



ABN 24 060 857 614

**GINDALBIE METALS LTD  
AND ITS CONTROLLED ENTITIES**

**INTERIM FINANCIAL REPORT  
31 DECEMBER 2018**

**GINDALBIE METALS LTD AND ITS CONTROLLED ENTITIES  
DIRECTORS' REPORT**

Your directors present their report together with the consolidated financial report for the half-year ended 31 December 2018 and the auditor's review report thereon

**DIRECTORS**

The Directors of the Company during or since the end of the half-year are:

<b>Name &amp; Qualifications</b>	<b>Period of Directorship</b>
<b>Mr Keith F Jones</b> B.Bus, FCA, FAICD Non-Executive Chairman	Director since March 2013 Appointed as Chairman April 2013
<b>Mr Andrew (Robin) Marshall</b> I. Eng, MAICD Independent Non-Executive Director	Director since December 2010
<b>Mr Paul D Hallam</b> BE (Hons) Mining, Grad Cert Mineral Economics, FAICD, FAUSIMM Independent Non-Executive Director	Director since December 2011
<b>Mr Shao An Lin</b> PHD Mining Non-Executive Director	Director since March 2015
<b>Mr Li Ge</b> B.Fin Non-Executive Director	Director since March 2015

# GINDALBIE METALS LTD AND ITS CONTROLLED ENTITIES DIRECTORS' REPORT

## REVIEW OF OPERATIONS

### Key events for the half year ended 31 December 2018:

- During the last six months the Group completed the drilling program at the Mount Gunson Copper-Cobalt Project, finalised the mining options study and continued to progress the update the Mt Gunson Copper-Cobalt Project Pre-feasibility.
- Mt Gunson Copper-Cobalt Project Farm in Stage 1 expenditure commitment of \$ 1.37M had been reached during the reporting period. The Company's subsidiary will receive a 25% interest in the Mt Gunson tenement package.
- As at 31 December 2018, Gindalbie had term deposits of \$31.6 million, and cash and cash equivalents of \$1.5 million.

## RESULTS OF OPERATIONS

The net loss for the six months ended 31 December 2018 was \$857 thousand, compared with a net loss of \$515 thousand for the six months ended 31 December 2017.

### MT GUNSON COPPER-COBALT PROJECT

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

During the last six months, work on the Mt Gunson Project focused on the completion of a large diameter (C8, 200mm) 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 comprised eight holes, 2 at MG14 and 6 at Windabout, for a total of 564m drilled. 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.

Two vertical holes 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. 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.

## **GINDALBIE METALS LTD AND ITS CONTROLLED ENTITIES DIRECTORS' REPORT**

### **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 750km<sup>2</sup>, 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.

The Group'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 during the next six months. 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 Group 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 METALS LTD AND ITS CONTROLLED ENTITIES  
DIRECTORS' REPORT**

**KARARA PROJECT (Ansteel 52.16%, Gindalbie 47.84%)**

The Karara Project, which is located 200km east of Geraldton in Western Australia, is owned and operated by Karara Mining Limited (“KML”, “Karara”), which is a joint venture between Gindalbie Metals Ltd (“Gindalbie”) and Anshan Iron and Steel Group Corporation (Ansteel), one of the largest steel-makers and the biggest iron ore producer in China. The Karara Project consists of a long-life, magnetite concentrate operation with a smaller-scale supporting hematite Direct Shipping Ore (“DSO”) operation.

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 of Karara and the current iron ore price environment.

***Production***

A total of 65 shipments were made during the half year totalling 3,776 million dry metric tonnes (‘DMT’) of combined magnetite concentrate.

<b>Karara Magnetite</b>			
<i>Unit '000 dmt</i>	Sep -18 Qtr	Dec -18 Qtr	Total
Ore mined	4,886	4,382	9,268
Concentrate Produced	1,806	1,893	3,699
Concentrate Shipped	1,826	1,950	3,776

**GINDALBIE METALS LTD AND ITS CONTROLLED ENTITIES  
DIRECTORS' REPORT**

**GINDALBIE REGIONAL EXPLORATION**

In the light of current iron ore prices, the Group has applied for a retention licence over its one remaining iron ore exploration tenement in the Midwest not held by Karara Mining Ltd.

