

**HD** \$640m wiped off Gindalbie Karara project

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**WC** 340 words

**PD** 12 August 2014

**SN** Canberra Times

**SC** CANBTZ

**PG** B008

**LA** English

**CY** (c) 2014 The Canberra Times

**LP**

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Resources **Stake** almost worthless

**TD**

Peter Ker Sino **Iron**'s magnetite project has also been in trouble.Photo: Glenn Hunt

'Analysts question Gindalbie's ability to survive much longer.'

The spectacular decline of magnetite developer Gindalbie Metals has accelerated, with the struggling miner reporting a \$640 **million** write-down of its **stake** in the Karara project. In a move that virtually removes any value for the **company's stake** in the magnetite project, Gindalbie said the impairment was warranted given a lower than expected **iron ore** price, a higher than expected Australian dollar, and Karara's under-performance. Gindalbie's **stake** in Karara was valued at about \$550 **million** in the **company's** 2013 full-year accounts. At that time, Gindalbie owned 50 per cent of the project, but its inability to pay for its share of development has resulted in its Chinese partner Ansteel diluting Gindalbie's **stake** to 47.84 per cent. Ansteel has an option to further

dilute Gindalbie's **stake** to 38 per cent, and it is expected to proceed with this soon. Monday's re-evaluation continues the apparent slow death of Gindalbie, which was worth more than \$2 **billion** less than four years ago. In January 2011, Gindalbie shares were worth \$1.47. On Monday they lost another 1.1½ to only 4.7½. The **company** now has a market capitalisation of only \$70 **million**. Gindalbie was hampered by cost and time blowouts on the construction of Karara, which was designed to make a high-grade magnetite concentrate from lower-grade **iron** deposits near Geraldton, Western Australia. The **company** has since been

gutted of most its staff, and analysts are questioning its ability to survive for much longer. Karara was one of two magnetite projects being developed in WA by **Chinese** steelmakers. The other

was the disastrous Sino **Iron** project, which ran **billions** of dollars over budget and several years behind schedule, before finally coming into production about eight months ago.

**RF** 59271273

**CO** gingol : Gindalbie Metals Ltd

**IN** i211 : Metal Ore Mining | i2111 : Iron Ore Mining | ibasicm : Basic Materials/Resources | imet : Mining/Quarrying

**RE** canbrr : Canberra | apacz : Asia Pacific | auscap : Australian Capital Territory | ausnz : Australia/Oceania | austr : Australia

**PUB** Federal Capital Press of Australia Pty Ltd

**AN** Document CANBTZ0020140812ea8c0000m