

Key Points

- At 30 September 2016, Gindalbie had term deposits of AUD\$9.9 million and cash and cash equivalents of AUD\$28.3 million.
- Production of magnetite concentrate by Karara Mining Limited (KML) (Gindalbie 47.84%, Ansteel 52.16%) from the Karara Project (Karara) during the September Quarter was an increase of 16.69% over June 2016 Quarter production.

Average magnetite production unit cash cost by KML was approximately USD¹ \$ 61 per WMT (June 2016 Quarter: approximately USD \$63 per WMT).



CORPORATE

Strategic Development

Gindalbie is currently conducting in-depth due diligence on a number of projects primarily in the base metals sector and located in low-sovereign risk jurisdictions. Gindalbie's cash assets provide a strong platform to allow the company to acquire assets and to then add value through the feasibility process without the need for further equity or debt. Discussions with various parties are advanced and ongoing, Gindalbie will make an announcement at the appropriate time.

Shareholder Information

As at 30 September 2016, Gindalbie had 1,496,435,463 shares on issue and 14,061 shareholders.

The Top 20 shareholders held 58.41% of the issued share capital of Gindalbie.

Cash Reserves

At 30 September 2016, Gindalbie had term deposits of AUD\$9.9 million and cash and cash equivalents of AUD\$28.3 million

KARARA PROJECT

Overview

The Karara Project (Karara), located 200km east of Geraldton, is a joint venture with Ansteel, one of China's largest steel-makers. Karara consists of a long-life, magnetite concentrate operation with a smaller-scale supporting hematite operation.

Production

During the September 2016 Quarter KML produced approximately 1.891 million wet metric tonnes ('WMT') of magnetite concentrate at Karara, an increase of 16.69% over June 2016 Quarter production of 1.621 million WMT.

A total of 30 shipments were completed by KML from the Karara Export Terminal at Geraldton totalling approximately 1.842 million WMT of magnetite concentrate.

Magnetite production grade quality during the September 2016 Quarter averaged 65.3% Fe.

Karara Magnetite Unit '000 WMT			
Quarter (Qtr)	Mar-16 Qtr	Jun-16 Qtr	Sep-16 Qtr
Ore Mined	4,021	3,957	4,680
Concentrate Product	1,788	1,621	1,891
Concentrate Shipped	1,820	1,519	1,842

Karara Hematite Unit '000 WMT			
Quarter (Qtr)	Mar-16 Qtr	Jun-16 Qtr	Sep-16 Qtr
Ore Mined			
High Grade	-	-	-
Medium Grade	-	-	-
Low Grade	-	-	-
Total Mined	-	-	-
Hematite Shipped	420	-	-

For the September 2016 Quarter, average magnetite C1 unit cash cost (mining, processing, maintenance, rail, port and site administration) excluding depreciation and amortisation, corporate administration, sale, royalties, ocean freight, interest and financing costs was approximately USD¹ \$ 61 per WMT (June 2016 Quarter: approximately USD \$63 per WMT).

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 September 2016 Quarter – average of approximately 65.3% Fe plus a premium for magnetite concentrate² September 2016 Quarter – average of approximately USD \$0.73 per WMT; (June 2016 Quarter: average of approximately USD \$0.85 per WMT) less a penalty for impurities.

The average realised CFR³ price for the September 2016 Quarter³ was approximately USD \$59.93 per WMT⁴ on provisional basis (June 2016 Quarter: approximately USD \$53.4 per WMT).

¹ The average daily USD/AUD exchange rate as published by the RBA during the September 2016 Quarter was 0.7584 which has been used to convert AUD to USD in this report.

² The KML share of premium on sale of magnetite concentrate: September 2016 Quarter – average USD \$0.73/WMT; June 2016 Quarter – average USD \$0.85/WMT.

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 September 2016 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.

GINDALBIE REGIONAL EXPLORATION

Exploration during the September 2016 Quarter comprised updating the JORC status on tenure and work to refine and optimise existing targets. Exploration activities during the December 2016 Quarter will 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.