

The Sydney Morning Herald

SE Business
HD **\$640m wiped off Gindalbie Karara project**
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WC 315 words
PD 12 August 2014
SN Sydney Morning Herald
SC SMHH
ED First
PG 24
LA English
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Resources - **Stake** almost worthless

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.

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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 1.1¢ to only 4.7¢. 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.

CO

gingol : Gindalbie Metals Ltd

IN

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

RE

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

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Document SMHH000020140811ea8c0004d