



HD **FED:iron ore miner faces a perfect storm**

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GINDALBIE By Kim Christian

PERTH, Nov 21 AAP - **iron ore** miner Gindalbie Metals faces a perfect storm of falling **iron ore** prices and a strong Australian dollar.

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Despite calls from some shareholders to sell the **company**, Gindalbie plans to boost production at its Karara project in north Western Australia.

Chairman Keith Jones concedes his **company** feels pain every time the **iron ore** price drops, but he is unable to specify whether the high fixed-cost Karara project is breaking even.

"There is always a risk, in an operation such as this and with the **iron ore** price at levels that it is, that this project may at some stage be terminated," Mr Jones told Gindalbie's annual general meeting.

But at this stage there was no indication that would occur, he said.

This was in spite of the **company**'s high debt levels, a lower **iron ore** price and growing supply of the .

"The best way we can add value is to continue down the pathway of increasing production," Mr Jones said.

The price of **iron ore** plunged to fresh five year lows this week, putting pressure on high cost junior miners such as Gindalbie, Atlas **iron** and Arrium.

Gindalbie shares have plunged from 11 cents at the start of the year to 2.5 cents on Friday.

The **company**'s plant has been producing high grade **iron ore** at a run rate of around five **million** tonnes per annum, well below its 8.8 **million** tonne capacity.

Some shareholders told the meeting the future looked bleak for Gindalbie, and urged the board to consider selling out to partner Ansteel at 3.5 cents a share.

"I can't see the **company** recovering," retail shareholder Grant Morris said.

"The more we keep trading the more we keep losing."

The board had to make some hard decisions before the shares lost their value, he said.

Mr Jones said Karara was a challenging project and without **Chinese** backer Ansteel's involvement, the **company** would not be around.

He also said Ansteel and Gindalbie had discussed changes in **equity** over "extended periods of time".

"Ansteel are interested, they are participants in discussions, but there's no advancement on that," Mr Jones said.

Earlier this year Ansteel secured a controlling 52 per cent in Gindalbie after providing a US\$300 **million** fixed loan facility.

AAP krc/dmc

CO gingol : Gindalbie Metals Ltd

IN i211 : Metal Ore Mining | i22 : Primary Metals | i221 : Iron/Steel/Ferroalloys | i2111 : Iron Ore Mining |
ibasicm : Basic Materials/Resources | imet : Mining/Quarrying

RE austr : Australia | apacz : Asia Pacific | ausnz : Australia/Oceania

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