GINDALBIE METALS LTD
ABN 24 060 857 614

Level 9, London House
216 St Georges Terrace
PERTH WA 6000

PO Box 7200
CLOISTERS SQUARE WA 6850

Tel: (+61) 8 9480 8700
Fax: (+61) 8 9480 8799

www.gindalbie.com.au

SECURITIES EXCHANGE ANNOUNCEMENT & MEDIA RELEASE

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GINDALBIE DOUBLES MAGNETITE RESOURCE AT KARARA IRON ORE PROJECT

KEY POINTS

- **100% increase in Indicated and Inferred Resources to more than 1.85 billion tonnes at an average grade of 35.4% Fe, in line with the Company's target.**
- **Remodeled pit design providing Probable Ore Reserve of 522 million tonnes at an average grade of 36.3% Fe. Remodeled pit design and ore reserve demonstrates significantly lower stripping ratio.**
- **Upgraded resource capable of sustaining concentrate production at increased 12Mtpa rate.**
- **New pit design work underway to support further potential expansions.**

Gindalbie Metals Limited **(ASX: GBG** – "Gindalbie") is pleased to announce a further substantial increase in the magnetite resource for its **Karara Iron Ore Project** in Western Australia to **1.853 billion tonnes grading 35.4% Fe.**

In addition, a revised Probable Ore Reserve, taking in an updated pit design containing **522 million tonnes grading 36.3% Fe** is also announced.

The revised Mineral Resource and Ore Reserve inventory confirms the status of Karara as one of the largest undeveloped orebodies in Australia, capable of supporting a world-class, long-life operation.

The total Indicated and Inferred Resource as at August 2008 represents a doubling of the previously announced Indicated and Inferred Resource of 929 million tonnes at 36.3% Fe announced in September 2007.

It is important to note the revised Ore Reserve is contained within a pit designed around the original project start up parameters of producing 8 million tonnes per annum (Mtpa) of high grade magnetite concentrate over a 25-year period. Gindalbie has now started work on a new pit design to define larger ore reserves to support increased production levels such as the proposed expanded production rate of 12Mtpa currently being studied.

The updated Mineral Resource inventory follows the completion of over 31,300 metres of drilling in 223 drill holes. Sampling included 15,652 Head Assays and 5,541 DTR Assays.

The drilling has continued to demonstrate the robustness, consistent grade and quality of the magnetite orebody at Karara, which is being developed by Gindalbie and its 50% joint venture partner Anshan Iron & Steel Group Corporation ("AnSteel"). The substantial increase in the Resource is in large part due to depth extensions, with most of

the resource model now extending to a depth of 600 metres below surface (previously 350 metres depth). Importantly, the 1.853 billion tonne resource is in excess of 75% in the Indicated category.

This update represents the fourth increase in the Mineral Resource inventory for the magnetite deposit at Karara since exploration commenced in May 2005. In addition, recent drilling and ground survey work has confirmed the potential for further significant additions to the resource inventory, confirming the continuity of the deposit along strike.

The updated Mineral Resource estimate was calculated by CSA Consultants and is set out in Table 1 below:

Table 1: August 2008 Karara Magnetite Deposit: Resource Classification

Resource Classification	Mt	Fe %	SiO_2 %	Al_2O_3 %	P %	LOI %
Indicated	1,417	35.5	43.2	1.25	0.09	-0.58
Inferred	437	35.1	43.9	1.44	0.09	-0.71
Sub Total	**1,853**	**35.4**	**43.3**	**1.29**	**0.09**	**-0.61**

Resources have been estimated for Oxide, Transitional and Fresh material separately. Material types have been combined in Table 1.
Resources are reported exclusive of Reserves defined within the July 2008 Open Pit design.

Reporting of Resources and Reserves is compliant with the standards and recommendations outlined in the Australasian Code for Reporting of Mineral Resources and Ore Reserves (2004), prepared by the Joint Ore Reserves Committee (JORC).

