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9 July 2015

Australian Securities Exchange
Level 40, Central Park
152-158 St Georges Terrace
PERTH WA 6000

Dear Sirs,

PORTS WA BIENNIAL CONFERENCE - PRESENTATION

Attached is a copy of a Presentation to be delivered by Mr Dale Harris, Chief Executive of Karara Mining Limited, at the Ports WA 27th Biennial Conference at Geraldton today.

Magnetite Unit Cost

Reference to '*Magnetite Unit Cost*' at page 13 of the Presentation means the average quarterly cash cost of production of a wet metric tonne of magnetite concentrate comprising costs of mining, processing, rail, port and other direct cash costs, and corporate administration costs, incurred to the point of the wet metric tonne passing the ship's rail.

For the avoidance of doubt '*Magnetite Unit Cost*' excludes all non-cash costs, depreciation and amortisation, royalties, shipping and financing costs.

Yours faithfully,
GINDALBIE METALS LIMITED

CHRISTOPHER S GERRARD
Company Secretary

Enc

KARARA

MINING LTD



Ports WA 27th Biennial Conference

Dale Harris, CEO

July 9 2015

Disclaimer

Presentation of General Background

This document contains general background information about the activities of Karara Mining Ltd ("Karara", "KML" or the "Company") current as at the date of this presentation. It is information in a summary form only and does not contain all the information necessary to fully evaluate any transaction or investment.

Competent Person Compliance Statement

The information in this presentation that relates to the Ore Resources is based upon information compiled by Xianglin Cheng. Xianglin Cheng is a member of the Australasian Institute of Mining and Metallurgy (MAusIMM) and has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity to which he is undertaking to qualify as a competent person as defined in the 2004 edition of the "Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Resources". Xianglin Cheng is a full-time employee of Karara Mining Limited. Xianglin Cheng consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.

General Disclaimer

This presentation may include forward-looking statements. These forward-looking statements are based on management's expectations and beliefs concerning future events. Forward-looking statements are necessarily subject to risks, uncertainties and other factors, many of which are outside the control of Karara Mining that could cause actual results to differ materially from such statements. Karara Mining makes no undertaking to subsequently update or revise the forward-looking statements made in this release to reflect events or circumstances after the date of this release.

There are a number of risks, both specific to Karara Mining and of a general nature which may affect the future operating and financial performance of Karara Mining and the value of an investment in Karara Mining including and not limited to economic conditions, stock market fluctuations, iron ore demand and price movements, timing of access to infrastructure, timing of environmental approvals, regulatory risks, operational risks, reliance on key personnel, reserve and resource estimations, native title and title risks, foreign currency fluctuations, and mining development, construction and commissioning risk.

All dollar amounts shown in this presentation are in Australian dollars unless otherwise stated.

What is Magnetite?

Magnetite

- Fe_3O_4
- Ore bodies typically grade < 35% Fe
- Requires significant processing to upgrade to a high grade concentrate (Fe grade typically 66% - 68%)



Hematite

- Fe_2O_3
- Pilbara deposits typically grade 56% - 62% Fe
- Majority of deposits require only relatively basic processing (crushing and screening)



Why Is Magnetite Attractive?

- Direct Shipping Ore (DSO) grades trending down as high quality ore bodies depleted
 - 1998 Pilbara hematite blend typically 63% Fe
 - 2015 Pilbara hematite blend typically 61% Fe
 - Plus emergence of lower quality hematite suppliers

- Thermodynamic advantage of magnetite in reduction to iron
 - Less energy intensive
 - Lower carbon footprint
 - Less pollution

	CO2 Emissions (kg per tonne)
Pilbara Hematite	10 kg
Magnetite Concentrate	74 kg
<u>Magnetite Concentrate “Beneficiation” Penalty</u>	<u>64 kg</u>
VIU Benefit of MagCon in iron making	172kg
<u>Net Value Chain Benefit of MagCon</u>	<u>108kg</u>

