

KARARA COMPLETES SALE OF TRANSMISSION LINE TO WESTERN POWER

Gindalbie Metals Limited (ASX: GBG) ('Gindalbie') advises that Karara Power Pty Limited, a wholly owned subsidiary of Karara Mining Ltd ('KML'), has completed the sale of the 330kV double circuit transmission line between Eneabba Substation and Three Springs Terminal to Western Power in accordance with a project agreement entered into by the parties in 2012 (see ASX announcement - *Karara Finalises Transmission Access Arrangements*, 30 April, 2012).

The transmission line sale assets will become components of the Mid West Energy Project ("MWEP") and will be connected to the South West Interconnected Network on completion of construction and commissioning of a new 330 kV double circuit transmission line between Neerabup Terminal and Eneabba Substation currently under construction by Western Power.

The MWEP (when completed) will deliver a robust electricity supply to the Karara mine and process plant for existing and future expanded production requirements. Electrical power is supplied under a long-term agreement with Synergy.

The net sale price after adjustment for inflation, depreciation and demolition costs was A\$82,633,000. KML will apply proceeds of sale to the repayment of senior secured debt.

KML has provided security for its long term access rights to the Network in the form of a A\$95,000,000 bank guarantee arranged with the support of Ansteel and Gindalbie as shareholders.

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