**CORPORATE**

**Cash Reserves**

As at 31 December 2018, the Group had term deposits of \$31.6 million and cash and cash equivalents of \$1.5 million

**Shareholder Information**

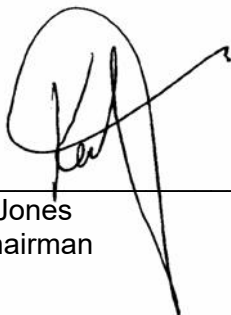
As at 31 December 2018, the Company had 1,499,637,059 shares on issue and 12,443 shareholders. The Top 20 shareholders held 59.14% of the Company.

**Subsequent Events**

There have been no events subsequent to reporting date which would have a material effect on the Company's financial statements at 31 December 2018.

Dated this 8th day of March 2019.

Signed in accordance with a resolution of the directors.

A handwritten signature in black ink, appearing to be 'K Jones', written over a horizontal line. The signature is stylized and includes a long, sweeping stroke that extends downwards and to the right.

K Jones  
Chairman



# Lead Auditor's Independence Declaration under Section 307C of the Corporations Act 2001

To the Directors of Gindalbie Metals Ltd

I declare that, to the best of my knowledge and belief, in relation to the review of Gindalbie Metals Ltd for the half-year ended 31 December 2018 there have been:

- i. no contraventions of the auditor independence requirements as set out in the *Corporations Act 2001* in relation to the review; and
- ii. no contraventions of any applicable code of professional conduct in relation to the review.

KPMG

KPMG

Matthew Beevers

Partner

Perth

8 March 2019



# Independent Auditor's Review Report

To the shareholders of Gindalbie Metals Ltd

## Report on the Interim Financial Report

### Conclusion

We have reviewed the accompanying **Interim Financial Report** of Gindalbie Metals Ltd.

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the Interim Financial Report of Gindalbie Metals Ltd is not in accordance with the *Corporations Act 2001*, including:

- giving a true and fair view of the **Group's** financial position as at 31 December 2018 and of its performance for the Half-year ended on that date; and
- complying with *Australian Accounting Standard AASB 134 Interim Financial Reporting* and the *Corporations Regulations 2001*.

The **Interim Financial Report** comprises:

- Condensed consolidated statement of financial position as at 31 December 2018
- Condensed consolidated statement of comprehensive income, Condensed consolidated statement of changes in equity and Condensed consolidated statement of cash flows for the Half-year ended on that date
- Notes 1 to 11 comprising a summary of significant accounting policies and other explanatory information
- The Directors' Declaration.

The **Group** comprises Gindalbie Metals Ltd (the Company) and the entities it controlled at the Half year's end or from time to time during the Half-year.

### Material uncertainty related to going concern – emphasis of matter

We draw attention to Note 1(e), "Going concern" and Note 8, "Contingent liabilities" in the Interim Financial Report. The conditions disclosed in Notes 1(e) and 8, indicate a material uncertainty exists that may cast significant doubt on the Group's ability to continue as a going concern and, therefore, whether it will realise its assets and discharge its liabilities in the normal course of business, and at the amounts stated in the Interim Financial Report. Our conclusion is not modified in respect of this matter.





## Responsibilities of the Directors for the Interim Financial Report

The Directors of the Company are responsible for:

- the preparation of the Half-year Financial Report that gives a true and fair view in accordance with *Australian Accounting Standards* and the *Corporations Act 2001*
- such internal control as the Directors determine is necessary to enable the preparation of the Interim Financial Report that is free from material misstatement, whether due to fraud or error.

## Auditor's responsibility for the review of the Interim Financial Report

Our responsibility is to express a conclusion on the Interim Financial Report based on our review. We conducted our review in accordance with *Auditing Standard on Review Engagements ASRE 2410 Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the Interim Financial Report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the Group's financial position as at 31 December 2018 and its performance for the half-year ended on that date; and complying with *Australian Accounting Standard AASB 134 Interim Financial Reporting* and the *Corporations Regulations 2001*. As auditor of Gindalbie Metals Ltd, *ASRE 2410* requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of the Interim Financial Report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with *Australian Auditing Standards* and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*.

