

### **GINDALBIE EXECUTES FARM-IN AND JOINT VENTURE AGREEMENT OVER MOUNT GUNSON COPPER-COBALT PROJECT**

Gindalbie Metals Ltd (Gindalbie) is pleased to announce that it has today executed a farm-in and joint venture agreement (Farm-in Agreement) with Terrace Mining Pty Ltd (Terrace), a wholly owned subsidiary of Torrens Mining Ltd (Torrens), to earn up to 75% interest in the Mount Gunson Copper-Cobalt Project, located 135 km north of Port Augusta in South Australia (Project).

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<sup>1</sup> of prospective exploration tenements in one of the world's premier copper belts. The Project includes substantial existing mineral resources estimates within two main 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.

#### **Key terms of the Farm-in Agreement**

The farm-in will be implemented in stages to minimise risk and optimise feasibility progress. Expenditure will be focused on completing pre-feasibility and definitive feasibility studies over the Project as well as conducting additional exploration over the tenement package.

Gindalbie's interest will be earned in the following stages:

#### **Stage 1: Test work and flow sheet design:**

- Gindalbie will spend A\$1.37 million during the first 12 months to earn a 25% beneficial interest in mineral exploration licences EL 5636, EL 5333 and EL 5108 and associated rights under the Farm-in Agreement (Joint Venture Interest).
- Funds during Stage 1 will be directed towards addressing key project risk areas, primarily related to ongoing processing and flow sheet work.
- Should Gindalbie elect to exit the farm-in at the end of Stage 1 then Gindalbie will retain a 25% Joint Venture Interest.

#### **Stage 2: Study phase:**

- Should Gindalbie elect to continue with the farm-in after Stage 1, Gindalbie will spend an additional A\$2.5 million to earn an additional 26% Joint Venture Interest (51% Joint Venture Interest in total). Gindalbie must undertake this work within a maximum of 4 years from the farm-in commencement date in order to earn the interest.
- Should Gindalbie elect to not continue with the farm-in after Stage 2, it will retain a 49% Joint Venture Interest.

#### **Stage 3: Study phase to decision to mine:**

- Should Gindalbie elect to continue with the farm-in after Stage 2, Gindalbie can earn an additional 19% Joint Venture Interest (70% Joint Venture Interest in total) by spending a further A\$2.75 million. Gindalbie must undertake this work within a maximum of 6 years from the farm-in commencement date in order to earn the interest.

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<sup>1</sup> An application for a 10% reduction in total area was lodged with the DSD in July 2016

### Option and Free Carry:

- If at any point during the feasibility study process, Gindalbie spends a total of A\$6.62 million, Gindalbie will automatically earn a 70% Joint Venture Interest.
- At the completion of Stage 3, Gindalbie will have the option to purchase an additional 5% Joint Venture Interest for A\$1.5 million to increase its total Joint Venture Interest to 75%.
- Terrace will be free carried to a maximum of A\$8.62 million, exclusive of the above option value. Once the free carry limit has been reached (or Gindalbie exits from the farm-in after Stage 1 or upon a decision to mine) a formal unincorporated joint venture will be triggered and Terrace will be responsible for its share of ongoing project expenditure.

The amounts and timeframes stated above are indicative of Gindalbie's contractual commitments within the farm-in. Actual timeframes and costs required to progress studies at Mount Gunson may vary based on operational requirements.

### About the Mount Gunson Copper Cobalt Project

The Project is centred approximately 35km south-east of the town of Woomera and 135km north-west of Port Augusta in South Australia. The tenement package comprises three exploration licenses, currently totalling 824 square kilometres of ground in one of the world's premier copper belts.

The Project is extremely well served for infrastructure being centred 100km south of BHP Billiton's world-class Olympic Dam copper-uranium mine and within 50km of Oz Minerals' Carrapateena copper project, with access to existing road, power and water infrastructure.

The Project hosts existing resources on the tenement totalling:

- 1.6MT @ 1.4% Cu, 0.04% Co and 14g/t Ag at MG14 (JORC Code 2012)<sup>2</sup>; and
- 18.7MT @ 1% Cu, 0.05% Co and 10g/t Ag at Windabout (JORC Code 2004)<sup>3</sup>.

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<sup>2</sup> Strandline Resources Limited (ASX: STA)'s Annual Report 2015 dated 30 September 2015 for the MG14 Resources was prepared and first disclosed under the JORC Code 2012. Whilst Gindalbie has completed appropriate verification of the MG14 Resources for farm-in acquisition due diligence requirements, the study is not yet sufficiently advanced to report a Table 1 for JORC Code 2012 reporting. Gindalbie will continue the necessary work required to provide a 2012 JORC Code Resource Statement to the market and expects to complete and publish this resource statement in the near term.

<sup>3</sup> Strandline Resources Limited (ASX: STA)'s Annual Report 2015 dated 30 September 2015 for the Windabout Resources was prepared and first disclosed under the JORC Code 2004. It has not been updated since to comply with the JORC Code 2012 on the basis that the information has not materially changed since it was last reported. The resource reviews for the Windabout Resource were completed in 1995 and 1996 based on 197 drill holes. The previous tenement holder engaged T Callaghan in 2009 to review the Mineral Resource. The Mineral Resource has subsequently been assigned a JORC indicated 2004 resource.

