

GINDALBIE REACHES AGREEMENT TO SELL SHINE PROJECT TO MOUNT GIBSON IRON

\$15M sale plus trailing royalty crystallises significant upfront value for 100%-owned hematite deposit

Gindalbie Metals Limited (ASX: **GBG** – “Gindalbie”) is pleased to announce that it has reached agreement to sell its 100%-owned Shine Hematite Deposit, located 40km north-east of the Karara Project, to Mount Gibson Iron Limited (ASX: MGX) for a total of \$15 million plus a trailing price participation royalty.

Under a binding Term Sheet executed between the companies, Mt Gibson will acquire the iron ore rights over the Shine tenements for an upfront consideration of \$12 million. A further milestone payment of \$3 million is due on the first commercial sale of iron ore – effectively a non-refundable pre-payment on a price participation royalty.

Under this royalty, on a month average for every A\$1 the Platt’s 62% price is above A\$115 per tonne Gindalbie will receive an additional A\$0.20 per tonne sold with the \$3 million having been prepaid under the milestone payment. The parties have 90 days to conclude definitive agreements for the transaction and meet conditions precedent.

The sale will crystallise significant upfront value for one of Gindalbie’s 100%-owned assets in the Midwest region and represents a positive outcome for shareholders. The proceeds of the sale will further strengthen Gindalbie’s balance sheet, further increasing its cash resources which currently stand at approximately \$35 million.

As part of Mt Gibson’s future assessment of ore transport options, the Term Sheet provides the ability for Mt Gibson to negotiate commercial terms for use of Karara Mining Limited’s rail infrastructure.

The Shine Project has been substantially progressed with a Feasibility Study completed and approvals well advanced. It forms part of Gindalbie’s broader 1,900km² regional exploration portfolio in the Midwest region.

Gindalbie’s Managing Director Dale Harris said the Company had been working hard for some time to evaluate Shine and assess a number of different options to realise value.

“The Board has concluded that the outright sale negotiated with Mount Gibson represents the best outcome for our shareholders,” he said. “Not only does it avoid any development and funding risk, but it realises an immediate upfront cash return which will further strengthen our balance sheet.

“We look forward to working with Mt Gibson to complete the transaction in an expeditious manner.

“This transaction is consistent with our continued focus on completing the ramp-up of the Karara magnetite project to full Stage 1 capacity,” Mr Harris added. “We will continue to progress our other 100%-owned projects in the Midwest region, including the Lodestone magnetite project, with a view to crystallising value for shareholders at some point in the future.”

ENDS

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