

KEY POINTS

- At 30 September 2017, Gindalbie had term deposits of AUD\$34.9 million, and cash equivalents of AUD\$1.9 million.
- Gindalbie has completed the drilling program on the Mount Gunson Project.
- Gindalbie no longer has a contingent liability with respect to the shareholder guarantee provided by the company to Ansteel for the Facility Agreement with China Development Bank and Bank of China –US\$400 million Fixed Term Loan Facility



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.

Following the receipt of Native Title clearance to proceed, a drilling program was successfully completed in September 2017. While drilling was in progress, representatives from Gindalbie Metals and Torrens completed a site visit to inspect drilling operations and site conditions. The appointed resource geologist also completed a site visit during the drilling program to inspect drilling and drill core sampling as required by JORC standards.

The drill core samples were packaged on-site and have arrived at a storage facility in Perth. On site drill core assessment was completed with a handheld Bruker XRF scanner and standard specific gravity equipment. The drill core has undergone Minalyzer and CoreScan analysis which will provide detailed mineralogical composition analysis. Bureau Veritas Minerals has been engaged to complete initial core analysis including core logging, specific gravity testing, assaying and general sample preparation. These results will be used to update the JORC resource and the decision support model.

A preliminary study of metallurgical options has been undertaken 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 recently conducted drilling program. The metallurgical options study included a high-level concentrate marketing study which has provided inputs to the scope for the next stage of metallurgical testwork based on updated information on current market conditions and forecasts for the sale of copper and cobalt concentrates.

September 2017

QUARTERLY REPORT



The metallurgical testwork will be undertaken following the JORC resource sample preparation and analysis. The Company has appointed Strategic Metallurgy to manage and undertake the metallurgical testwork programme.

In addition to the metallurgical testwork programme, work is progressing to update mining studies and critical infrastructure studies, including the mining of the larger Windabout deposit. The company has appointed Mining and Process Solutions (MPS) to undertake the study update.

Update on Phase 2 Study Timeframe

Phase 1 of the farm-in is currently progressing according to schedule with expected completion during the first half 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 scope and schedule for Phase 2. 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.

Gindalbie has executed a 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. Gindalbie is actively pursuing early stage due diligence and concept study level testwork on a number of potential opportunities related to GlyLeachTM.

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 gain magnetite within the existing Lodestone Magnetite Resource.

September 2017

QUARTERLY REPORT



Shareholder Information

As at 30 September 2017, Gindalbie had 1,496,512,060 shares on issue and 13,310 shareholders.

The Top 20 shareholders held 59% of the issued share capital of Gindalbie.

Cash Reserves

At 30 September 2017, Gindalbie had term deposits of AUD\$34.9 million, and cash equivalents of AUD\$1.9 million.

Contingent Liabilities

As detailed in the Company's announcement dated 1 September 2017, Karara Mining Ltd ("KML") has extended the Facility Agreement with China Development Bank and Bank of China –US\$400 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. The Company currently has the policy of not providing parent company guarantees for loans made to KML by any third party.

The shareholder guarantees provided by the Company in place after the rollover of the US\$400m loan equate to approximately AUD\$216m. A further US\$300m Fixed Term Loan Facility is scheduled to mature in April 2018, of which the Company has guaranteed to the extent of AUD\$184m. The Company continues to actively work towards the reduction of contingent liabilities relating to KML.

Annual Report and Annual General Meeting

Subsequent to the end of the quarter, on 23 October 2017, Gindalbie released its 2017 Annual Report and Notice of Annual General Meeting, which is to be held in Perth on Friday 24 November 2017. Both documents are available for download at the Gindalbie Metals website.

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 September 2017 Quarter KML produced approximately 1.830 million dry metric tonnes ('DMT') of magnetite concentrate at Karara, a decrease of 12.65% over June 2017 Quarter production of 2.095 million DMT. The reduction in concentrate produced during the period is a result of a planned full plant shutdown in July 2017 and major improvement works on the plant in the September 2017 Quarter.

A total of 32 shipments were completed by KML from the Karara Export Terminal at Geraldton totalling approximately 1.851 million DMT of magnetite concentrate.

Magnetite production grade quality during the September 2017 Quarter averaged 66.0% Fe.

Karara Magnetite Unit '000 DMT			
Quarter (Qtr)	Mar -17 Qtr	Jun -17 Qtr	Sept -17 Qtr
Ore Mined	4,765	4,891	5,023
Concentrate Product	1,994	2,095	1,830
Concentrate Shipped	2,066	2,093	1,851

For the September 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 AUD1 82.36 per DMT (June 2017 Quarter: approximately AUD \$68.50 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 (September 2017 Quarter – average of approximately 65.7% Fe), less standard penalties for impurities.

The average realised CFR2 price for the September 2017 Quarter was approximately AUD \$105.12 per DMT3 on provisional basis (June 2017 Quarter: approximately AUD \$95.30 per DMT).

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 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.

September 2017

QUARTERLY REPORT



ENDS

On behalf of:

Mr Keith Jones

Chairman

Ms Rebecca Moylan

Chief Financial Officer and Company Secretary

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