

EXPECTED IMPAIRMENT OF CARRYING VALUE OF KARARA

Gindalbie Metals Ltd (ASX: GBG) ('Company') advises that the review of the carrying value of its investment in Karara Mining Ltd ('KML'), as reported in the Company's June 2014 Quarterly Report, has been completed and presented to the Board.

The review of the carrying value was conducted as part of the Company's evaluation of all assets as at 30 June 2014 and the scope of the work included reviewing and reporting on:

- the integrity of the model used for impairment testing;
- the data used to support pricing, including the rationale for foreign exchange rates and forecast iron ore prices used in the model; and
- selection and rationale for any discount rates applied to the model.

Following completion of the review and the Company's asset impairment testing process for FY2014, the Board expects the Company to recognise an impairment charge of approximately \$640 million on its investment in KML. The expected impairment recognises the:

- lower than forecast production levels at the Karara Project due to current capacity restrictions;
- lower than forecast iron ore price; and
- higher than anticipated Australian dollar exchange rate.

The impairment charge will not change the Company's ability to continue to operate its business. This impairment charge will be recorded in the Company's annual financial accounts for FY2014 in accordance with applicable accounting standards.

ENDS

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