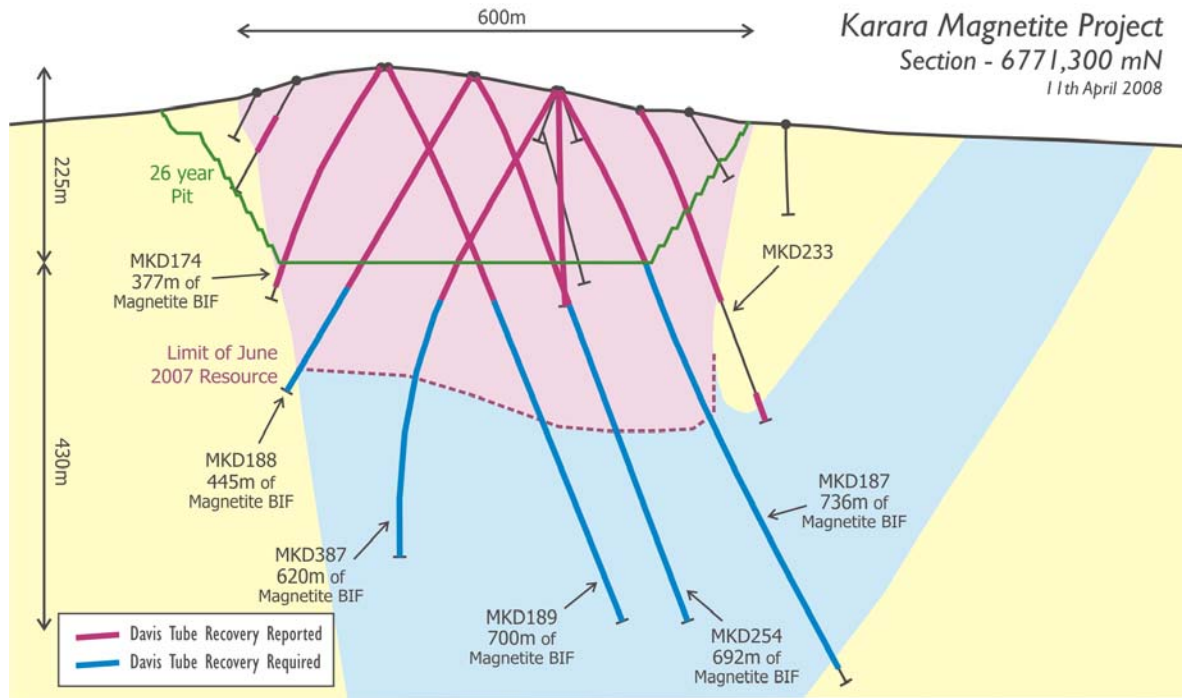


Figure 2 – Karara Magnetite Cross Section

At Blue Hills North drilling and DTR testing continued with further encouraging intersections delineating further high grade resources capable of producing concentrate of a recovery and quality equal to or better than the main orebody. Results for the quarter are summarised in Table 2.

Table 2

Blue Hills North DTR Results - March Quarter 2008												
Hole ID	From (m)	To (m)	Interval (m)	Recovery (%)	Concentrate Grades				Whole Rock Grades			
					Fe%	SiO ₂ %	P%	S%	Fe%	SiO ₂ %	P%	S%
MKC389	118	220	102	41.8	69.8	3.1	0.007	0.007	39.0	0.1	0.030	0.041
MKC388	158	290	132	43.6	70.4	2.5	0.005	0.013	38.1	41.3	0.086	0.030

Subsequent to the end of the Quarter, Resource statements were issued for the initial magnetite mineralised BIF at Blue Hills North.

Resources totalled 112mt @ 41.1% Fe and produce concentrate averaging 71.1% Fe and 1.9% SiO₂ at a weight recovery of 43.1% indicating a substantial body of Direct Reduced Iron (DRI) quality concentrate will be available from this deposit. Because of its relatively higher grade compared to the Karara magnetite deposit and ability to produce high-quality DRI concentrate with low contaminants. The Blue Hills North magnetite deposit represents a significant strategic opportunity for the Karara Joint Venture.

Resource details are summarised in Table 3 and 4 below.