The Windabout Historical Resource estimates are not in compliance with the JORC 2012 code due to the age of the drilling upon which the Estimates were based. The estimates are considered relevant and material to Gindalbie due to the high proportion of total Resources within the project area currently categorised as historical Resources. Gindalbie will fund work during Stage 1 to provide more certainty of the grade and size of the Windabout deposit primarily through updated QA/QC procedures, derived from a planned drilling program to obtain additional metallurgical samples, and mining and Resource data for Resource modelling. At this stage, no competent person has done sufficient work to classify these historical estimates in accordance with the JORC Code 2012. It is uncertain whether following evaluation and further work that these estimates will be able to be reported as mineral resources in accordance with the JORC 2012 code.

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The Project has a long history of exploration, including feasibility studies which were suspended due to metallurgical considerations in a low copper and cobalt price environment. Funds during Stage 1 of the farm-in will be primarily directed towards building on previous scoping study pilot work undertaken by Terrace and to confirm the flow sheet design to be taken forward into feasibility studies.

Gindalbie and Terrace will form a steering committee, chaired by Gindalbie Non-Executive Director Robin Marshall who has extensive experience in project development and delivery, to provide oversight and direction of all work undertaken during the farm-in. Gindalbie and Terrace will each appoint up to three nominees to the steering committee with Gindalbie retaining the right to appoint the chairman of the steering committee who will hold a casting vote. The steering committee will appoint a study manager who will report to the Gindalbie CEO.

### Commentary

Gindalbie Chief Executive Officer Chris Stevens commented: "The proposed entry into the Mount Gunson Project provides Gindalbie with a great low-cost opportunity to enter a project in a low-risk, staged manner and to build shareholder value by systematically de-risking the project through exploration and feasibility activities. Gindalbie's financial and technical capacity positions it extremely well to see this project through to the completion of feasibility studies without the need to take on debt or dilute shareholder equity."

Torrens Managing Director, Steve Shedden commented: "Torrens acquired the Mt Gunson Project with the aim of releasing value to investors through bringing the significant and long-established copper-cobalt mineral resources to production. We are excited about partnering with Gindalbie in a mutually beneficial relationship and look forward to contributing our knowledge and technical skills to the project. In addition to focusing on the existing mineral resources, the partnership will also be addressing exploration potential for sedimentary hosted copper-cobalt as well as the deeper IOCG mineralisation."

### Additional Information

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, and other relevant statutory approvals. Gindalbie will provide further updates as appropriate.

Clayton Utz is acting as legal adviser to Gindalbie.

### Competent Person's Statements

#### Competent Person Statements for JORC 2012 Mineral Resource

Information in this announcement relating to the MG14 Resource is based on data compiled by Mr Tim Callaghan who is a member of The Australasian Institute of Mining and Metallurgy and the Australian Institute of Geoscientists. Mr Callaghan has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which they are undertaking to qualify as Competent Person under the 2012 Edition of the Australasian Code for reporting of Exploration Results, Mineral Resources and Ore Reserves. Mr Callaghan consents to the inclusion of the data in the form and context in which it appears.

The MG14 Mineral Resource at the Mount Gunson Copper Cobalt Project has been estimated by Mr Tim Callaghan, an external consultant, and is reported under the 2012 Edition of the Australasian Code for reporting of Exploration Results, Mineral Resources and Ore Reserves (see Strandline Resources-ASX announcement 30th September 2015 titled: Annual Report).

MG14 was first disclosed under the JORC Code 2012. Whilst Gindalbie has completed appropriate verification of the MG14 Resources for farm-in acquisition due diligence requirements, the study is not yet sufficiently advanced to report a Table 1 for JORC Code 2012 reporting. It is uncertain whether following evaluation and further work that these estimates will be able to be reported as mineral resources in accordance with the JORC 2012 code.

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The company confirms that it is not aware of any new information or data that materially affects the information included in the original market announcements and, in the case of estimates of Mineral Resources that all material assumptions and technical parameters underpinning the estimate in the relevant market announcement continue to apply and have not materially changed. The company confirms that the form and context in which the Competent Person's findings are presented have not materially modified from the original market announcements.

### Competent Person Statements for JORC 2004 Mineral Resource

Information in this announcement relating to the Windabout Resource is based on data compiled by Ms Felicity Hughes who is a member of The Australasian Institute of Mining and Metallurgy (Member No 106498). Ms Hughes has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which they are undertaking to qualify as Competent Person under the 2004 Edition of the Australasian Code for reporting of Exploration Results, Mineral Resources and Ore Reserves. Ms Hughes consents to the inclusion of the data in the form and context in which it appears.

The Windabout 2004 JORC Resource at the Mount Gunson Copper Cobalt Project has been estimated by Ms Hughes, an external consultant, and is reported under the 2004 Edition of the Australasian Code for reporting of Exploration Results, Mineral Resources and Ore Reserves (see Strandline Resources-ASX announcement 30th September 2015 titled: Annual Report). 4. It has not been updated since to comply with the JORC Code 2012 on the basis that the information has not materially changed since it was last reported. The company confirms that it is not aware of any new information or data that materially affects the information included in the original market announcements and, in the case of estimates of Mineral Resources that all material assumptions and technical parameters underpinning the estimate in the relevant market announcement continue to apply and have not materially changed. The company confirms that the form and context in which the Competent Person's findings are presented have not materially modified from the original market announcements.

**ENDS**

#### On behalf of:

Mr Keith Jones  
Chairman

Ms Rebecca Moylan  
Company Secretary

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