Karara History

- First Karara Development Talks between Gindalbie and Ansteel
- MOU signed

- Environmental Approval Received
- Construction started

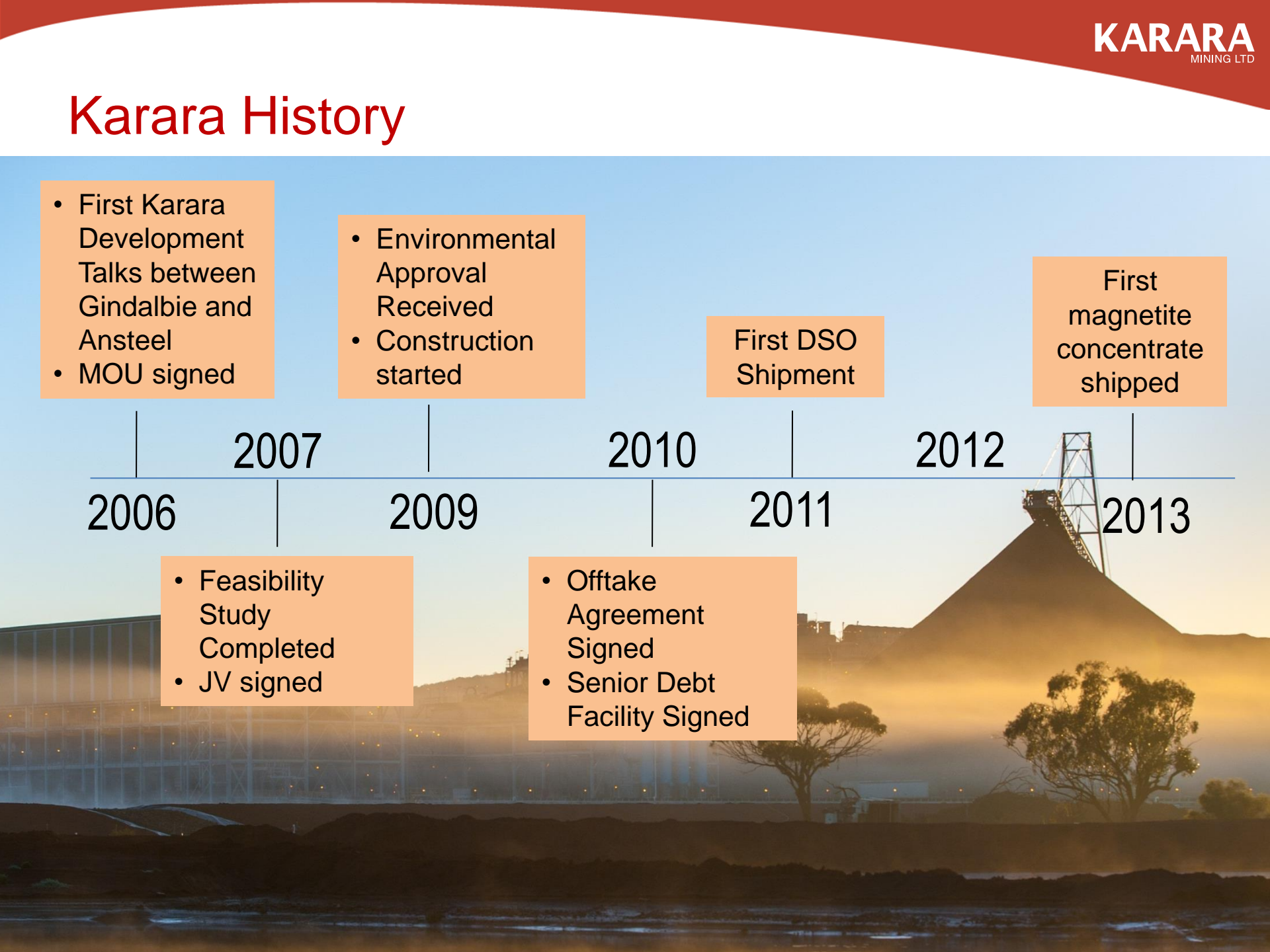
First DSO Shipment

First magnetite concentrate shipped



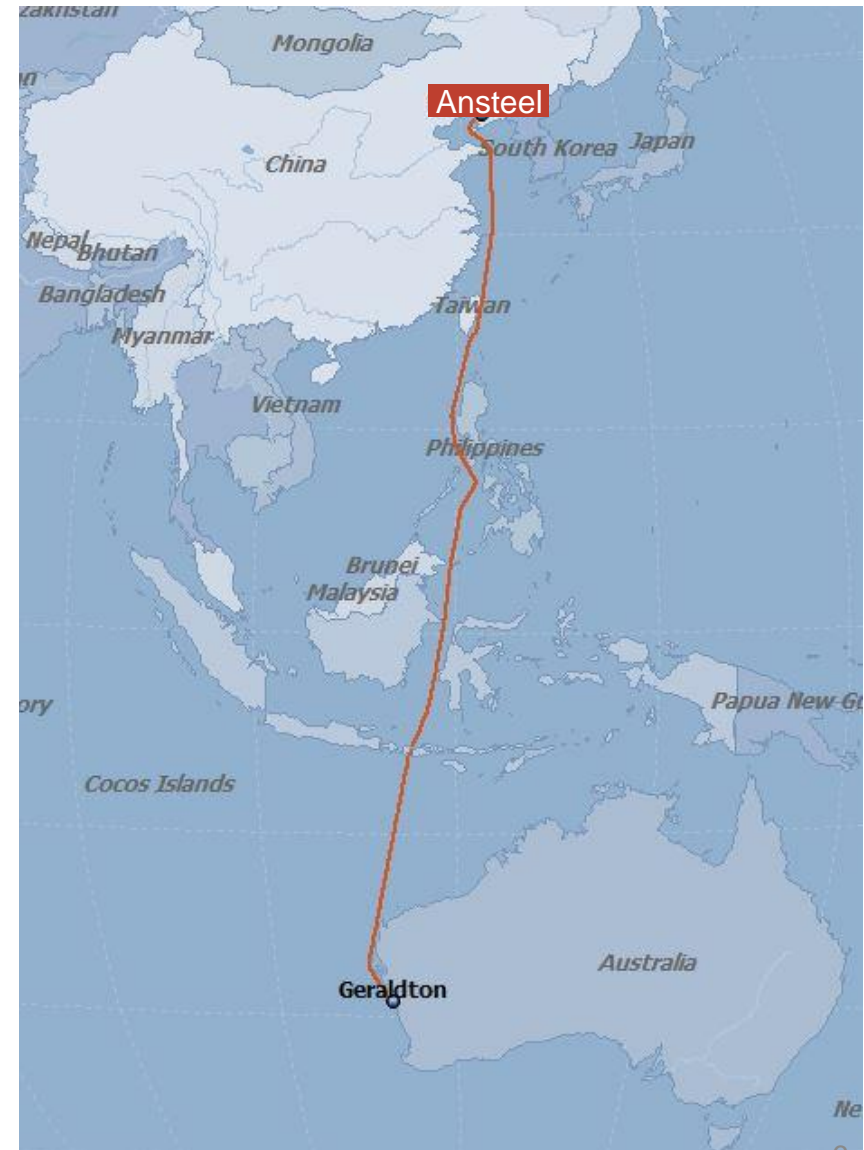
- Feasibility Study Completed
- JV signed

- Offtake Agreement Signed
- Senior Debt Facility Signed



Ansteel - Our Major Shareholder

- Karara Project - Ansteel 52%, Gindalbie Metals 48%
- Located Liaoning province, Northern China
- Established in 1916, Ansteel is one of China's biggest steel makers
- ~35 Mtpa crude steel production
- The largest iron ore miner in China, ~30 Mtpa



