

JUNE 2017

QUARTERLY REPORT



KEY POINTS

- At 30 June 2017, Gindalbie had term deposits of AUD\$33.6 million, and cash equivalents of AUD\$3.75million.
- Gindalbie has finalised all Conditions Precedent for the commencement of the Mount Gunson Project.
- Gindalbie continues to focus on strategic development opportunities primarily in the gold and base metals sectors in low-sovereign risk jurisdictions.



CORPORATE

Mount Gunson Project Update

Following the completion of all conditions precedent to the Farm-in and Joint Venture Agreement on 19th May 2017, Phase One of the Farm-in has commenced. Activities are progressing as scheduled with the completion of the initial study phase expected in the first quarter of 2018.

The metallurgical options study is nearing completion and is designed to assess all potential processing flowsheets for the ore at Mt Gunson and to form the basis of the detailed scope for metallurgical test work which will be undertaken following the drilling program.

Under an existing agreement Native Title Agreement, a site clearance was required prior to commencement of the planned drilling programme to gain fresh metallurgical core samples for detailed testwork. The site clearance was undertaken on 26th and 27th June and the report and final clearance is expected in July.

Gindalbie also executed a local and global licensing agreement with Mining and Process Solutions (MPS) for the use of innovative GlyLeachTM mineral processing technology. This allows Gindalbie to utilise GlyLeachTM at the Mt Gunson Project as well as consider this technology for potential business development opportunities on a global scale.

Update on Conditions Precedent

All Conditions Precedent relating to the Mount Gunson Copper-Cobalt Project have now been completed, this includes gaining approval from the Foreign Investment Review Board and executing a Deed of Acknowledgement and Consent with Strandline Resources.

Update on Feasibility Study Timeframe

Phase 1 of the farm-in is currently progressing according to schedule with expected completion during the first quarter of 2018. The work during Phase 1 is primarily focused on reducing critical uncertainty by narrowing the processing and mining options for the Mt Gunson copper-cobalt ore down to those suitable for taking through into a pre-feasibility study. During Phase 1, detailed planning will also be undertaken with regards to the expected feasibility schedule. A summary of the schedule will be released to the market at the appropriate time should the board of Gindalbie approve continuation into Phase 2 of the farm-in (see market release 17th March 2017 for more detail on the farm-in structure).

The Company notes that the time-frames referred to in the Joint Venture and Farm-in Agreement are sunset clauses for the maximum time allowed for the expenditure of farm-in commitments only and are in no way indicative of an expected development schedule for the project. Such clauses are considered standard in agreements of this nature to define the maximum period in which expenditure commitments must be honoured.

Strategic Development

Gindalbie remains actively engaged in the evaluation of strategic development opportunities both organically within the Mt Gunson Copper-Cobalt Project as well as potential growth through acquisition outside of the Project to leverage its remaining cash assets and drive shareholder value.

The Company has initiated a Regional Exploration Assessment of the Mt Gunson tenements. This assessment will include a GIS model and database and detailed assessment of potential for both additional sulphide ores as well as IOCG potential on the extensive tenement portfolio which comprises approximately 800 km² of ground.

With regards to growth through acquisition, the company continues its focus on projects in the post-scoping study to decision-to-mine phase, primarily in the gold and base metals sectors. Gindalbie is in a strong position to act and is conducting due diligence on several potential growth opportunities.

Gindalbie Regional Exploration- Midwest Tenements

Exploration during the June 2017 Quarter comprised work to refine and optimise existing targets. Exploration activities during the September 2017 Quarter will continue focus on review and reporting of recent exploration work as well as follow up work to identify the potential for course grain magnetite within the existing Resource.

Shareholder Information

As at 30 June 2017, Gindalbie had 1,496,512,060 shares on issue and 13,468 shareholders.

The Top 20 shareholders held 58.97% of the issued share capital of Gindalbie.

Cash Reserves

At 30 June 2017, Gindalbie had term deposits of AUD\$33.6 million, and cash equivalents of AUD\$3.75million.

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Contingent Liabilities

As detailed in the Company's announcement dated 25 May 2017, KML has extended the Facility Agreement with China Merchants Bank (CMB) –US\$300 million Fixed Term Loan Facility.

Gindalbie no longer has a contingent liability with respect to the shareholder guarantee provided by the company to Ansteel for this term loan. This is consistent with the shareholder vote in November 2015 that the Company will no longer provide parent company guarantees for loans made to KML by any third party.

The shareholder guarantees provided by the Company in place after the release of the US\$300m will equate to approximately AUD\$500m.

KARARA PROJECT

Since late 2013, Gindalbie has maintained its interest in Karara Mining as a minority investor with management activities now under the guidance of Ansteel. Gindalbie regularly reviews the value of its investment in Karara Mining, the current holding value of the asset is at a nil value driven primarily by high gearing and the current iron ore price environment.

Production

During the June 2017 Quarter KML produced approximately 2.095 million dry metric tonnes ('DMT') of magnetite concentrate at Karara, an increase of 5.07% over March 2017 Quarter production of 1.994 million DMT.

A total of 37 shipments were completed by KML from the Karara Export Terminal at Geraldton totalling approximately 2.093 million DMT of magnetite concentrate.

Magnetite production grade quality during the June 2017 Quarter averaged 65.5% Fe.

Karara Magnetite Unit '000 DMT			
Quarter (Qtr)	Dec -16 Qtr	Mar -17 Qtr	Jun -17 Qtr
Ore Mined	5,436	4,765	4,891
Concentrate Product	2,087	1,994	2,095
Concentrate Shipped	2,101	2,066	2,093

For the June 2017 Quarter, average magnetite C1 unit cash cost (mining, processing, maintenance, rail, port and site administration) excluding depreciation and amortisation, corporate administration, exploration, sale, royalties, ocean freight, interest and financing costs was approximately AUD \$68.50 per DMT (March 2017 Quarter: approximately AUD \$78.79 per DMT).

Sales

The realised price for Karara magnetite concentrate is represented by the published benchmark assessment of the spot price of a standard specification of iron ore fines with 65% iron (Platts IODEX 65% Fe), less a discount on 3rd party sales, and adjusted for its higher iron grade relative to the benchmark (June 2017 Quarter – average of approximately 65.5% Fe), less standard penalties for impurities. The average realised CFR¹ price for the June 2017 Quarter was approximately AUD \$95.30 per DMT² on provisional basis (March 2017 Quarter: approximately AUD \$131.78 per DMT).

The realised price of Karara magnetite concentrate represents an approximate 13.1% premium to the average of the 62% Fe CFR benchmark for the June 2017 quarter³ (March 2017 Quarter: 17.4%).

¹ Cost and freight (CFR) indicates that all costs related to transportation of goods to a named port of destination are paid by the seller of the goods.

² Average price is based on provisional payments received as final price for June 2017 cargoes are not settled yet. Pricing formulas contained in KML sale contracts are based on the final price being determined in the month after the month of shipment. A reconciliation and settlement takes place once a final price is known in the actual month of settlement.

³ The premium calculation is indicative and provided for reference purposes only. The figure provided is calculated with reference to the average Karara magnetite ore sales price and the Argus 62% IODEX average during the quarter. The premium received may vary depending on market conditions and the underlying iron ore price.

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ENDS

On behalf of:

Mr Keith Jones

Chairman

Ms Rebecca Moylan

Chief Financial Officer and Company Secretary

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