Table 3

Blue Hills North Magnetite Head Grade Resource Statement						
Resource Classification	Mt	Fe (%)	SiO ₂ (%)	Al ₂ O ₃ (%)	P (%)	S (%)
Indicated	22	41.3	36.8	0.4	0.09	0.03
Inferred	90	41.1	34.9	0.5	0.10	0.03
TOTAL	112	41.1	35.3	0.5	0.10	0.03

Table 4

Blue Hills North Magnetite Concentrate Resource Statement							
Resource Classification	Mt	Fe (%)	SiO ₂ (%)	Al ₂ O ₃ (%)	P (%)	S (%)	Weight Recovery (%)
Indicated	22	70.8	2.1	0.1	0.01	<0.01	43.0
Inferred	90	71.0	1.8	0.3	0.01	<0.01	43.2
TOTAL	112	71.0	1.9	0.2	0.01	<0.01	43.1

A full list of the DTR results for the Karara and Blue Hills North are listed in Appendix 1 and 2.

Gindalbie's Karara Iron Ore Project has existing Indicated and Inferred Resources totalling 1.43 billion tonnes at 36.6% Fe. Current drilling underway is targeting to lift the resource to 2.2-2.8 billion tonnes. The Additional Target Resources are based on extending the currently defined existing resources, however, there is insufficient drilling to define these extensions to mineralisation and therefore the targeted extensions should only be considered conceptual at this time. The Additional Target Resources are based on extending the depth of the existing resources to 500m below surface and increasing the strike length of the drill coverage from the existing 3.2km to 5.0km. It is uncertain at this time whether the proposed exploration drilling will result in the determination of a mineral resource within the target range of the Additional Target Resources.

