

KEY POINTS

- At 30 December 2018, Gindalbie had term deposits of AUD \$1.5 million, and cash equivalents of AUD \$31.6 million.
- A second drilling campaign has been completed at MG14 and Windabout.
- The Emmie Bluff scoping study is proceeding with the drilling of 3 diamond holes and geotechnical and mining studies underway.



CORPORATE

Mount Gunson Project Update

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

2018-19 Drilling Programs

During the December quarter, work on the Mt Gunson Project focused on the completion of a large diameter (C8) metallurgical drilling program at the MG14 and Windabout deposits, and the commencement of a HQ diamond drilling program at the Emmie Bluff prospect.

The large diameter program, which was completed on the 26th of November, comprised eight holes, 2 at MG14 and 6 at Windabout, for a total of 564m drilled (Table 1). This resulted in a total of 565kg of mineralised (i.e. >0.5% Cu) sample from Windabout and 264 kg of mineralised sample from MG14. The material will be diluted to better represent the overall grade of the known deposits and then split into metallurgically distinct composites. Following, this, the total material yield from the drilling programme is expected to be approximately 1,350 kg, which is estimated to be more than sufficient to support the metallurgical test work program through to the completion of the PFS.

Following completion of this program, a second program was undertaken to drill HQ diamond holes at the Emmie Bluff prospect, following up on historical intersections of MG14 style Tapley Hill Formation hosted Cu-Co mineralisation.

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Two vertical holes, DD18EB0001 and DD18EB0002 were completed in the December quarter for a combined total of 886m. Both holes included intervals of sulphidic Tapley Hill Formation similar to mineralisation encountered at MG14 and Windabout.

The programme was concluded in early January 2019 with an angled hole to obtain geotechnical information and a third vertical hole, DD19EB0002A. The vertical hole was drilled to a total depth of 456.9m and also encountered sulphidic Tapley Hill Formation. Samples have been submitted for assay and geotechnical assessment. Once assayed, the material will be submitted for metallurgical analysis and the historical (non-JORC compliant) mineral resource model revisited.