The ore reserves within the remodeled open pit design, which is approximately 500 metres wide, two kilometres long and averages 200 metres in depth, is illustrated in Figure 1 and summarised in Table 2 below:

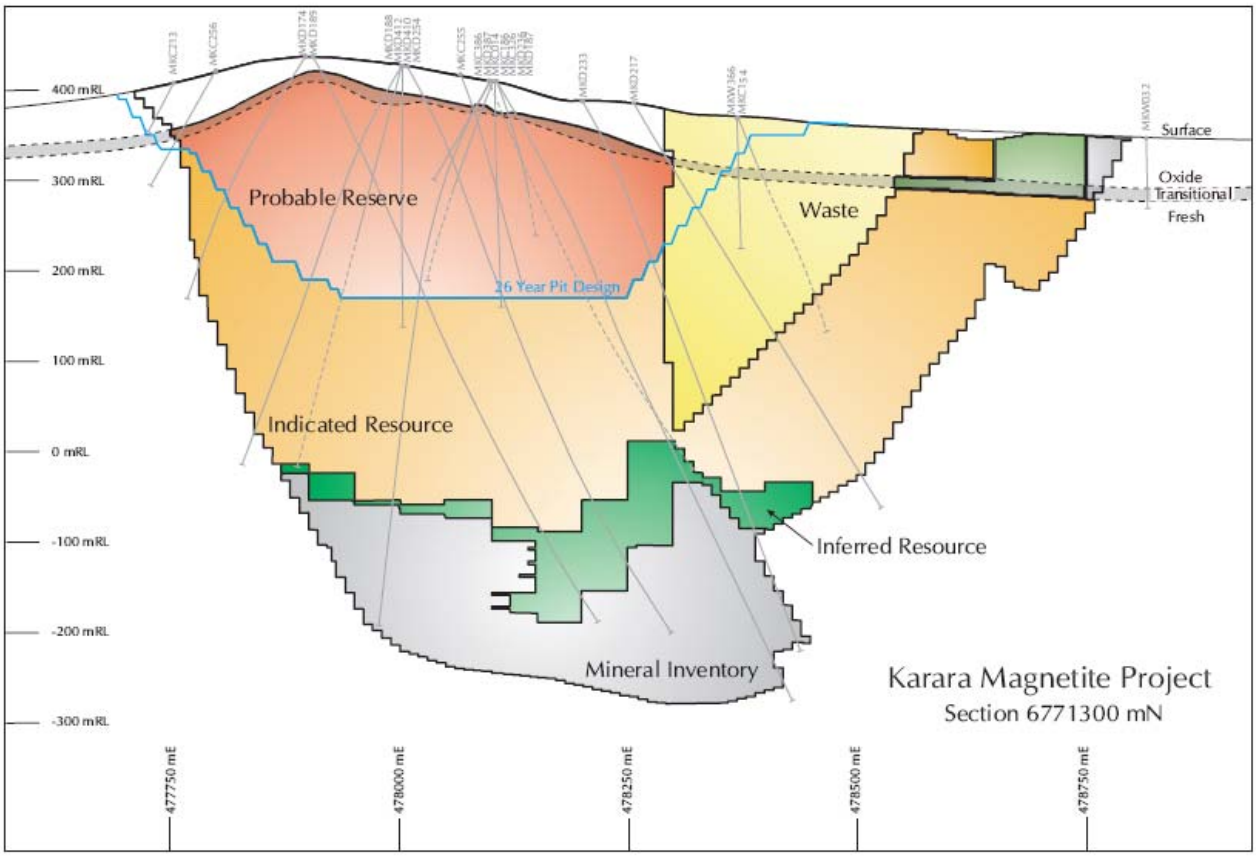

Figure 1. Karara cross section illustrating the distribution and classification of Reserves and Resources

The remodeled open pit design consists of five stages of development, sequenced to minimize waste removal and produce consistent grade and volume of concentrate. The remodeled pit design contains 5% more Probable Reserve, produces 7% more concentrate and requires significantly less waste removal than the original September 2007 pit design. The waste to ore ratio has now fallen to 0.34:1 from the previous 0.42:1 in the September 2007 design. Importantly, the remodeled design has demonstrated the production schedule to be robust at mining rates of both 20Mtpa (8Mtpa concentrate) and 30Mtpa (12Mtpa concentrate).

