

SECURITIES EXCHANGE ANNOUNCEMENT & MEDIA RELEASE
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**CHINA DEVELOPMENT BANK APPROVAL OF THE KARARA
PROJECT LOAN FACILITY**

FURTHER KEY MILESTONE AS \$534M EQUITY FUNDING PACKAGE NEARS COMPLETION

KEY POINTS

- **Formal commitment received from China Development Bank for the Karara Project Loan Facility up to US\$1.2 billion.**
- **Term sheet negotiations underway for a long term project loan.**

Gindalbie Metals Limited (**ASX: GBG** – “Gindalbie”) is pleased to report a further significant achievement in the funding process for the **Karara Iron Ore Project** in Western Australia with the announcement of conditional approval by the China Development Bank (CDB) for up to **US\$1.2 billion** for the Karara Project Loan. The commitment follows the completion of due diligence on the Karara Project by the CDB during 2008 followed by approval from CDB’s Loan Review Committee.

CDB is one of the most important and largest banks in China which has funded a number of major infrastructure projects in China including the Three Gorges Dam, railways, roads and Beijing’s new airport.

The loan commitment at this stage of the funding process is consistent with the normal procedure followed by Chinese banks. The final approval in the process is subject to receiving environmental approvals in Western Australia, finalising equity contributions into Karara, a confirming valuation report and successful detailed term sheet negotiations which are currently under discussion.

In addition, CDB have formed a dedicated team working on syndication negotiations with a number of Chinese Domestic and International Banks. Gindalbie and AnSteel are working with CDB towards finalising the debt structure in the first half of 2009.

Another key component of funding for the Karara Project that is nearing completion is the A\$534.1 million equity funding package. AnSteel have made three payments to date totaling A\$228.4 million and Gindalbie one payment totaling A\$18.38 million. The final payments of A\$143.68 million each, are due to be made during the first half of 2009.

Gindalbie’s final equity contribution will be funded through a A\$162.06 million share placement comprising 190.7 million shares at 85 cents each to AnSteel. This share placement is subject to approval by shareholders at a meeting which has been convened for 4 February 2009. At completion of the share placement, the Karara Joint Venture will have approximately A\$400m in cash.

Gindalbie’s Chairman, Mr George Jones, said the formal project loan approval represented a key milestone for the Joint Venture, reinforcing the strategic importance of Gindalbie’s relationship with AnSteel and their commitment to secure project financing.

“The financial strength of AnSteel, which is owned by the Chinese Government, underpins this debt structure which is being provided by China’s most important bank,” Mr Jones said. “Because of the size and scale of AnSteel, and their relationship with CDB, the joint venture is in a privileged and unique position in being able to receive formal commitment given the current global credit market.”

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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 2009 to be followed by production of high grade magnetite concentrate and blast furnace quality pellets in 2010. 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 one of China's largest steel producers and is the major producer in the north-east region of China, with crude steel production of 22 million tonnes, annual sales revenues in excess of US\$11 billion and a profit of approximately US\$1.5 billion in 2006. 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 is developing 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 facility in the city of Anshan. The new facility will have the capacity of 6.5Mtpa of finished steel products and is the facility that the Karara products will feed upon commencement of production.

For further information, visit www.ansteelgroup.com