

KARARA IRON ORE PROJECT ANNOUNCES FIRST PRODUCTION OF MAGNETITE CONCENTRATE

FIRST PRODUCTION SIGNALS START OF SIX-MONTH RAMP-UP PHASE

Gindalbie Metals Limited (ASX: **GBG** – “Gindalbie”) is pleased to announce that the first magnetite concentrate has been produced from the Karara Project, representing the greatest milestone yet for the Mid West region’s newest and biggest project.

The first product produced from the magnetite concentrator plant signals the start of a forecast six-month ramp-up phase towards its targeted annualised production rate of 8Mtpa.

Under the detailed commissioning and ramp-up plan the concentrator plant is being commissioned by area and the first production as part of the commissioning process consisted of a small amount of standard-grade magnetite concentrate, slightly below the specifications of the premium-grade concentrate expected from the plant during steady-state production. Over the course of the ramp-up period successive areas of the plant will be completed, tested and commissioned in sequence with the grade of the final product and level of production improving with the introduction of additional circuits. This ramp-up process to achieve to full grade specification and production rates is expected to take approximately six months with the first fully commercial shipment of magnetite concentrate being available in late December 2012 or early January 2013.

Gindalbie Managing Director Mr Tim Netscher said work was now continuing in earnest to fully complete all sections of the concentrator plant and to get production ramped up to a steady-state level.

“This is a large and complex plant and we will now focus on progressively ramping up both the production rate and also ensure we are producing premium concentrate to the required specifications. We have the best possible team in place to undertake this sizeable task, ably supported by technical experts from our partner, Ansteel, where required. We have put in place a number of risk management steps, with the commissioning planned to occur in a measured fashion,” he said.

“We have now proven our ability to deliver. We have already delivered more than \$1 billion of new infrastructure, including a water pipeline, high voltage power line, rail spur and export terminal, and now we have delivered the key processing plant and are commencing commissioning and ramp-up.

“It is worth noting this has been done within the capital cost budget and largely within the timeframe we set approximately 15 months ago, which, in the current market environment, is testament to our culture of delivery.

“Production of magnetite concentrate from Karara is not only a great milestone for the company, but also for the State of Western Australia. We are taking low-grade iron ore (36%Fe) and through downstream processing turning it into a high value premium (68%Fe) iron product, opening up a whole new export market for the State.”

The first shipment of magnetite concentrate will occur when a sufficient level of product has been stockpiled. In the meantime, regular shipments of hematite DSO are continuing, making full use of the Karara logistics chain that has already been completed, commissioned and is operational.

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