Table 2: Karara Magnetite Pit Tonnage – August 2008

Pit Design	Mt	Fe %	SiO_2 %	Al_2O_3 %	P %	LOI %
Ore	**522**	**36.3**	**42.8**	**0.82**	**0.09**	**-0.66**
Concentrate	**211**	**68.3**	**4.73**	**0.11**	**0.01**	**-2.86**

Fresh and Transitional material classified as Probable Reserves.

Commenting on the announcement, Gindalbie's Managing Director, Mr Garret Dixon, said the upgrade represented an outstanding result, improving all aspects of the previously announced Resource, Reserve, Concentrate and pit designs and confirming that Karara would deliver a long-term source of premium quality concentrate and pellets for Gindalbie's joint venture partner, AnSteel.

"We have now achieved four successive resource upgrades for Karara within the space of three years, with the Indicated and Inferred Resource doubling again from the previous resource as at September 2007 to the current level of 1.85 billion tonnes," Mr Dixon said.

"In addition, we have now defined an Ore Reserve over and above these Indicated and Inferred Resources of greater than half a billion tonnes," he said. "This demonstrates clearly that Karara will sustain a long-life operation at the expanded 12Mtpa production rate currently being examined, as well as potential future expansions above this production level.

"The revised Mineral Resource and Ore Reserve inventory would support over a 100-year plus mine life at the 8Mtpa production rate currently contemplated and 75 plus years at the expanded 12Mtpa production rate," Mr Dixon added.

"The more work we do on this deposit, the better it is found to be. There has been improvement even in parameters such as the waste to ore strip ratio which means a corresponding reduction in mining costs. It is also worth noting that, based on the conversion and concentrate production parameters achieved, the revised resource and reserve equates to over 900 million tonnes of high-grade magnetite concentrate grading over 68% Fe – making this deposit equivalent to or better than some of the biggest hematite deposits in terms of potential iron ore product production in the world," he said.

- ENDS -

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

On behalf of:
Mr Garret Dixon/Mr Michael Weir
Managing Director/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 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.

For further information, visit www.gindalbie.com.au

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

Mt Karara Magnetite Project
Mineral Resource Statement
1 August 2008

AMC Consultants Pty Ltd has undertaken geological modelling and resource estimation on data provided by Gindalbie Metals Ltd for its Mt Karara Magnetite Project. Geological and assay data available as at 1 July 2008 has been used for this study.

Mt Karara magnetite mineralisation is confined to a magnetite banded iron formation (BIF) lithological unit that occurs within a tightly folded and structurally disrupted northeast trending syncline. The Mt Karara syncline is characterised by a thick western limb dipping steeply to the east and a thinner and more structurally complex eastern limb that dips less steeply to the west, and it is the thick western limb that hosts most of the interpreted mineralisation. Where drilling has penetrated the base of the BIF, the syncline structure is interpreted to plunge steeply to the north. The drilling coverage has allowed the Mt Karara deposit to be modelled to a strike length of approximately 3km and the main mineralised zone has a width of approximately 500m. The BIF has been interpreted to extend vertically to depths of >700m below the surface.

Separate Mineral Resource estimates have been produced for the whole rock data and the Davis Tube Recovery (DTR) concentrate data for the fresh BIF lithological unit. The resource estimates have been classified in accordance with the 2004 Edition of the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves (JORC Code, 2004).

