

## KARARA RAMP-UP ON TRACK WITH COMMENCEMENT OF CRUSHER COMMISSIONING AND NEW SHIPPING MILESTONE

### Key Points

- **Commissioning of primary and secondary crusher underway at Karara Concentrator;**
- **Only two of nine remaining areas await commissioning;**
- **Concentrator currently operating at approximately 70 per cent capacity: on track to achieve 8Mtpa by end of April 2013;**
- **46 iron ore shipments completed with more than 2.7 million tonnes shipped since start-up in October 2012, of which 5 shipments were magnetite;**
- **Official opening of Karara Project to be held on 9 April 2013.**

Gindalbie Metals Limited (ASX: **GBG** – “Gindalbie”) is pleased to provide an update on the progress of commissioning activities at the Karara Project in Western Australia, including the ramp-up of production at the Karara Concentrator and the achievement of another shipping milestone.

### Karara Concentrator

As advised previously, commissioning of the Karara Concentrator is being undertaken in stages with the plant effectively divided into a grid comprising nine areas. This grid covers all components of the process, including crushing and grinding, various stages of magnetic separation, as well as thickening, filtration and tailings.

To date, seven areas of the plant have been successfully commissioned with no material issues encountered including, most recently, the primary and secondary crushing circuit.

Only two remaining areas require commissioning – the final polishing circuit and a group of ancillary functions, including the tailings circuit.

With the commissioning of the primary and secondary crushing circuit underway, the Concentrator is currently operating at approximately 70 per cent of its nameplate capacity of 8Mtpa. The plant remains on track to achieve its full nameplate production rate of 8Mtpa by the end of April 2013.

Commissioning of the final polishing circuit is expected to continue until the end of the June Quarter 2013, but this will not impact production rates. However, the final targeted concentrate specification of 68% Fe will only be achieved once the final polishing circuit is operating at full capacity, expected at the end of June. Until that time, the Concentrator will continue to produce magnetite concentrate with a grade of around 63% Fe, which achieves a competitive market price in line with its iron content.

### 46 Shipments Completed

Gindalbie is pleased to advise that the Karara Project has shipped more than 2.7 million tonnes through the Karara Export Terminal in Geraldton.

The Karara Project is now the largest exporter through the Port of Geraldton, and charters more Panamax vessels than any other Australian-based company.

### **Official Opening of Karara Project**

With the production ramp-up now well established, Gindalbie is pleased to advise that the official opening of the Karara Project will take place on 9 April 2013, with the project to be officially opened by the Hon. Colin Barnett, Premier of Western Australia.

A ceremony will be held at the Karara mine site to mark the occasion, with over 150 dignitaries including Federal Resources Minister Martin Ferguson, Gindalbie Chairman George Jones, Ansteel Group Chairman Dr Zhang Guang Ning, Traditional Owners, Karara Mining Limited (KML) employees, contracting partners and representatives of Mid West communities expected to attend.

### **Management Comment**

Gindalbie's Managing Director, Mr Tim Netscher, said the Karara Project was progressively ticking the boxes as it moved towards full scale production.

"Less than six months from start-up, and we have now shipped 2.7 million tonnes of iron ore from Karara and are well on track to achieving our Stage 1 forecast production rates of 8Mtpa by the end of April," he said.

"With more than two-thirds of the plant successfully commissioned and only one production-critical area still to be commissioned in the final polishing circuit – and with the infrastructure and logistics chain fully commissioned last year and performing extremely well – the overall risk profile of the Karara Project has been dramatically reduced.

"If the overall risk profile of the Project could be compared to the size of an Australian Rules football field, the outstanding risk could be compared to the size of the forward pocket – with the team rapidly closing in on the goal square," Mr Netscher said.

"Football analogies aside, Karara has now cemented its position as the Mid West region's newest exporter, and we look forward to marking our emergence when we officially open the Karara Project on 9 April."

**ENDS**

**Released by :**

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

**On behalf of:**

Mr Tim Netscher  
Managing Director & CEO

Mr Michael Weir  
Investor Relations Manager  
Telephone: (+61-8) 9480 8700