Karara – a large, high quality magnetite resource

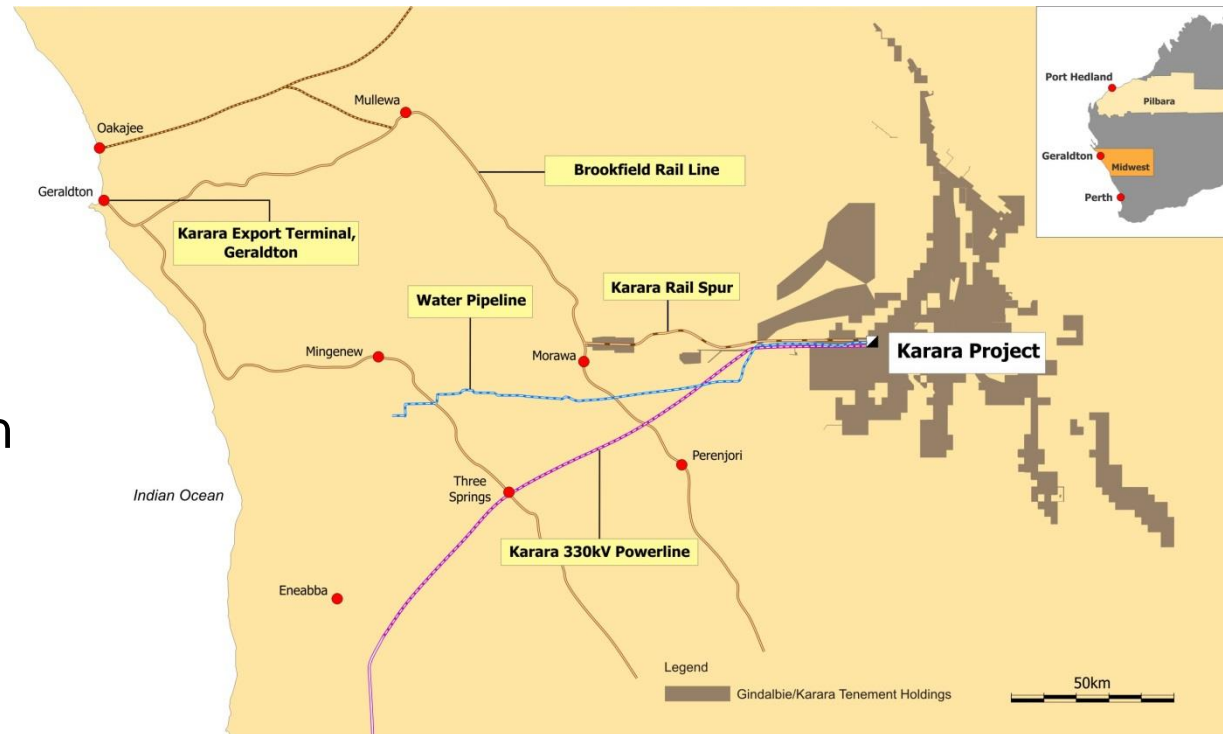
- JORC Resource of 1.77* billion @ 36% Fe
- Supports long life operation at 0.39:1 stripping ratio



* Indicated and inferred resource at 20% weight recovery cut-off grade. Excludes magnetite resources from other deposits such as Blue Hill North.

Karara Project – Snapshot

- Karara Mine & Processing Facilities
- Karara Rail Spur
- Dedicated export terminal at Geraldton
- 330kv Transmission Line connection to SWIS
- Bore Field & Pipeline



Karara Project – A significant Commitment

- Capital Cost of \$3b over 44 months
- Underwriting of significant investment by others through long term contracts including
 - Brookfield Rail – Below Rail
 - Aurizon – Above Rail Haulage
 - BIS Industries – Dry Tailings
 - Western Power – 330kv Transmission Line



Karara Project – Community Engagement

- Parkerville Child and Family Centre
- RFDS mobile dental van
- Innovation Park & MEEDAC
- Perenjori Early Childhood Centre
- \$50,000 sponsorship
- Durack College – trainee of the year sponsorship
- Local apprentices – mechanical & electrical
- +\$70 million local contractor spend since 2013
- >125 local employees
- Currently 46 local contractors/suppliers engaged



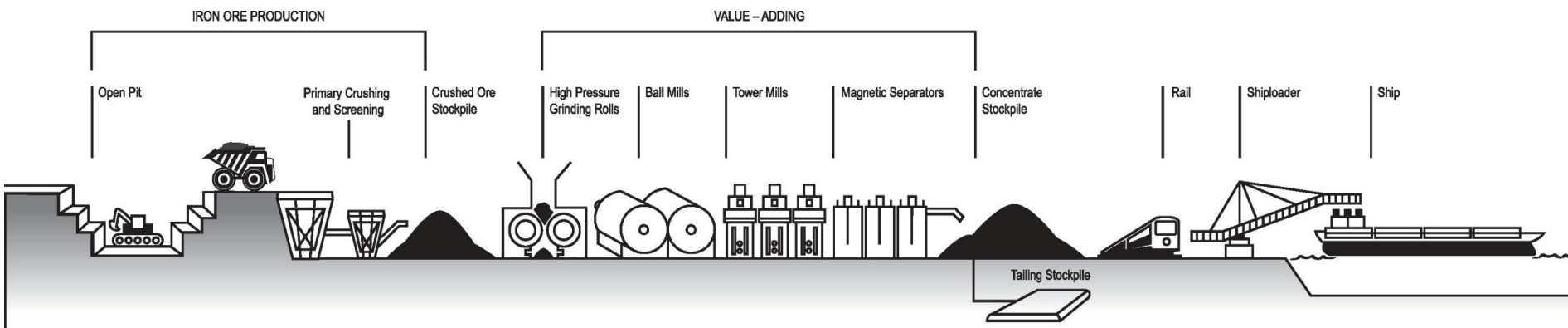
Karara Flow Sheet & Product Specifications