Domain	Resource Classification	Tonnes (Mt)	2008 MT KARARA BIF RESOURCE - Whole Rock Grade Estimates (%)												Bulk Density (t/m^3)
			Fe	SiO_2	Al_2O_3	P	LOI	CaO	K_2O	MgO	MnO	Na_2O	S	TiO_2	
Oxide	*Indicated*	*155*	*36.5*	*41.7*	*1.65*	*0.06*	*2.90*	*0.15*	*0.35*	*0.30*	*0.03*	*0.11*	*0.03*	*0.07*	*2.60*
	Inferred	*21*	*34.0*	*42.2*	*3.33*	*0.06*	*3.81*	*0.27*	*0.39*	*0.30*	*0.03*	*0.11*	*0.08*	*0.14*	*2.64*
Oxide Sub-Total		176	36.2	41.8	1.86	0.06	3.01	0.17	0.36	0.30	0.03	0.11	0.04	0.08	2.61
Transitional	*Indicated*	*54*	*36.4*	*42.3*	*1.18*	*0.09*	*0.87*	*0.66*	*0.95*	*1.06*	*0.05*	*0.32*	*0.15*	*0.05*	*3.03*
	Inferred	*11*	*32.8*	*43.9*	*3.05*	*0.08*	*1.90*	*0.63*	*1.20*	*1.35*	*0.08*	*0.24*	*0.40*	*0.14*	*3.06*
Transitional Sub-Total		65	35.9	42.6	1.49	0.09	1.04	0.66	0.99	1.11	0.06	0.31	0.19	0.07	3.04
Fresh	*Indicated*	*1,836*	*35.7*	*43.1*	*1.11*	*0.09*	*-0.76*	*1.47*	*1.26*	*1.50*	*0.06*	*0.55*	*0.13*	*0.05*	*3.41*
	Inferred	*407*	*35.1*	*43.8*	*1.30*	*0.09*	*-0.89*	*1.64*	*1.14*	*1.58*	*0.07*	*0.58*	*0.13*	*0.05*	*3.41*
Fresh Sub-Total		2,243	35.6	43.3	1.14	0.09	-0.78	1.50	1.24	1.51	0.06	0.55	0.13	0.05	3.41
Overall Total BIF Whole Rock		2,484	35.7	43.1	1.20	0.09	-0.46	1.39	1.17	1.42	0.06	0.52	0.12	0.05	3.34

Domain	Resource Classification	Tonnes (Mt)	2008 MT KARARA BIF RESOURCE - DTR Concentrate Grade Estimates (%)										Weight Recovery (%)	Bulk Density (t/m^3)
			Fe	SiO_2	Al_2O_3	P	LOI	CaO	K_2O	MgO	MnO	S		
Oxide	*Indicated*	*49*	*66.3*	*5.9*	*0.11*	*0.02*	*-0.97*	*0.03*	*0.04*	*0.07*	*0.03*	*0.02*	*10.87*	*2.60*
	Inferred	*27*	*65.8*	*6.2*	*0.11*	*0.02*	*-1.06*	*0.03*	*0.04*	*0.05*	*0.02*	*0.01*	*10.92*	*2.60*
Oxide Sub-Total		76	66.2	6.0	0.11	0.02	-1.00	0.03	0.04	0.06	0.02	0.02	10.89	2.60
Transitional	*Indicated*	*24*	*67.6*	*5.1*	*0.11*	*0.01*	*-2.02*	*0.07*	*0.08*	*0.13*	*0.02*	*0.03*	*29.55*	*3.03*
	Inferred	*11*	*67.7*	*4.9*	*0.07*	*0.01*	*-1.98*	*0.07*	*0.08*	*0.10*	*0.02*	*0.02*	*24.78*	*3.02*
Transitional Sub-Total		35	67.6	5.0	0.10	0.01	-2.01	0.07	0.08	0.12	0.02	0.03	28.09	3.03
Fresh	*Indicated*	*859*	*68.5*	*4.5*	*0.10*	*0.01*	*-2.93*	*0.16*	*0.10*	*0.19*	*0.02*	*0.09*	*41.55*	*3.41*
	Inferred	*518*	*68.8*	*4.3*	*0.09*	*0.01*	*-3.02*	*0.16*	*0.10*	*0.17*	*0.02*	*0.08*	*40.66*	*3.42*
Fresh Sub-Total		1,377	68.6	4.4	0.10	0.01	-2.96	0.16	0.10	0.18	0.02	0.09	41.21	3.41
Overall Total BIF DTR		1,488	68.5	4.5	0.10	0.01	-2.84	0.15	0.10	0.18	0.02	0.08	39.35	3.36

