

GINDALBIE WELCOMES KEY MID WEST POWER UPGRADE

\$318M UPGRADE TO KEY TRANSMISSION LINE WILL FACILITATE POTENTIAL FUTURE EXPANSION OF KARARA IRON ORE PROJECT TO +30MTPA

Gindalbie Metals Limited (ASX: **GBG** – “Gindalbie”) has welcomed the Western Australian Government’s commitment to fund a major upgrade to high-voltage power transmission infrastructure in the Mid West region. The upgrade will enhance the distribution network in the entire Mid West region as well as playing a key part in the future power requirements of any potential expansions of the Karara Iron Ore Project.

In its 2010 State Budget, the Government has allocated \$318 million to upgrade the existing 132kV power transmission line from Pinjar to Eneabba with a new 200km long double circuit 330kV line. Initial expenditure of \$41 million has been allocated during 2010/11 for this program, which is known as the “North Country Reinforcement”.

Separately, the Karara Joint Venture is constructing a high-voltage 330kV power line from the Karara Project to Eneabba, where it will initially connect into the existing 132kV line, prior to the completion of the Government’s 330kV upgrade. The existing 132kV line is more than sufficient to accommodate Karara’s start-up production level of 8Mtpa of magnetite concentrate and up to 3Mtpa of hematite.

The Government’s upgrade of the Pinjar-to-Eneabba transmission line to 330kV will ensure that sufficient power is available to accommodate the potential future expansions of Karara, which has an orebody capable of supporting **production capacity of +30Mtpa** for 30 years.

The Government said the upgrade would also provide additional network capacity that would enable proposed new wind generation projects located in the region to connect to the network.

“While all of our power needs for the Stage One Karara Project are already covered by the existing network, we welcome this proactive investment by the WA State Government in the future development of the Mid West region,” said Gindalbie’s Managing Director, Mr Garret Dixon.

“We are also investing in the future by committing to an up-front investment in a 330kV power line from the Karara Project site to Eneabba, which will accommodate the potential future power requirements of an expanded Karara.

“This commitment in the recent State Budget demonstrates the Government’s positive attitude towards the development of the region and ensures that the power transmission infrastructure in the region will match the capacity of our own transmission infrastructure,” he continued.

“This removes any question marks over our ability to access adequate power supplies for the Project well into the future.”

Mr Dixon also welcomed the funding allocated in the State Budget for the development of Oakajee Port, which he said reflected its strong overall commitment to investing in infrastructure development to support the resource industry.

“At a time of economic uncertainty, we believe that this is a responsible and sensible use of Government funds, representing a proactive investment in infrastructure that will support projects with the potential to make a long-term contribution to Western Australia,” he said.

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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 the 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

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 up to 11Mtpa of iron products commencing in 2011, comprising 8Mtpa of high-grade magnetite concentrate, a value-added product, and up to 3Mtpa 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.

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