



GINDALBIE SIGNS MOU WITH ANSTEEL FOR NEW RESOURCE VENTURE OPPORTUNITIES IN AUSTRALIA

FRAMEWORK TO TARGET ASSETS IN THE CARBON STEEL MATERIALS SECTOR

SPECTRUM INCLUDES COKING COAL, MANGANESE, CHROMITE AND NICKEL

Gindalbie Metals Limited (ASX: **GBG** – “Gindalbie”) is pleased to announce that it has signed a Memorandum of Understanding (MOU) with its joint venture partner, the leading Chinese iron ore and steel company Ansteel, under which the two groups will work together to target new resource development opportunities in Australia outside of the Karara Iron Ore Project.

The MOU is non-binding but provides a framework for the two groups to work together to identify potential resource opportunities that may be developed on a joint venture basis, similar to the structure of the highly successful Karara Joint Venture. The assets to be targeted will primarily be in the carbon steel materials sector, namely metallurgical coal, manganese, chromite and nickel, as well as downstream processing opportunities such as pellet plants and steel mills.

Under the arrangement, Gindalbie will contribute its geological and resource project expertise, contacts and knowledge base within the Australian resource sector to actively identify, explore and develop quality resource projects.

Ansteel will contribute its extensive experience as a global iron ore and steel company and access to capital to potential joint development opportunities which can provide it with long-term sources of supply of raw materials from Australia.

With regard to downstream processing, Ansteel has already signed an agreement with the Western Australian Government to undertake a feasibility study into the construction of an integrated iron and steel plant and rolling mill at the Oakajee industrial estate near Geraldton.

Ansteel, which is China’s second-biggest steel producer, has already invested a total of \$573 million into Gindalbie and the Karara Project. Karara will be a key feed source for Ansteel’s Chinese steel mills, including the new Bayuquan Steel Mill at the Port of Yingkou in north-eastern China.

This facility, which is located 100km south-west of Ansteel’s current steel-making facilities in the city of Anshan, is a key component of its long-term growth plans to lift steel production from 37Mtpa to 50Mtpa.

Gindalbie’s Managing Director, Mr Garret Dixon, said the MOU with Ansteel marked another key step in the evolution of the long-term relationship between the Groups and was based on a common vision driven by the opportunity to develop Australia’s natural resources in partnership with the world’s leading consumer of raw materials, China.

“The success of this approach has been clearly demonstrated with the Karara Joint Venture, which is now poised to move into production next year,” Mr Dixon said. “This MOU potentially opens up an exciting new era of cooperation between our organisations where we work together to identify, acquire and develop new resource assets which complement the strategic focus of both companies.

“We have already identified a number of attractive opportunities in the carbon steel materials space and we intend to step up our search for new projects over the months ahead,” he continued. “We will be rigorous and highly selective in our approach, and we will only target opportunities that add value for our shareholders, meet the strategic criteria applied by both companies and deliver win-win outcomes.

“We are greatly looking forward to working with Ansteel to develop this exciting new facet of our relationship which, if successful, may create additional growth, employment and economic opportunities for Australia,” Mr Dixon said.

ENDS

SECURITIES EXCHANGE ANNOUNCEMENT & MEDIA RELEASE

24 February 2010



GINDALBIE
METALS LTD

Released by :

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

On behalf of:

Mr Garret Dixon
Managing Director

Mr David Southam
Chief Financial Officer

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

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 first half of 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 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.