

KEY POINTS

- At 30 September 2018, Gindalbie had term deposits of AUD\$1.8 million, and cash equivalents of AUD\$32.6 million.
- Pre-feasibility studies at Mt Gunson are progressing on time and on budget
- A targeted drilling programme has commenced at Mt Gunson



CORPORATE

Mount Gunson Project Update

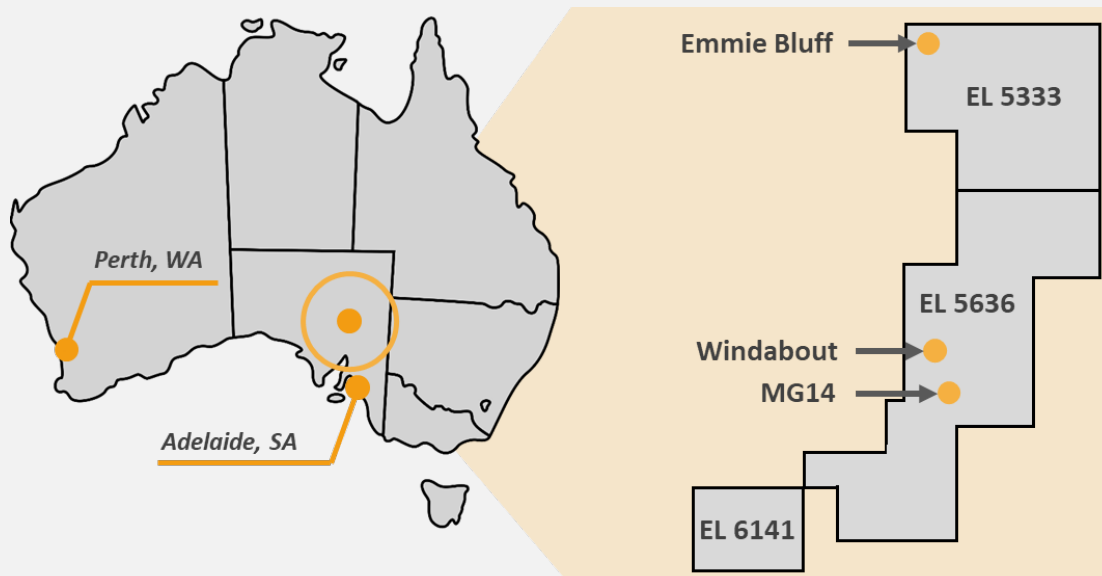
Mt Gunson Copper-Cobalt Project Farm-in Pre-feasibility Study (PFS) Update

During the September quarter, work on the Mt Gunson PFS was primarily directed towards a drilling programme on the tenements to include diamond drilling for large-diameter C8 (200mm) metallurgical core to obtain samples for PFS level metallurgical testwork at Windabout and MG14. During the programme, the Company plans to obtain approximately 1.5 tonnes of mineralised sample to feed into the next stage of flowsheet development and refinement. This stage of work will commence as soon as core is freighted to the laboratory in Perth. It is expected that this will be in mid-November 2018.

Following completion of the large diameter drilling at MG14 and Windabout, the Company will undertake a programme at the Emmie Bluff Copper-Cobalt Prospect. The drilling is planned to include six pre-collared diamond drill holes for approximately 2,680m of HQ3 (63mm diameter) drilling. As previously stated, the core from this drilling programme will be used to update the Mineral Resource model and to progress geotechnical, mineralogical, and metallurgical assessment work. It is expected that the drilling programme at Emmie Bluff will commence in late October or early November 2018 and last for approximately six weeks.

September 2018

QUARTERLY REPORT



Drilling on-site at Mt Gunson Windabout Copper-Cobalt Deposit

September 2018

QUARTERLY REPORT



Large diameter core at Windabout



Mining Options Study

Stage 2 of the mining options study has been finalised with submissions received from mining contractors. The results of the RFQ have provided information to enable the Company to fully evaluate the current base case mining method, which remains based on a conventional truck and shovel for the mining of both MG14 and Windabout. Detailed evaluation and value engineering work is currently underway including work to consider other bulk and selective mining options for the larger Windabout deposit.

Exploration and Resource Development

Following the completion of an exploration targeting study encompassing the entire Mt Gunson tenement area of 750km², a geological options workshop was held in September 2018 to review the study results and create a detailed plan for additional exploration on the tenements. The primary focus of current work is to explore for low strip ratio, sedimentary hosted copper-cobalt deposits close to planned infrastructure. Several targets have been identified with exploration work expected to commence during the December quarter subject to environmental and heritage approvals.

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 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 September 2018 Quarter continued to focus on review and reporting of recent exploration work at the Lodestone Magnetite Deposit, which is located 45km south-east of Karara. In the light of current iron ore prices, it is expected that the Company will seek an application for a retention licence over its one remaining iron ore exploration tenement in the Midwest not held by Karara Mining Ltd.

Shareholder Information

As at 30 September 2018, Gindalbie had 1,499,637,059 shares on issue and 12,549 shareholders.

The Top 20 shareholders held 58.72% of the issued share capital of Gindalbie.

Cash Reserves

- At 30 September 2018, Gindalbie had term deposits of AUD\$1.8 million, and cash equivalents of AUD\$32.6 million.

KARARA PROJECT

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

Production

During the September 2018 Quarter KML produced approximately 1.806 million dry metric tonnes ('DMT') of magnetite concentrate at Karara, a decrease of 7.4% over June 2018 Quarter production of 1.951 million DMT.

A total of 32 shipments were completed by KML from the Karara Export Terminal at Geraldton totalling approximately 1.826 million DMT of magnetite concentrate.

Magnetite production grade quality during the September 2018 Quarter averaged 65.4% Fe.

Karara Magnetite Unit '000 DMT			
Quarter (Qtr)	Mar -18 Qtr	Jun -18 Qtr	Sep -18 Qtr
Ore Mined	5,336	4,586	4,886
Concentrate Product	1,903	1,951	1,806
Concentrate Shipped	1,927	1,886	1,826

For the September 2018 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 ¹ \$92.07 per DMT (June 2018 Quarter: approximately AUD \$78.49 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) plus a premium for magnetite concentrate (September 2018 Quarter – average of approximately USD\$1.27 per DMT) and adjusted for its higher iron grade relative to the benchmark (September 2018 Quarter – average of approximately 65.7% Fe), less standard penalties for impurities.

The average realised CFR² price for the September 2018 Quarter was approximately AUD \$130.33 per DMT³ on provisional basis (June 2018 Quarter: approximately AUD \$116.55 per DMT).

ENDS

¹ Unit cost reported is based on production volume.

² 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.

³ Average price is based on provisional payments received as final price for September 2018 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.

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On behalf of:

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Chairman

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Chief Financial Officer and Company Secretary

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