

KARARA EYES 10TH SHIPMENT OF DSO AS MAGNETITE CONCENTRATE RAMP-UP CONTINUES

Gindalbie Metals Limited (ASX: **GBG** – “Gindalbie”) is pleased to advise that it is currently loading its 10th shipment of hematite DSO through the Karara Export Terminal at Geraldton.

When the M.V. King Peace departs it will bring the total iron ore shipments from the Karara Project to date to approximately 580,000 tonnes in less than six weeks of operation at the Karara Export Terminal.

The successful ramp-up of the infrastructure chain has significantly de-risked a major part of the Karara Project ahead of the expected start of magnetite concentrate shipments by late December 2012 or early January 2013. Until that time and thereafter as the magnetite shipments ramp up, DSO shipments will continue using Karara's stockpiles of approximately 1.5 million tonnes of DSO, supplemented by ongoing DSO production.

Meanwhile, the commissioning of the Karara Concentrator plant has continued to progress well. As previously stated, commissioning and ramp up of the process plant is occurring by area. Production from the first of nine areas to be commissioned has totaled approximately 15,000t. Commissioning of the second area of the plant is planned to commence in the next few days.

As previously advised, the ramp-up process to achieve full grade specification and production rates is expected to take approximately six months.

Gindalbie Managing Director Mr Tim Netscher said the Karara Concentrator was performing well at initial start-up and commissioning activities were gathering pace.

“Our site teams remain very focused on the common goal and we are very encouraged by the progress so far,” Mr Netscher said. “To have achieved this first production milestone of approximately 15,000t in less than a fortnight, and from a small section of the plant, is a great achievement and, importantly, means that the commissioning process is off to a very positive start.

“The completion of our 10th shipment since October 17 will also be a tremendous milestone, demonstrating that we have now successfully delivered our logistics chain. This logistics chain is performing above and beyond expectations – based on the November shipments, which is our first full month of shipments, we are seeing an annualised rate of more than 6 million tonnes - putting Karara on a very strong footing for the year ahead in 2013.”

ENDS

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