- Primary & Secondary Crushing
- Three Stages of Grinding & Magnetic Separation
- Two Stages of Flotation with Regrind
- Concentrate & Tails Thickening & Filtration
- Dry Tailings Disposal

Karara – A Premium Product

	Karara Concentrate	Pilbara Blend
Fe% (Iron)	66%	61.5%
SiO ₂ % (Silica)	< 6.5%	3.6%
Al ₂ O ₃ % (Alumina)	< 0.2%	2.2%
P% (Phosphorus)	<0.02%	0.1%

High iron content, low impurities



Addressing the Challenges

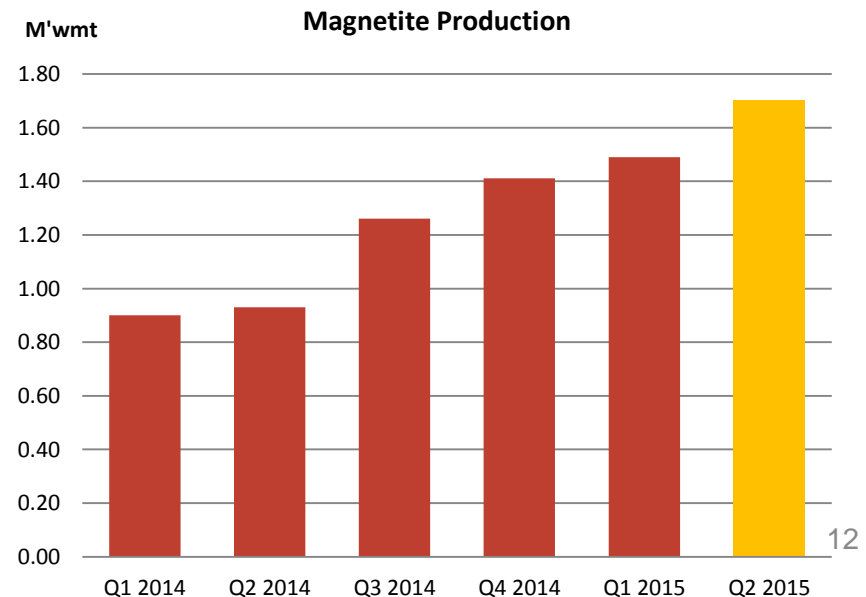
Operations / Technical

- Ore hardness and abrasiveness
- Lower than anticipated tails rejection at first stage of separation
- Reliability & Throughput rates



Solutions

- High intensity blasting
- Crushing liner trials and optimisation
- Improved ore body knowledge
- Increased tails thickener capacity
- Interim wet tailings dam
- Focused BI Program



Addressing the Challenges

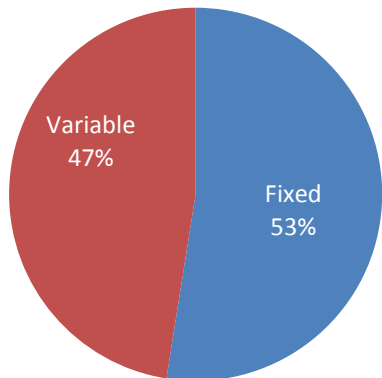
Financial / Commercial

- Significant decline in iron ore prices
- Delayed ramp up
- High fixed cost structure