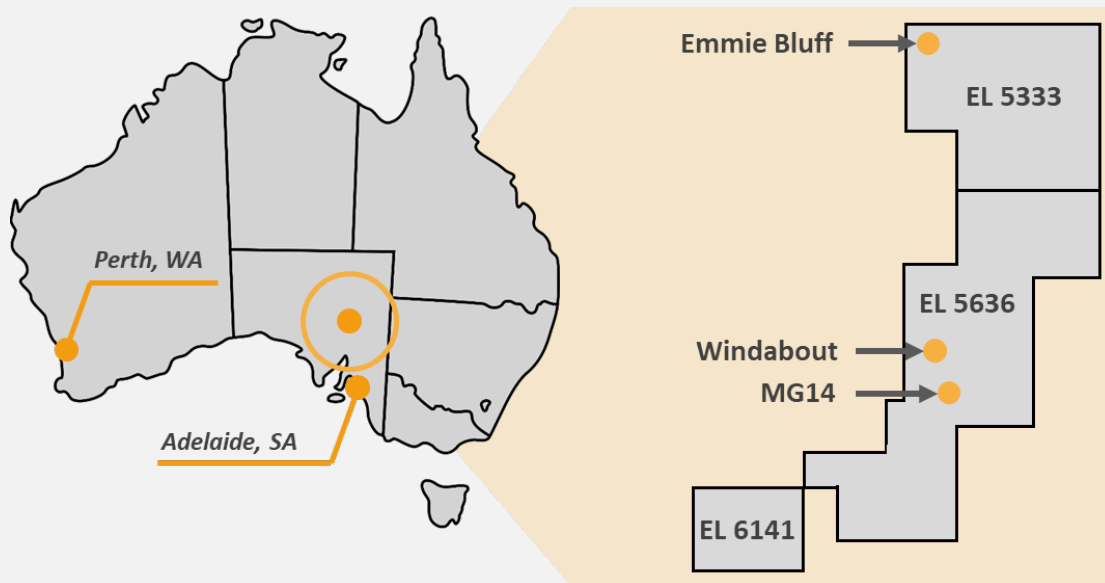


Table 1: Drilling at Mt Gunson Copper-Cobalt Project

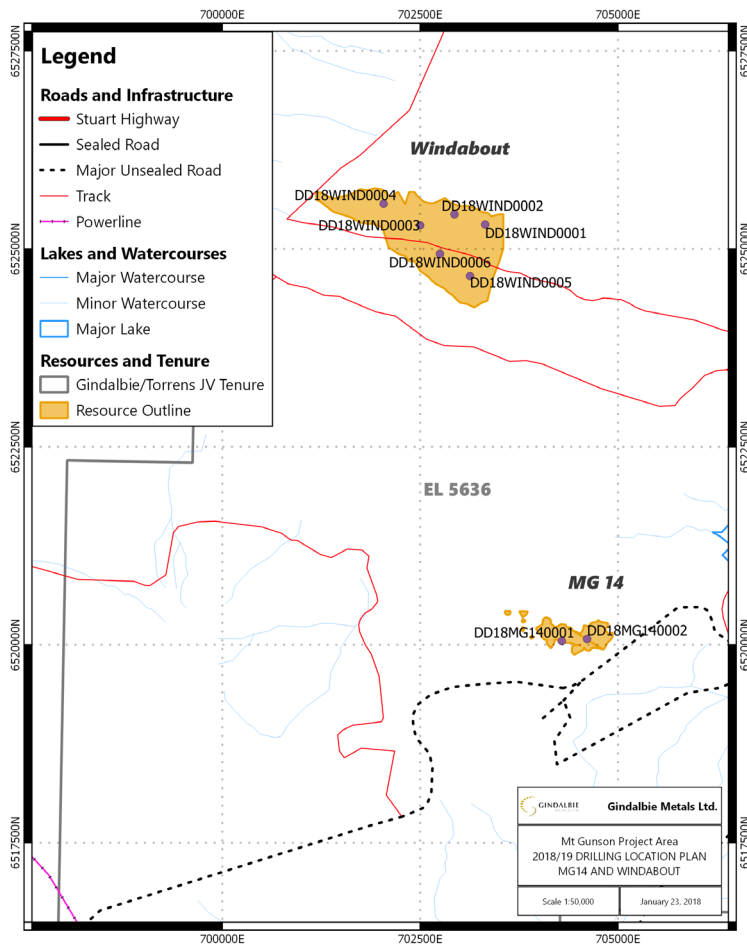
HoleID	Easting	Northing	Depth (m)
DD18WIND0001	703449	6525479	79.12
DD18WIND0002	703061	6525608	86.65
DD18WIND0006	702878	6525109	86.1
DD18WIND0003	702628	6525468	86.14
DD18WIND0004	702166	6525742	88.9
DD18WIND0005	703258	6524829	71.77
DD18MG140001	704418	6520219	35.68
DD18MG140002	704737	6520246	30.05
DD18EB0001	706110	6555382	441.88
DD18EB0002	706122	6555939	444.04
DD19EB0002A	705792	6556452	456.9