Notes:

- Drill coverage and orientation varies across the deposit, from 100m x 50m east-west drilling in the southern region, to 400m x 100m oblique (northwest-southeast) in the northern region. The south-central region of the deposit has coverage from the overlapping east-west and oblique drill collar layout. A total of 223 drillholes intersect the fresh BIF horizon, of which 87 incorporate some degree of diamond drilling (diamond tails).

- The drillhole dataset in the fresh BIF horizon comprises 15,652 sample intervals from 210 drillholes.

- DTR testwork has been undertaken on 5,541 fresh BIF samples to determine the percent weight recovery of magnetic material (concentrate). The DTR samples were submitted predominantly as 4m samples. Recovered magnetic material is assayed to establish elemental composition of the concentrate. Conventional whole rock assaying has been undertaken on 14,265 fresh BIF samples, predominantly 2m in length. Sample analysis is undertaken by XRF, with thermo-gravimetric testing for LOI.

- Statistical analysis on samples and 4m composites was undertaken, and an assessment of available QAQC data was also conducted.

- DTR results are representative of the recovered portion of the sample only, therefore a 'service variable' approach was employed to ensure the estimates were proportional to the whole volume of each model cell. This methodology was implemented by multiplying each of the concentrate assay results (Fe, SiO_2, Al_2O_3, P, LOI, CaO, K_2O, MgO, Mn and S) by the percent weight recovery to give an accumulation value for each grade field (i.e. the service variable for each grade field). The service variables were estimated into the model cells and the proportional grade was subsequently back-calculated by dividing the estimated service variable by the estimated percent weight recovery.

- The abundance of DTR data is lower than that of whole rock data, therefore the two datasets were estimated independently into the model. Resource classifications for the two sets of estimates were derived independently from consideration of a range of confidence indicators, including geological understanding, data density and location, and grade estimation and quality parameters.

- Grade estimation for both DTR service variable and whole rock datasets was undertaken using ordinary kriging with sample data composited to 4m as the input. A three pass search approach was adopted, whereby a cell failing to receive a grade estimate in a previous pass would be resubmitted for estimation in a subsequent and larger search pass. Cells failing to receive grade estimates after three search passes were left with absent grades (i.e. no default grade assigned).

- Dry bulk density was assigned to the mineralised domains following a statistical analysis of downhole density data supplied for the fresh BIF. The geometric mean density value for each of the domains in the sample dataset was assigned to the corresponding domains in the model. A total of 122,778 downhole density measurements have been taken at 10cm intervals in the fresh BIF drillholes, which populate 5,877 drillhole 4m composites with density data.

The information in this statement that relates to Mineral Resources is based on information compiled by Sharron Sylvester who is a full-time employee of AMC Consultants Pty Ltd and a Member of the Australian Institute of Geoscientists and has sufficient experience that is relevant to the style of mineralisation and type of deposit under consideration to qualify as a Competent Person as defined in the JORC Code (2004). Sharron Sylvester consents to the inclusion of this information in the form and context in which it appears.

The information in this statement that relates to Ore Reserves is based on information compiled by Andrew Munckton who is a full-time employee of Gindalbie Metals Pty Ltd and a Member of the Australian Institute of Mining and Metallurgy and has sufficient experience that is relevant to the style of mineralisation and type of deposit under consideration to qualify as a Competent Person as defined in the JORC Code (2004). Andrew Munckton consents to the inclusion of this information in the form and context in which it appears.