

## KARARA DELIVERS FIRST PREMIUM QUALITY 68% Fe MAGNETITE CONCENTRATE

### Key Points

- **Karara Concentrator successfully produces batches of premium quality magnetite concentrate grading 68% Fe for the first time, marking a major milestone for the Project.**
- **Polishing circuit completed and commissioning underway, representing the final component of the plant to be brought on-line. Previously flagged filtering issue with the tailings system now fully rectified.**
- **Ramp-up towards nameplate 8Mtpa throughput capacity well advanced, with most key areas of the plant having operated for periods at this production level.**
- **Focus now on aligning and fully integrating all operating components of the Karara Concentrator to achieve consistent and reliable steady-state production. This is anticipated to occur in the December Quarter.**
- **Shipments continuing with 80 completed to date for 4.8 million tonnes since start-up in October 2012, comprising 3.5Mt of DSO and 1.3Mt of magnetite concentrate.**

Gindalbie Metals Limited (ASX: **GBG** – “Gindalbie”) is pleased to advise that the Karara Project has successfully produced its first-ever batches of premium quality 68% Fe magnetite concentrate, marking a significant milestone for the Project and the Midwest iron ore industry.

All nine key areas of the Concentrator have now been completed with commissioning of the final polishing circuit currently underway.

The completion of the polishing circuit has enabled the plant to produce limited volumes of magnetite concentrate at the full product specification of 68% Fe for the first time.

The previously flagged filtering problems with the tailings circuit have also now been overcome following the installation of additional piping and pumping capacity.

While individual areas of the Concentrator have successfully operated at their design rate, the project team is now focusing on ensuring that all elements of the plant can be successfully integrated to ensure continuous production at the Project’s nameplate capacity of 8Mtpa of magnetite concentrate.

It is forecast that steady-state production at nameplate capacity will be achieved in the December Quarter. Because of the delay in achieving steady state production (previous forecast September Quarter) it is unlikely the Project will be operating cashflow positive before the December Quarter, depending on the iron ore price and foreign exchange movements.

### **80 Shipments Completed**

Product shipments are continuing and the Karara Project has now shipped approximately 4.8 million tonnes through the Karara Export Terminal in Geraldton.

Approximately 3.5Mt of DSO hematite and 1.3Mt of magnetite concentrate have been shipped.

**Management Comment**

Gindalbie's Managing Director, Mr Tim Netscher, said the production of the first-ever premium grade final concentrate grading 68% Fe was a tremendous achievement and represented a key milestone for the Karara Project.

"This would be amongst the highest grade, best quality iron ore products ever produced in Western Australia and it certainly marks the first time a product of this nature has ever been produced in the Midwest region," Mr Netscher said. "This achievement represents one of the final key boxes which investors have wanted us to tick, and I am very pleased that we have done so in a timely fashion.

"While there is still more work to do to tie all areas of the plant together to work in harmony and achieve the 8Mtpa production rate on a continuous and reliable basis, we have now proven beyond any doubt that the Karara Concentrator works and works well – producing an exceptional product that will be in high demand in global markets," Mr Netscher said.

"The Karara Project has now been substantially de-risked with all components of the plant completed and either working at design capacity or in the final stages of commissioning," he continued.

"However, it would be unrealistic not to caution that we are still likely to encounter minor issues and hiccups in the months ahead, but I think we can say with some confidence that nothing we have seen to date is out of kilter with what would be expected of a large and complex plant such as this.

"I would like to take the opportunity to thank the KML team, now led by Paul Sims, for their continued hard work and focus in ensuring that the Project is on track."

**ENDS****Released by :**

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