KPMG

Matthew Beevers

Partner

Perth

8 March 2019

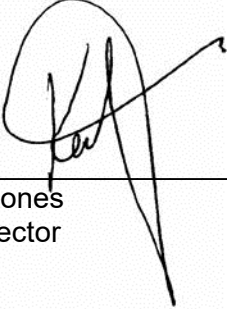
**GINDALBIE METALS LTD AND ITS CONTROLLED ENTITIES  
DIRECTORS' DECLARATIONS**

In the opinion of the Directors of Gindalbie Metals Ltd ("the Company"):

1. the financial statements and notes set out on pages 10 to 18 are in accordance with the Corporations Act 2001, including:
  - (a) giving a true and fair view of the financial position of the Group as at 31 December 2018 and of its performance for the six months period ended on that date; and
  - (b) complying with Australian Accounting Standard AASB 134 *Interim Financial Reporting* and the Corporations Regulations 2001; and
2. for the reasons set out in note 1(e) there are reasonable grounds to believe that the Group will be able to pay its debts as and when they become due and payable.

Dated at Perth this 8th day of March 2019.

Signed in accordance with a resolution of the directors.



K Jones  
Director

**GINDALBIE METALS LTD AND ITS CONTROLLED ENTITIES**  
**CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME**  
For the six months ended 31 December 2018

	Note	31-Dec-18	31-Dec-17
		\$'000	\$'000
Other income	3(a)	7	-
Administration expenses		(1,268)	(960)
Other expenses	3(b)	(33)	(16)
<b>Results from operating activities</b>		<b>(1,294)</b>	<b>(976)</b>
Finance income		437	461
<b>Net financing income</b>	4	<b>437</b>	<b>461</b>
<b>Loss before income tax</b>		<b>(857)</b>	<b>(515)</b>
Income tax expense		-	-
<b>Loss for the period</b>		<b>(857)</b>	<b>(515)</b>
<b>Total comprehensive loss</b>		<b>(857)</b>	<b>(515)</b>
<b>Loss attributable to:</b>			
Owners of the Company		(857)	(515)
<b>Loss for the period</b>		<b>(857)</b>	<b>(515)</b>
Total comprehensive (loss)/income attributable to:			
Owners of the Company		(857)	(515)
<b>Total comprehensive loss for the period</b>		<b>(857)</b>	<b>(515)</b>
<b>Loss per share</b>			
Basic loss per share – cents		(0.06)	(0.03)
Diluted loss per share – cents		(0.06)	(0.03)

The condensed notes on pages 14 to 18 are an integral part of these condensed consolidated interim financial statements.

**GINDALBIE METALS LTD AND ITS CONTROLLED ENTITIES**  
**CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY**  
**For the six months ended 31 December 2018**

	Issued capital \$'000	Accumulated Losses \$'000	Reserves \$'000	Total \$'000
<b>Six months ended 31 December 2018</b>				
Opening balance at 1 July 2018	753,965	(726,512)	9,500	36,953
Loss for the period	-	(857)	-	(857)
Transactions with owners in their capacity as owners:				
- Employee share based payment options	-	-	20	20
Closing balance at 31 December 2018	<u>753,965</u>	<u>(727,369)</u>	<u>9,520</u>	<u>36,116</u>
<b>Six months ended 31 December 2017</b>				
Opening balance at 1 July 2017	753,965	(725,147)	9,408	38,226
Loss for the period	-	(515)	-	(515)
Transactions with owners in their capacity as owners:				
- Employee share based payment options	-	-	46	46
Closing balance at 31 December 2017	<u>753,965</u>	<u>(725,662)</u>	<u>9,454</u>	<u>37,757</u>

The condensed notes on pages 14 to 18 are an integral part of these condensed consolidated interim financial statements.