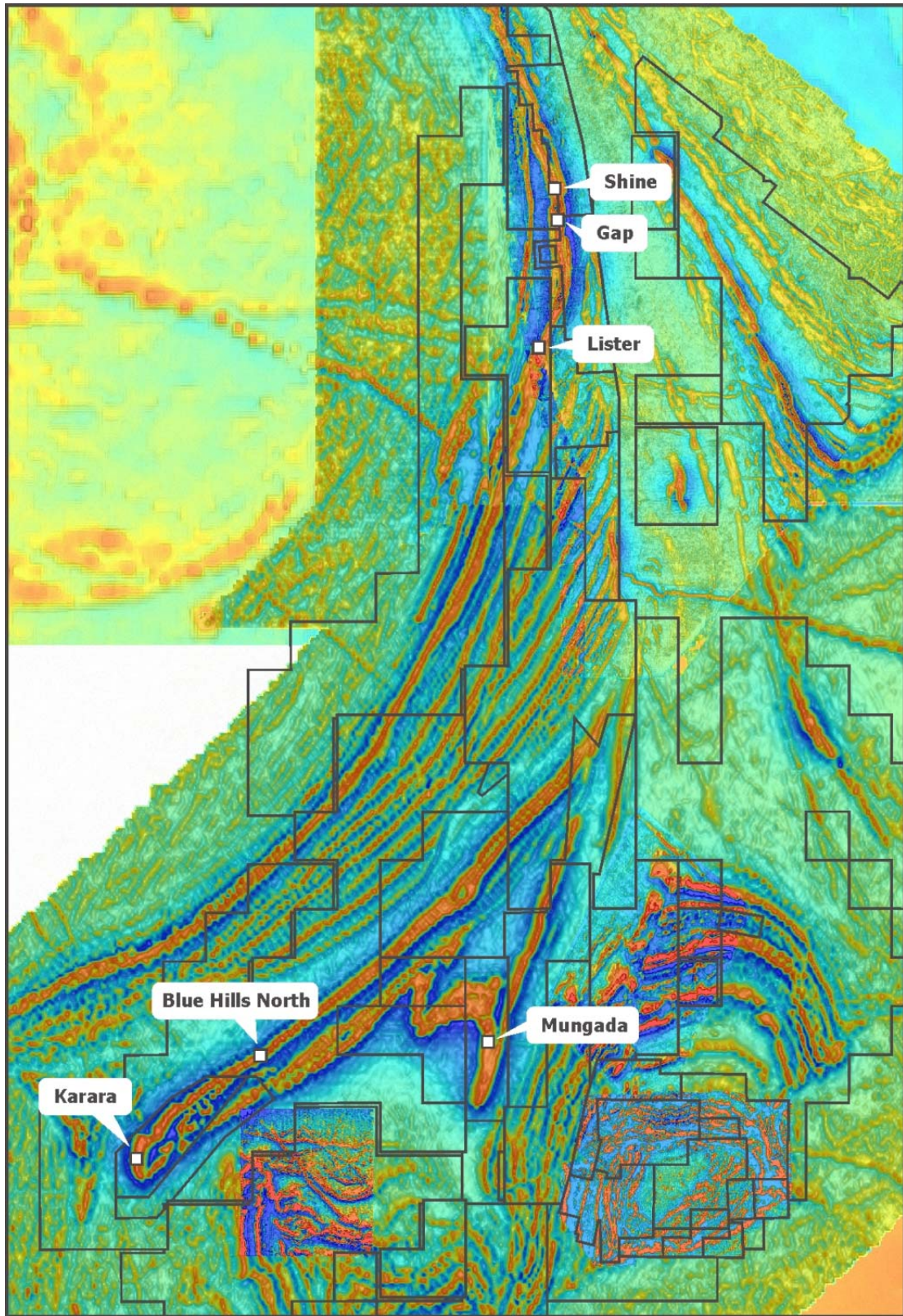


Figure 3 – Aeromagnetic View of a Portion of Gindalbie Tenement Holding

Approvals

The Karara Iron Ore Project is undergoing two separate project approvals with the Government regulators, being the Mungada Hematite Project and the Karara Magnetite Project, both in Joint Venture with Ansteel (50%).

Mungada Hematite

The final PER document was submitted to the regulator and advertised for public comment during the December Quarter 2007 with final public and regulator responses received during the March Quarter 2008.

The Company has now progressed development of responses to the points raised by the public submissions with 85% of studies and response statements concluded.

The Environmental Protection Authority (EPA) is forecast to complete its recommendations to the Minister in the September Quarter 2008.

Karara Magnetite

The first draft PER document was submitted to the EPA during the December Quarter 2007, with responses received from the EPA and other statutory authorities late in the Quarter.

The Company is currently 90% through the development of responses to the relevant authorities and the EPA, and is preparing the PER document for final review and advertisement to the public. This is forecast to be complete in the June Quarter 2008.

Strategic Review of the Mid West Banded Iron Formation

During the December Quarter the Government handed down its Strategic Review Report of the Banded Iron Formation Ranges of the Mid West and Goldfields. The review outlined areas where the Government favours mining development and preferred sites for conservation in the region as well as highlighting further areas for investigation. It highlighted the Karara/Mungada/Blue Hills ranges as having significant biodiversity value as well as significant economic potential.

Subsequent to the report, Gindalbie has worked with relevant Government departments responsible for the report to clarify any potential implications of the review on the Karara Iron Ore Project.

While the report confirmed the Government is predisposed to approving the Karara Project, in working with the Government agencies it has become apparent that tenements which cover the Mungada Ridge (which make up part of the Mungada Project) present significant environmental impact assessment challenges.

In light of this Gindalbie continues to work with the Government agencies for a positive outcome and remains confident of being able to start producing hematite from the Mungada Project in 2009. However, it may require a compromise regarding those hematite deposits contained within the Mungada Ridge, at least while further studies of the biodiversity of the region are conducted.

The Company is confident that measures currently being discussed will maximise the ore recovery potential of the two project proposals whilst also being able to maintain areas of significant conservation value to the State and minimising the environmental impact of our development.

Mining

Site familiarisation and evaluation of mining contractors proceeded during the Quarter and selection is expected to occur during the June Quarter.

Preliminary work has commenced to re-assess the geological model of the orebody for the purpose of supporting the potential expansion study for a mining rate of about 30mtpa to achieve concentrate production of 12mtpa.

Concentrator

The current tight supply market for large, long delivery mineral processing equipment (crushing and grinding) was reflected in the supply tenders received and this has driven a review of alternatives. The review has identified that a larger number of smaller grinding mills can achieve earlier deliveries and greater operational flexibility at no net present cost disadvantage. Consequently the detailed design will now incorporate these options which will support the current 2010 schedule to commence magnetite shipments.

