

KARARA PROJECT SHIPS FIRST MAGNETITE CONCENTRATE

ANOTHER KEY MILESTONE ACHIEVED AS COMMISSIONING AND PRODUCTION RAMP-UP CONTINUES

Gindalbie Metals Limited (ASX: **GBG** – “Gindalbie”) is pleased to announce that the first shipment of magnetite concentrate from the Karara Iron Ore Project in Western Australia has been dispatched from the Karara Export Terminal in Geraldton for China – the first-ever significant shipment of magnetite from Western Australia.

Loading of the historic shipment, which comprised approximately 55,000 tonnes of magnetite concentrate, was completed on 31 December 2012 on the Panamax vessel ‘Sunrise Star’.

The ship departed Geraldton on the high tide at midday on 1 January 2013, bound for China.



Commissioning of the Karara Concentrator is continuing to progress well, with various sections of the plant being sequentially commissioned and production rates together with concentrate quality increasing in line with the commissioning and ramp up plan which was developed some months ago.

Commissioning will continue to progress over the coming months, with the Project on track to achieve its full nameplate production capability of 8Mtpa by the end of April 2013.

Further updates and guidance on the progress of commissioning will be provided in the Company’s December Quarterly Report, which is due for release by mid-January 2013.

In early December, Karara successfully passed the milestone of 1 million tonnes of hematite DSO shipped. The strong ramp-up performance of the DSO business has clearly demonstrated the efficiency of the entire Karara logistics chain – which continues to perform above expectations.

“This first magnetite shipment is another very significant milestone for the Karara Joint Venture and the project team,” said Gindalbie’s Managing Director, Mr Tim Netscher.

“We have successfully produced and shipped our first magnetite concentrate within three months of starting up our infrastructure chain with the first DSO exports under the Karara banner and also within just weeks of commencing the commissioning of the Karara Concentrator,” he said.

“That is a great achievement and our team should be commended on their efforts. Having said that, we have no plans to slow down as we continue to work to ramp-up magnetite production to nameplate capacity and to achieve our financial objectives.

“While 2012 has without doubt been a tough year for Gindalbie from a share market perspective, this should not overshadow the very significant operational achievements of the year. I am confident that the underlying value of our project will flow through over the coming year,” he added.

ENDS

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