

FIRST TRAIN-LOAD OF KARARA IRON ORE

REGULAR COMMERCIAL SHIPMENTS OF DSO HEMATITE IMMINENT

Gindalbie Metals Limited (ASX: **GBG** – “Gindalbie”) is pleased to advise that the first train-load of iron ore from the Karara Iron Ore Project in Western Australia’s Midwest region has been dispatched, representing the first time the Project’s integrated mine and rail logistics chain has been used.

The historic milestone follows the successful commissioning of the new 85km rail spur connecting the Karara mine site to the existing rail network in Western Australia’s Midwest region and receipt of all necessary Government approvals to allow ore haulage to begin.

Initially, ore will be temporarily stored in train cars at Narngulu, just outside Geraldton, while final port works are completed. Some minor delays have been experienced with the final completion of the Karara Export Terminal, with all remaining work expected to be completed within the coming weeks.

This will allow ore to be received at the Karara port storage facility and once sufficient ore has been accumulated there to accommodate a full ship load, commercial shipments will recommence. A further announcement will be made once this milestone has been achieved.

More than 2 million tonnes of hematite lump and fines ore has been stockpiled at the Karara mine site in readiness for the commissioning of the full logistics chain.

The new 85km spur line runs from the rail loop at Karara to Tilley Siding, near Morawa, where it interconnects with the existing 200km railway, owned by Brookfield Rail, providing a fully integrated rail solution for the Karara Project.

Brookfield Rail is continuing work to upgrade the existing line from Morawa to Geraldton to enable it to accommodate Karara’s Stage One production of 10Mtpa and the anticipated Stage Two expansion to 16Mtpa, which is currently the subject of a Feasibility Study. Brookfield Rail’s work is currently ahead of schedule to meet Karara’s anticipated ramp-up, and is targeted for completion by the end of 2012.

Long-term commercial agreements are in place with both the above and below rail operators – the Rail Haulage Agreement with QR National and 15-year rail access agreement with Brookfield Rail.



Gindalbie's Managing Director, Mr Tim Netscher, said the completion of the historic first train path from Karara was a significant milestone.

"It's not every day that Western Australia sees the completion and commissioning of such a significant piece of transportation infrastructure, with our new 85km long rail spur now linking seamlessly with the existing Midwest rail network," Mr Netscher said

"With the Karara Export Terminal at Geraldton due to be completed and commissioned shortly, this should provide clear evidence that the Karara Project is now in the home straight and is moving inexorably towards production of first magnetite concentrate by the end of September 2012," he said.

"This is a good example of the positive flow-on effects that result from the development of a major new integrated resources project such as Karara. Karara has directly invested over \$1 billion in new infrastructure in the Midwest region, much of which is common-user infrastructure, which will help unlock the value of the region's resources for the benefit of the entire State."

"Combined with the investments of other third parties in upgrading and enhancing the existing rail network, the region stands to benefit enormously from the development and delivery of the Karara Project," Mr Netscher added.

The first production of magnetite concentrate from Karara in September will be followed by an approximate six month ramp-up to the Stage One capacity of 10Mtpa, being 8Mtpa of magnetite concentrate and 2Mtpa of DSO.

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