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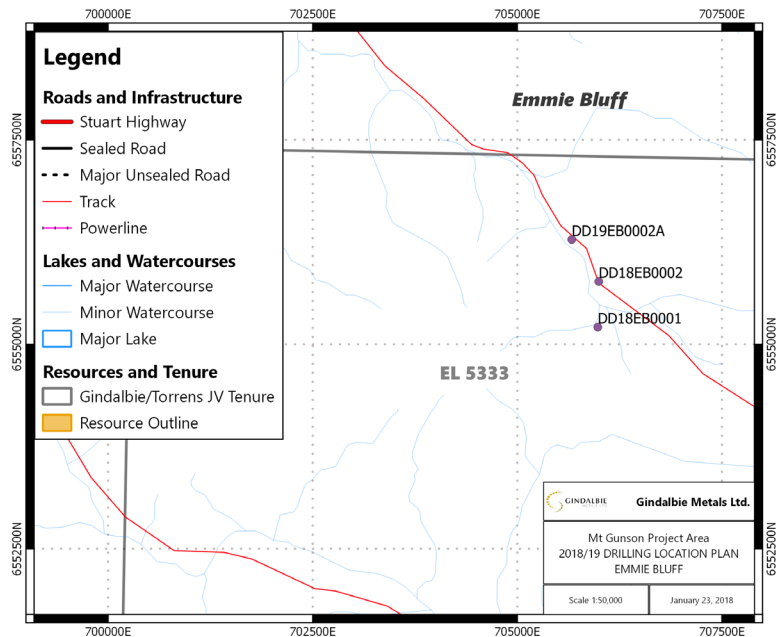
Recent Drilling at Emmie Bluff



Plan showing drilling locations and MG14 and Windabout

Exploration and Resource Development

The Company's primary resource development focus remains on MG14, Windabout and Emmie Bluff. However, work continues to examine the highly prospective Mt Gunson tenement package for additional, low strip ratio, near surface Resources. An extensive passive seismic program has been designed to determine the suitability of the Tromino passive seismic technology for use at Mt Gunson through calibration over known deposits, and, if successful, attempt to determine the extent and thickness of the Tapley Hill formation in areas of geological interest. This survey is likely to be completed in the March or June Quarters. In addition, the company has begun a reassessment of the potential for modern geochemical techniques to discriminate Tapley Hill Formation hosted mineralisation at Mt Gunson, as part of the previously reported Regional Exploration Assessment programme.



Gindalbie has noted BHP's recent exploration success at their Oak Dam project, approximately 10 km NNE of Gindalbie's Emmie Bluff prospect. In light of this regional success, as well as the findings of the recent Regional Exploration Assessment conducted by International Geoscience, Gindalbie has begun a review of IOCG prospectivity on its tenure.

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

In the light of current iron ore prices, the Company has applied 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 December 2018, Gindalbie had 1,499,637,059 shares on issue and 12,443 shareholders.

The Top 20 shareholders held 59.14% of the issued share capital of Gindalbie.

Cash Reserves

At 30 December 2018, Gindalbie had term deposits of AUD\$1.5 million, and cash equivalents of AUD\$31.6 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 December 2018 Quarter KML produced approximately 1.851 million dry metric tonnes ('DMT') of magnetite concentrate at Karara, an increase of 2.47% over September 2018 Quarter production of 1.806 million DMT.

A total of 33 shipments were completed by KML from the Karara Export Terminal at Geraldton totalling approximately 1.919 million DMT of magnetite concentrate.

Magnetite production grade quality during the December 2018 Quarter averaged 65.6% Fe.

Karara Magnetite Unit '000 DMT			
Quarter (Qtr)	Jun -18 Qtr	Sep -18 Qtr	Dec -18 Qtr
Ore Mined	4,586	4,886	4,939
Concentrate Product	1,951	1,806	1,851
Concentrate Shipped	1,886	1,826	1,919

For the December 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 AUD¹ \$91.26 per DMT (September 2018 Quarter: approximately AUD \$92.07 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 (December 2018 Quarter – average of approximately USD\$1.48 per DMT) and adjusted for its higher iron grade relative to the benchmark (December 2018 Quarter – average of approximately 65.6% Fe), less standard penalties for impurities.

The average realised CFR² price for the December 2018 Quarter was approximately AUD \$128.61 per DMT³ on provisional basis (September 2018 Quarter: approximately AUD \$130.33 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 December 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:

Mr Keith Jones

Chairman

Ms Rebecca Moylan

Chief Financial Officer and Company Secretary

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