**GINDALBIE METALS LTD AND ITS CONTROLLED ENTITIES**  
**CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION**  
**As at 31 December 2018**

	Note	31-Dec-18 \$'000	30-Jun-18 \$'000
<b>ASSETS</b>			
Cash and cash equivalents		1,560	2,792
Term Deposits		31,600	32,600
Other receivables		500	423
Prepayments		139	43
<b>TOTAL CURRENT ASSETS</b>		<b>33,799</b>	<b>35,858</b>
<b>Other receivables</b>			
		50	25
<b>Property, plant and equipment</b>		<b>60</b>	<b>68</b>
<b>Exploration and evaluation assets</b>	5	<b>3,930</b>	<b>2,605</b>
<b>Intangible Asset</b>		<b>178</b>	<b>185</b>
<b>TOTAL NON CURRENT ASSETS</b>		<b>4,218</b>	<b>2,883</b>
<b>TOTAL ASSETS</b>		<b>38,017</b>	<b>38,741</b>
<b>LIABILITIES</b>			
Trade and other payables		1,820	1,586
Employee benefits		22	145
<b>TOTAL CURRENT LIABILITIES</b>		<b>1,842</b>	<b>1,731</b>
<b>Employee benefits</b>			
		59	57
<b>TOTAL NON CURRENT LIABILITIES</b>		<b>59</b>	<b>57</b>
<b>TOTAL LIABILITIES</b>		<b>1,901</b>	<b>1,788</b>
<b>NET ASSETS</b>		<b>36,116</b>	<b>36,953</b>
<b>EQUITY</b>			
Issued capital	6	753,965	753,965
Reserves		9,520	9,500
Accumulated losses		(727,369)	(726,512)
<b>TOTAL EQUITY</b>		<b>36,116</b>	<b>36,953</b>

The condensed notes on pages 14 to 18 are an integral part of these condensed consolidated interim financial statements.

**GINDALBIE METALS LTD AND ITS CONTROLLED ENTITIES**  
**CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS**  
For the six months ended 31 December 2018

	31-Dec-18 \$'000	31-Dec-17 \$'000
<b>Cash flows from operating activities</b>		
Cash payments to suppliers and employees	(1,293)	(1,033)
Interest received	387	420
<b>Net cash used in operating activities</b>	<u>(906)</u>	<u>(613)</u>
<b>Cash flows from investing activities</b>		
Receipts/(Payments) for term deposits	1,000	(1,300)
Payments for Exploration and evaluation	(1,325)	(537)
Receipts/(Payments) for investments	-	-
Purchases of Property, plant and equipment	(1)	(7)
<b>Net cash used in investing activities</b>	<u>(326)</u>	<u>(1,844)</u>
<b>Cash flows from financing activities</b>		
Proceeds from the issue of shares	-	-
Payment of capital raising costs	-	-
<b>Net cash used in financing activities</b>	<u>-</u>	<u>-</u>
Net decrease in cash and cash equivalents	(1,232)	(2,457)
Cash and cash equivalents at 1 July	2,792	3,757
<b>Cash and cash equivalents at 31 December</b>	<u>1,560</u>	<u>1,300</u>

The condensed notes on pages 14 to 18 are an integral part of these condensed consolidated interim financial statements

**GINDALBIE METALS LTD AND ITS CONTROLLED ENTITIES**  
**Notes to the condensed consolidated interim financial statements**  
**For the six months ended 31 December 2018**

**1) BASIS OF PREPARATION**

**(a) Reporting Company**

Gindalbie Metals Limited (the “Company”) is a company domiciled in Australia. The condensed consolidated interim financial report of the Company as at, and for the six months ended 31 December 2018 comprise the Company and its subsidiaries (together referred to as the “Group” or the “Consolidated entity”).

The consolidated annual financial report of the Group as at and for the year ended 30 June 2018 is available upon request from the Company’s registered office at 6 Altona Street, West Perth WA or at [www.gindalbie.com.au](http://www.gindalbie.com.au).