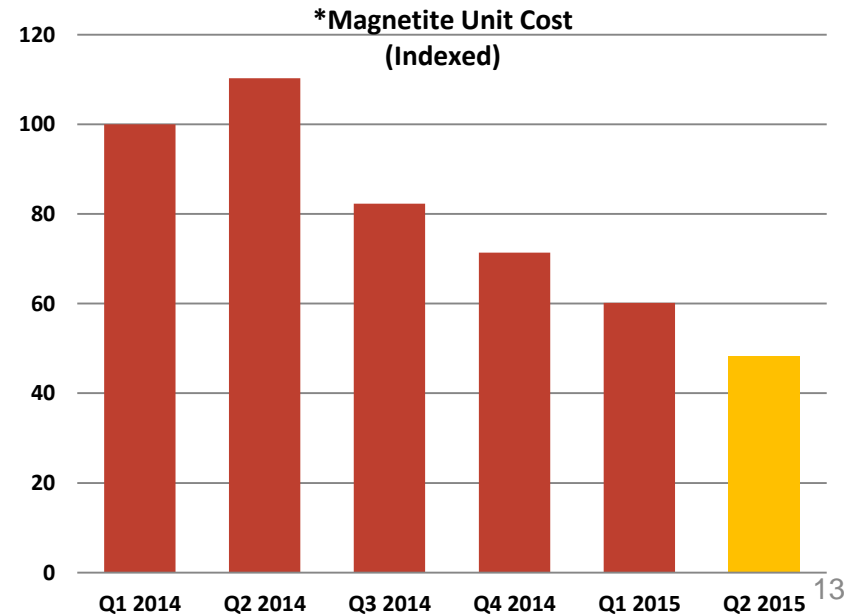
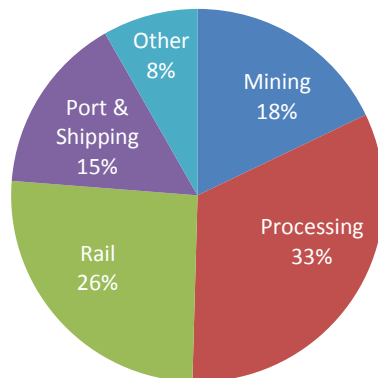
Solutions

- Ansteel financial support
- Restructuring of senior debt
- Satellite DSO volumes
- Focused cost reduction program

Costs Fixed / Variable



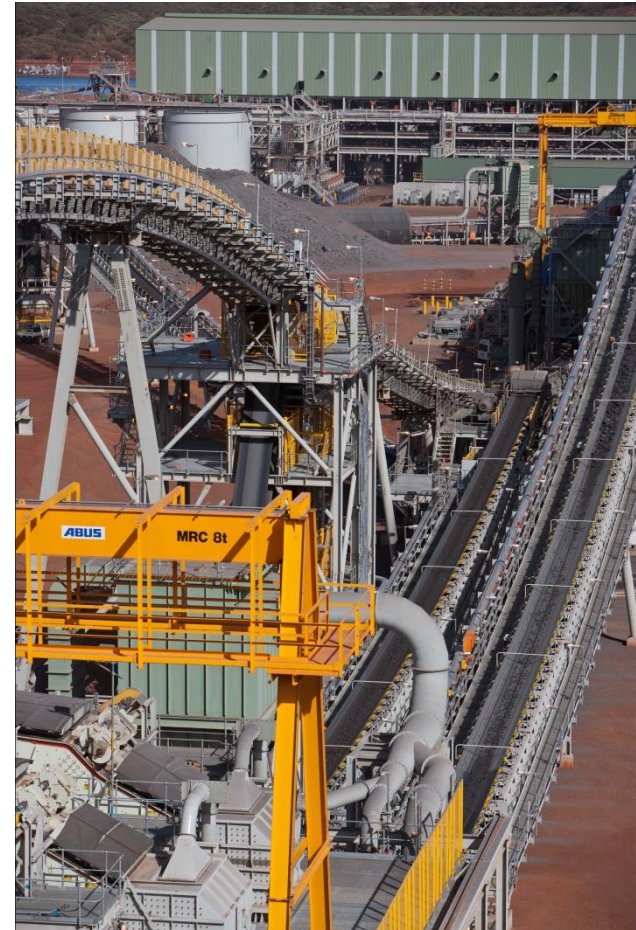
Costs by Process



* Magnetite Unit Cost Index: Index of operating costs FOB Geraldton excluding royalties in US\$ terms

Summary

- A challenging project
 - ✓ Technical
 - ✓ Infrastructure
 - ✓ Commercial
- A quality product
- A large resource base that can support future expansion
- A strong major shareholder in Ansteel



Karara's long term future requires further improvement in production and reduced costs.