

## KARARA FINALISES TRANSMISSION ACCESS AGREEMENTS

Gindalbie Metals Limited (ASX: GBG) is pleased to advise that the Karara Iron Ore Project in WA's Mid-West region has finalised the necessary agreements with the State-owned utility Western Power which will allow high-voltage electricity to be transmitted to the project.

Under the various agreements with Karara Mining Limited (KML), KML subsidiaries and Gindalbie, Western Power will use its State electricity grid to transmit power to the Mid-West town of Three Springs. The power will then be transmitted 105km to Karara via the 330kV high voltage line being constructed and owned by KML.

The agreements are conditional on finalisation of a direct agreement by the parties with KML's project lenders.

Power will be supplied under KML's existing agreement with State Government utility Verve Energy for up to 120MW per hour for 15 years.

Karara is funding and building the power line from the Project to Three Springs and is extending the line a further 75km to the town of Eneabba, where it will connect to Western Power's existing State network, the South West Interconnecting Network (SWIN). KML has also constructed, on behalf of Western Power, a Terminal Substation at Three Springs. Construction of the power infrastructure is due to be completed in the June Quarter 2012.

This approach ensures Karara will have access to the necessary 330kV power ahead of commissioning requirements at the Karara concentrator.

Karara is also pleased to announce today that Western Power has agreed to purchase the 75km stretch of transmission line running from Eneabba to Three Springs and refund KML's contribution to the Three Springs Terminal Substation construction in the event the State Government gives final approval for the proposed Mid-West Energy Project (MWEF) Stage One.

Under the agreed terms Western Power will purchase the Eneabba to Three Springs line for up to \$86.4 million (effectively cost), less adjustments for depreciation and refund KML's contribution to the Three Springs Terminal Substation at the lesser of actual cost or up to \$40 million. Both figures are consistent with the amount approved by the Economic Regulation Authority of Western Australia under Western Power's New Facilities Investment Test submission for the MWEF.

Gindalbie Managing Director Tim Netscher said the agreements with Western Power represented another significant step towards the successful completion of the Karara Project, helping ensure it was on track for commissioning and the scheduled first test shipment of magnetite concentrate in September 2012. The proceeds from the asset sales, which are expected in May 2014, being the targeted completion of the MWEF Stage One, will be applied to the Karara Project's \$US1.2 billion project debt facility.

"By building and funding the line itself, Karara ensured its power supply would be in place well before it was needed, removing risks associated with relying on third parties to provide crucial infrastructure," he said.

"This is also another excellent example of the flow-on benefits that come from the development of major resource projects such as Karara, with the construction of this new 330kV transmission line acting as a key catalyst for the first stage of Western Power's MWEF, which will ultimately benefit communities across the Midwest region with greater security and reliability of supply."

### ENDS

**Released by :**

Paul Armstrong  
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