

KEY POINTS

- At 31 March 2017, Gindalbie had term deposits of AUD\$34.2 million, and cash equivalents of AUD\$3.9million.
- Gindalbie executes farm-in and joint venture agreement over Mount Gunson Copper-Cobalt 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

Gindalbie is pleased to announce entry into a farm-in and joint venture agreement with Terrace Mining Pty Ltd to earn up to 75% interest in the Mount Gunson Copper-Cobalt Project, located 135 km north of Port Augusta in South Australia.

The proposed farm-in structure represents an opportunity for Gindalbie to gain a low-cost entry to an area, which currently covers 824 square kilometres of prospective exploration tenements in one of the world's premier copper belts. The Project includes substantial existing mineral resources contained within two deposits (one reported under the JORC Code 2012 and the other reported under the JORC Code 2004), a number of prospective brownfields exploration opportunities, and an extensive database of past exploration and metallurgical data.

Update on Conditions Precent

The Farm-in Agreement contains what Gindalbie considers to be customary conditions precedent for an agreement of this nature including approval of the Foreign Investment Review Board.

Approval has been received from the Foreign Investment Review Board for the Farm-in to proceed, this condition precedent has been satisfied and notified to Terrace Mining.

As an additional condition precedent, Gindalbie must enter into a Deed of Acknowledgement and Consent with Strandline Resources relating to a deferred consideration payable by Terrace Mining to Strandline Resources on achieving a decision to mine at the project. The requirement to make the deferred consideration payment remains with Terrace Mining and Gindalbie has not taken on this obligation. A Deed of Acknowledgement and Consent is in the final stages of drafting and is expected to be executed shortly.

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Gindalbie is working to finalise a remaining condition precedent, which is considered a standard administrative matter relating to tenement transfers. The company will provide an update to the market at the appropriate time.

Strategic Development

Gindalbie retains an emphasis on 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 a number of potential growth opportunities.

Gindalbie Regional Exploration- Midwest Tenements

Exploration during the March 2017 Quarter comprised updating the JORC status on tenure and work to refine and optimise existing targets. Exploration activities during the June 2017 Quarter will continue focus on review and reporting of recent exploration work which included a detailed gravity survey over the Lodestone tenement and the optimisation of hematite targets for future exploration.

Shareholder Information

As at 31 March 2017, Gindalbie had 1,496,512,060 shares on issue and 13,736 shareholders.

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

Cash Reserves

At 31 March 2017, Gindalbie had term deposits of AUD\$34.2 million, and cash equivalents of AUD\$3.9 million.

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 March 2017 Quarter KML produced approximately 1.994 million dry metric tonnes ('DMT') of magnetite concentrate at Karara, a decrease of 4.46% over December 2016 Quarter production of 2.087 million DMT.

A total of 37 shipments were completed by KML from the Karara Export Terminal at Geraldton totalling approximately 2.066 million DMT of magnetite concentrate.

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

Karara Magnetite Unit '000 DMT			
Quarter (Qtr)	Sep -16 Qtr	Dec -16 Qtr	Mar -17 Qtr
Ore Mined	4,587	5,436	4,765
Concentrate Product	1,724	2,087	1,994
Concentrate Shipped	1,682	2,101	2,066

For the March 2017 Quarter, average magnetite C1 unit cash cost (including mining, processing, maintenance, rail, port and site administration and excluding depreciation and amortisation, corporate administration, exploration, sales, royalties, ocean freight, interest and financing costs) was approximately AUD\$78.79 per DMT¹ (December 2016 Quarter: approximately AUD\$75.71 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) adjusted for its higher iron grade relative to the benchmark (March 2017 Quarter – average of approximately 65.5% Fe) plus a value-in-use premium for magnetite concentrate², less standard penalties for impurities.

The average realised CFR³ price for the March 2017 Quarter was approximately AUD \$131.78 per DMT⁴ on a provisional basis (December 2016 Quarter: approximately AUD \$112.54 per DMT).

¹ KML has adopted new methodology of calculation of unit cost under instruction from Ansteel. Unit cost reported is based on production volume

² Only sales to third parties attract the magnetite value-in-use price premium.

³ 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

⁴ Average price is based on provisional payments received as final price for March 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.

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The realised price of Karara magnetite concentrate represents an approximate 17.4% premium to the average of the 62% Fe CFR benchmark for the March 2017 quarter⁵

Karara Concentrate Pricing

Gindalbie has undertaken a review of provisional and received pricing for Karara concentrate sold over the previous year. The pricing received by KML for its concentrate over each of the previous four quarters is as per below:

Karara Magnetite Sales Price		
Quarter (Qtr)	A\$/ DMT CFR	Premium to 62% IODEX ⁵
December 2016	A\$ 112.54	18.9%
September 2016	A\$ 86.97	13.0%
June 2016	A\$ 79.61	8.5%
March 2016	A\$ 69.23	7.2%

ENDS

On behalf of:

Mr Keith Jones

Chairman

Ms Rebecca Moylan

Chief Financial Officer and Company Secretary

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⁵ 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.