

KARARA COMPLETES KEY RAIL CONTRACTS

Australian iron ore miner Gindalbie Metals Limited (ASX: **GBG** – “Gindalbie”) is pleased to announce the completion of key above and below rail contracts for the **Karara Iron Ore Project** in Western Australia.

All documentation for the two key rail contracts – the long-term Rail Haulage Agreement (“RHA”) signed on 6 June with QR National Freight’s subsidiary Australian Western Railroads Pty Ltd (“AWR”) and the 15-year rail access agreement with Brookfield Rail signed on 3 August – have been finalised and both contracts are now unconditional.

The above rail contract with QR National Freight is for the transportation of up to 10Mtpa over a period of 10 years. Under this agreement, QR National Freight will provide a fleet of new locomotives and wagons and upgraded administration and maintenance facilities at the Narngulu East Facility near Geraldton.

The below rail contract is with Brookfield Rail, the lease-holder and operator of the existing 200km narrow gauge rail line that runs from Morawa to Geraldton. This agreement includes provision for Brookfield Rail to undertake a major upgrade of this existing rail line, providing capacity for Karara’s Stage 1 production of 10Mtpa and its anticipated Stage 2 expansion to 16Mtpa. This includes rail upgrade works including installation of dual gauge sleepers similar to those being installed on Karara’s 85km spur line.

The completion of the RHA follows satisfaction of all conditions precedent which included the signing of the below-rail agreement with Brookfield Rail, completion of direct agreements with KML’s security trustee and KML obtaining the consent of its financiers to the final form of the RHA and rail access agreement.

The associated \$300 million Brookfield Rail Guarantee Facility for the below-rail contract was signed in September.

Brookfield Rail has already commenced the rail upgrade, with ongoing work scheduled to facilitate the required train paths to support initial ramp-up tonnages of ore from the Karara Project once commissioning commences in 2012. The rail upgrades are expected to be progressed in line with Karara’s ramp-up schedule, with full capacity reached in December 2012.

Gindalbie’s Managing Director, Mr Tim Netscher, said the completion of the above and below rail contracts put the finishing touches to the end-to-end infrastructure solution for the Karara Project.

“With construction of the 85km spur line at an advanced stage, upgrades to the Brookfield Rail network underway, stringing of the powerline in progress, construction of the water pipeline complete and the Geraldton Port facilities taking shape, this is very exciting time for Karara as the key elements of our infrastructure solution enter into the final stages of construction,” Mr Netscher said.

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