

GINDALBIE ANNOUNCES MAIDEN 1.5 BILLION TONNE RESOURCE FOR LODESTONE MAGNETITE PROJECT

CEMENTS GINDALBIE AS LEADING MID WEST MAGNETITE PLAYER

Gindalbie Metals Limited (ASX: **GBG** – “Gindalbie”) is pleased to announce a maiden Mineral Resource estimate of **1.48 billion tonnes grading 27.15% Fe** for its 100%-owned **Lodestone Magnetite Project**, located 45km south-east of the Karara Iron Ore Project in Western Australia’s Mid West region. The Mineral Resource has been classified and reported using the guidelines of the 2004 JORC Code.

The maiden resource represents a key addition to Gindalbie’s strategic growth pipeline in the Mid West region and, following the recently announced maiden hematite resource for the Shine Deposit, demonstrates the potential of the Company’s broader 1,900 sq km tenement holding in the area to deliver future iron ore development opportunities within a 30-60km radius of the world-class mine and infrastructure being developed at Karara.

The Mineral Resource estimate for the Lodestone Project was completed by Snowden Mining Industry Consultants Pty Ltd (“Snowden”) based on successful drilling programs undertaken last year and in 2007 (41 RC drill holes and five diamond drill holes). Drillholes are on a nominal 400mN by 200mE grid, and the average drillhole depth is 200m. The Mineral Resource is set out below:

Lodestone Magnetite Mineral Resource (0% Fe cut-off)

JORC (2004)	Tonnes (Mt)	Fe (%)	SiO ₂ (%)	Al ₂ O ₃ (%)	P (%)	LOI (%)	S (%)	Fe Con (%)	Wt Recovery (%)
Inferred (Oxide)	215	29.21	44.43	5.91	0.03	4.11	0.05	63.56	6.24
Inferred (Fresh)	1, 267	26.80	46.29	5.44	0.05	2.13	1.07	63.42	23.18
Total	1, 482	27.15	46.02	5.5	0.05	2.42	0.92	63.44	20.72

** Small discrepancies may occur due to rounding. Approximately 20% of the total Mineral Resource has been extrapolated below drillhole data.*

The Lodestone magnetite deposit, which is located within EL 59/1002, extends over a 7km north-south strike length, and ranges in width between 200-600 metres.

Initial analysis indicates the potential to produce a premium magnetite concentrate grading more than 63% Fe with low impurities, in particular phosphorous.

The Lodestone magnetite deposit compares favourably with other magnetite deposits in Australia in terms of size and grade. It should be noted that this is a global resource estimate and further work is required to optimize the resource model with the potential to also improve the magnetite weight recovery.

The completion of a maiden magnetite resource represents a significant addition to the identified magnetite resources in the region, and substantially increases Gindalbie’s global magnetite resource inventory, which includes the Karara Iron Ore Project joint venture with Ansteel (Measured, Indicated and Inferred Resource of 2,409Mt grading 35.9% Fe).

The Lodestone resource follows the completion in December of a Mineral Resource for the 100%-owned Shine Hematite Iron Ore Deposit (40km north-east of Karara) which is currently undergoing a feasibility study.

Gindalbie’s Managing Director, Tim Netscher, said the completion of a 1.5 billion tonne maiden resource provided a strong foundation for the potential development of a long-term satellite magnetite operation at Lodestone leveraging off the Mine, Rail and Port infrastructure being developed for the Karara Project.

“We are now considering strategic options to progress this project to the next level and crystallize value for Gindalbie shareholders,” he said.

“Our initial focus will be to undertake more testwork, some additional drilling and commence some of the key items required to progress this exciting project to the Scoping Study level,” Mr Netscher said.

“This is another excellent example of the high quality business development opportunities available to the Company outside of the Karara Project and reinforces the reason why we expect to be operating in this region for many decades to come.”

ENDS

Released by :

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

On behalf of:

Mr Tim Netscher
Managing Director & CEO

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

The information in this report that relates to the Exploration results and data that was used to compile the Mineral Resource estimates is based upon information compiled by Ian Shackleton. Ian Shackleton is a member of the Australasian Institute of Geoscientists (MAIG) and has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity to 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”. Ian Shackleton is a full-time employee of Gindalbie Metals Limited. Ian Shackleton 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 this report that relates to the Mineral Resources is based upon information compiled by Richard Sulway. Richard Sulway is a member of the Australasian Institute of Mining and Metallurgy (MAusIMM) and has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity to 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”. Richard Sulway is a full-time employee of Snowden Mining Industry Consultants Pty Ltd. Richard Sulway consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.