**(b) Statement of compliance**

The condensed consolidated interim financial report is a general-purpose financial report which has been prepared in accordance with AASB 134 Interim Financial Reporting and the Corporations Act 2001.

The condensed consolidated interim financial report does not include all the information required for a full annual financial report and should be read in conjunction with the annual financial report of the Group as at and for the year ended 30 June 2018.

This condensed consolidated interim financial report was approved by the Board of Directors on 8th March 2019.

The Company is of a kind referred to in ASIC Corporations (Rounding in Financial/Directors Reports) Instrument 2016/191, issued by the Australian Securities and Investments Commission, relating to ‘rounding off’. Amounts in this financial report have been rounded off to the nearest thousand dollars, unless otherwise stated.

**(c) Basis of measurement**

The condensed consolidated interim financial report have been prepared on the historical cost basis.

**(d) Exploration and Evaluation Expenditure**

Exploration and evaluation expenditure (“E&E”) incurred by or on behalf of the Group is accumulated separately for each area of interest. Acquired exploration and evaluation expenditure is carried forward at cost where rights to tenure of the area of interest are current and:

- It is expected that expenditure will be recouped through successful development and exploration of the area of interest or alternatively by its sale and /or;
- Exploration and evaluation activities are continuing in an area of interest but at reporting date have not yet reached a stage which permits a reasonable assessment of the existence or otherwise of economically recoverable reserves

**(e) Going Concern**

Gindalbie has a 47.84% investment in Karara Mining Limited (KML), a special purpose entity established to develop and operate the Karara Iron Ore Project in Western Australia. The remaining 52.16% is ultimately owned by Ansteel Group Corporation (Ansteel). Gindalbie does not have joint control or the ability to significantly influence KML and the investment has been recorded at fair value.

The investment in KML is valued at \$nil (30 June 2018: \$nil).

The Group has contingent liabilities with respect to shareholders' guarantees provided by the Group to Ansteel and KML contractors. Refer to note 8.

For the guarantees to be called upon, it would require a default by KML on the loans provided by Ansteel or any other contracts where a shareholder's guarantee has been provided by Gindalbie, and for the holder of a guarantee or Ansteel to enforce their rights under the relevant guarantees. The Directors of the Company review KML performance and at the date of this report, the Directors are unaware of any guarantees being called. There remains a risk that Ansteel may not continue to fund or support KML which could lead to guarantees being called upon. If Gindalbie is required to repay its proportional share of the shareholders' guarantees to Ansteel, the potential obligation is currently in excess of the value of the shares in KML and net assets of Gindalbie.

The Directors of the Company have identified that inherent uncertainties exist, being the contingent liabilities of the potential shareholders' guarantees. In the event the Group becomes liable under these guarantees, the inherent uncertainty casts significant doubt on Gindalbie's ability to continue as a going concern and therefore it may be unable to realise its assets and extinguish its liabilities in the normal course of business and at the amounts stated in the financial report.

Nevertheless, after making enquiries and considering the uncertainties described above the directors have a reasonable expectation that the guarantees will not be called upon and the company have adequate resources to continue in operational existence for the foreseeable future and pay its debts as and when they are due. For these reasons they continue to adopt the going concern basis in preparing the financial report.

**2) SIGNIFICANT POLICIES**

**(a) Significant accounting policies**

The accounting policies applied in these condensed interim financial statements are the same as those applied in the Group's annual financial statements as at and for the year ended 30 June 2018, other than in relation to new accounting standards applied from July 2018, as noted below.

**(b) Estimates**

The preparation of the condensed interim financial report requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expenses. Actual results may differ from these estimates.

In preparing these condensed interim financial statements, the significant judgements made by management in applying the Groups's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the financial report as at and for the year ended 30 June 2018.



**(c) Standards and Interpretation issued but not yet effective**

**AASB16**

Leases, which provides a new model for accounting for leases. AASB 16 will become mandatory for the Group's 30 June 2020 financial statements. Retrospective application is generally required. The Group has not yet determined the potential effect of the standard.

