

KARARA JOINS FORCES WITH AGC FOR MAJOR CONSTRUCTION CONTRACT

KARARA WORKFORCE SET TO RISE TO 2,000 WITH FULL-SCALE SMP ACTIVITIES

Gindalbie Metals Limited (ASX: **GBG** – “Gindalbie”) is pleased to announce details of progress with one of the final major work packages for the Karara Iron Ore Project in Western Australia as construction moves into its peak phase ahead of the anticipated first shipment of magnetite concentrate in June 2012.

Karara Mining Limited (“KML”) has selected AGC Industries Pty Ltd (“AGC”) as its preferred supplier to support KML with delivery of the Structural, Mechanical and Piping (“SMP”) works. AGC is a leading Australian based fabrication, construction and integrated services company.

The intention is to adopt an integrated team approach, allowing KML and AGC to work together to deliver the best possible result by drawing on the strengths of their respective teams – KML from its experienced Project Development Team and AGC from its large resource base and international expertise. The structure also provides the most cost effective approach to ensure the construction is managed within the existing budget.

The SMP work involves construction of the main concentrator buildings, mechanical installations, installation of the structural steel, installation of piping and conveyors and completion of other items that will enable the commissioning of various components of the main concentrator to commence in early 2012.

AGC has been working at Karara for approximately four months under an early works contract. Work undertaken as part of this contract has included installation of key components including the Secondary Crusher, Primary Crusher, High Pressure Grinding Rolls (HPGR’s) and Tower Mills. Final agreements between KML and AGC for performance of its ongoing preferred supplier role remain subject to negotiation.

As a result of the move to full-scale SMP activities, the total number of personnel on site at Karara will increase over the next three months to a peak of around 2,000 from the current level of 1,300.

Gindalbie’s Managing Director, Mr Tim Netscher, said he was very pleased to announce AGC as a preferred supplier for these works, building on a strong working relationship established with the group over the course of this year.

“AGC have been on site for some time and have proven their capabilities and most importantly shown excellent safety standards,” Mr Netscher said. “We have a strong working relationship with their team and we are confident that the proposed structure will enable us to draw out the best of both of our teams and complete construction of the Karara Concentrator on time and within budget.

“The SMP activities will see a rapid transformation of the landscape at Karara as the components of the concentrator plant start to come together,” he continued. “The on-site workforce will peak and construction activities will reach their climax as we move towards our goal of commissioning this world-class Karara Project.

“We are now in the final straight and everyone across Gindalbie, Ansteel and KML, together with our contractors and partner organisations, are extremely focused on the task ahead,” he added.

Project Construction Update

The Karara Project is now at an advanced stage of development installation of ball mills and tower mills well advanced, mechanical installation of the concentrate thickener complete, and sub-assembly and installation of the HPGR’s currently in progress.

To date almost 3500 tonnes of structural steel have arrived for the project and shipments will step up in line with the SMP schedule.

Construction activities at Geraldton Port are also progressing well. Civil works for the Ore Storage Shed have been largely completed and structural steel erection is well underway.

Temporary work on the new Berth 7 is progressing well, allowing the commencement of permanent piling and construction activities. The below ground vault to house the dual wagon tipper is taking shape.



Storage Shed at Geraldton Port



Structural Steel Erection – Ball Mills



Dual Wagon Tipper Vault

About AGC

AGC is a subsidiary of Singapore-listed AusGroup Limited, an energy and resources specialist which provides fabrication, precision machining, construction and integrated services to natural resource development companies. With over 2,300 staff globally, AusGroup also provides access services for construction and maintenance contracts through MAS Australasia Pty Ltd. The Group has an established operations network strategically positioned throughout Australia, Singapore and Thailand.

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