Revised tenders for long lead items including crushers, high pressure grinding rolls and grinding mills have been analysed and critical delivery items are expected to be awarded during April.

Rail

The Project's transport study continues.

A critical milestone in pursuit of the rail transport option was achieved during the Quarter with the submission of the Karara Iron Ore Project rail strategy to the WA Government. This sets the framework for discussions to resolve the various approvals required as pre-conditions for the relevant construction works to proceed.

Port

During the Quarter the Geraldton Port Authority published the master plan for future port development. The proposed Karara in-loading, storage and out-loading facilities have now been formally located by incorporation into this plan. Detailed design and final approvals will now proceed.

Water Supply

Having established the capacity of either of two water areas to support the bore field demand for suitable project water, work is proceeding to finalise the land access approvals and on implementation planning required to support the final abstraction licensing and detailed design. Work is also progressing on mine dewatering for both detailed mine planning purposes and to supplement minesite supply for dust control water.

Power

Gindalbie (through Karara Energy, a 100% owned subsidiary) has secured a long-term power purchase contract with WA Government-owned electricity utility, Verve Energy. The contract provides price and supply certainty for the consumption of up to one million megawatt-hours (MWh) of base load power per annum over an initial 15 year period, which is sufficient to meet the power requirements of the Project. Karara Energy has also registered with WA's Independent Market Operator to operate as a retailer in the WA power market.

Under an Early Undertakings Contract with Western Power Network, project approvals and route design progressed during the Quarter. The agreement provides a vehicle to expedite the delivery of planned upgrades of the transmission network between Eneabba and Karara and the new work required to achieve transmission connection at the Project from the South West Interconnected System.

CORPORATE

Cash Reserves

At 31 March 2008, the Company had cash reserves of \$83.4 million which includes the consolidation of Gindalbie's share of the KML cash reserves.

Appointment of Non-Executive Director

During the Quarter Mr Geoff Wedlock was appointed to the Board of Gindalbie as a Non-Executive Director. Mr Wedlock has over 40 years experience in the resources industry and brings a depth of expertise in the international mining and resources industry, including experience in the development of bulk commodity projects, particularly in the iron ore sector.

Mr Wedlock was previously the Managing Director of Grange Resources Limited, where he worked for over two years to progress the development of the Southdown Magnetite/Kemaman Pellet Project from inception to the completion of Feasibility Studies.

Prior to joining Grange Resources, Mr Wedlock held the position of Managing Director on a number of publicly-listed resource company boards including successful iron ore producer Portman Limited. Before this, he spent over 30 years in a variety of roles with BHP, including Executive Vice President and CEO of BHP Iron Ore Pty Ltd where he was directly involved in the development of four mines, upgrades of two Ports and two railways, major infrastructure programs and the development of iron ore processing plants.

Shareholder Information

At 31 March 2008, the Company had 512,378,850 shares on issue and 11,248 shareholders. The Top 20 shareholders held 53.2% of the Company.

Yours faithfully
GINDALBIE METALS LTD



GARRET DIXON
Managing Director

Competent Person Compliance Statements

The information in this report that relates to Exploration Results and Resource Statements 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.

Appendix 1 – Karara DTR Results, March 2008 Quarter

Karara DTR Results - March Quarter 2008												
Hole ID	From	To	Interval	Recovery	Concentrate Grades				Whole Rock Grades			
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MKD182	81	304	223	46.7	65.7	*	*	*	39.2	36.6	*	*
MKD178	229	402	174	44.0	66.2	*	*	*	35.4	43.2	*	*
MKD067	208	220	12	45.1	68.6	4.3	0.009	0.004	36.6	43.4	0.087	0.029
MKD067	552	556	4	28.9	68.0	4.9	0.022	0.313	36.9	42.2	0.122	0.115

* Assay yet to be reported

Appendix 2 – Blue Hills North DTR Results, March 2008 Quarter

Blue Hills North DTR Results - March Quarter 2008												
Hole ID	From	To	Interval	Recovery	Concentrate Grades				Whole Rock Grades			
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