**(d) Standards and Interpretations issued and effective**

**AASB 9 Financial Instruments**

The Group has undertaken a detailed assessment of the classification and measurement of the financial assets and determined there will be no change to the accounting for these assets. All of the Group's existing financial assets would continue to be measured at amortised cost.

There will be no impact on the Group's accounting for financial liabilities, as the new requirements only affect the accounting for financial liabilities that are designed at fair value through profit or loss and the Group does not have such liabilities.

The Group does not currently hedge and therefore the new hedge accounting rules will not impact on the Group's financial reports.

**AASB15 Revenue from Contracts with Customers**

The Group has undertaken a detailed assessment of the new requirements based on existing revenue contracts and determined that no material changes in the timing or measurement of revenue would be required under the new standard. There have been no material adjustments made to the financial report on the adoption of AASB15.

**3) INCOME AND EXPENSES**

	Consolidated	
	31-Dec-18	31-Dec-17
	\$'000	\$'000
<b>(a) Other income</b>		
Other income	7	-
Total other income	7	-
<b>(b) Other expenses</b>		
Depreciation – property, plant & equipment	(10)	(10)
Amortisation - Intangible asset	(5)	(6)
Impairment of exploration expenditure	(18)	-
Total other expenses	(33)	(16)

**4) NET FINANCING INCOME**

Interest income	437	461
Net finance income	437	461

## 5) EXPLORATION AND EVALUATION ASSETS

The recoverability of the carrying amounts of exploration and evaluation assets is dependent upon the successful development and commercial exploitation or sale of the respective area of interest.

In order to maintain current rights to exploration tenements, the Group is required to perform minimum exploration work to meet expenditure requirements specified by the Western Australian state government. These requirements are subject to renegotiation when an application for a mining lease is made and at other times.

Exploration expenditure commitments	Consolidated	
Costs carried forward in respect of areas of interest in:	31-Dec-18	30-Jun-18
	\$'000	\$'000
Carrying amount at beginning of period	2,605	1,441
Additions	1,343	1,164
Expenditure written off	(18)	-
	3,930	2,605

## 6) ISSUED CAPITAL

	Ordinary shares		Share capital	
	31-Dec-18	30-Jun-18	31-Dec-18	30-Jun-18
	No.	No.	\$'000	\$'000
On issue at 1 July	1,496,512,060	1,496,512,060	753,965	753,965
Exercise of options	3,124,999	-	-	-
<b>On issue at 31 December</b>	1,499,637,059	1,496,512,060	753,965	753,965

3,124,999 ordinary shares were issued due to the exercise of employee options for \$nil consideration.

## 7) OPERATING SEGMENTS

The Group has one reportable segment.

## 8) CONTINGENT LIABILITIES

As at 31 December 2018, Gindalbie has remaining shareholder guarantees totalling \$231 million in relation bank guarantees provided to suppliers of KML.

Limited Recourse Guarantees':

As at 31 December 2018, Gindalbie has provided limited recourse guarantees to Ansteel, limited to the extent of Gindalbie's shareholding in KML in accordance with the Gindalbie shareholder vote in November 2015. The KML limited recourse guarantees, through to 31 December 2018, exceed USD3.1b. The KML limited recourse guarantees are secured over the shareholding Gindalbie holds in Karara. The Karara asset is recorded at a nil value in the accounts of Gindalbie and therefore these guarantees do not impact on the financial position of Gindalbie.

## **9) INVESTMENT IN KML**

### **Ansteel Funding and Options for Equity Conversion and Subscription**

Ansteel has the option to purchase new KML equity share capital to Ansteel at \$3.02 per share. The potential impact of the conversion is KML issuing 80,848,132 new shares to Ansteel which would decrease Gindalbie's equity by 9.60%.

Any further equity contribution to KML from Ansteel could further dilute Gindalbie's ownership percentage of KML.

## **10) RELATED PARTIES**

Other transactions with subsidiaries were of a similar nature to those disclosed in the consolidated financial statements as at and for the year ended 30 June 2018.

## **11) SUBSEQUENT EVENTS**

There have been no events subsequent to reporting date which would have a material effect on the Company's financial statements at 31 December 2018.