

Key Points

- At 31 December, Gindalbie had term deposits of AUD\$37.5 million and cash and cash equivalents of AUD\$927 thousand.
- Gindalbie is continuing in-depth due diligence on a number of projects primarily in the base metals sector and located in low-sovereign risk jurisdictions.



CORPORATE

Strategic Development

Gindalbie is continuing 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.

Annual General Meeting

Gindalbie held its Annual General Meeting on 25 November 2016.

Resolutions 1-3 were passed by a show of hands at the meeting. Mr Andrew (Robin) Marshall and Mr Keith Jones were re-elected as a Directors.

Shareholder Information

As at 31 December 2016, Gindalbie had 1,496,512,060 shares on issue and 13,926 shareholders.

The Top 20 shareholders held 58.28% of the issued share capital of Gindalbie.

Cash Reserves

At 31 December, Gindalbie had term deposits of AUD\$37.5 million and cash and cash equivalents of AUD\$927 thousand.

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 December 2016 Quarter KML produced approximately 2.289 million wet metric tonnes ('WMT') of magnetite concentrate at Karara, an increase of 21.05% over September 2016 Quarter production of 1.891 million WMT.

A total of 38 shipments were completed by KML from the Karara Export Terminal at Geraldton totalling approximately 2.282 million WMT of magnetite concentrate. Magnetite production grade quality during the December 2016 Quarter averaged 65.5% Fe.

No hematite products were produced or shipped during the December 2016 quarter.

Karara Magnetite Unit '000 WMT			
Quarter (Qtr)	Jun -16 Qtr	Sep -16 Qtr	Dec -16 Qtr
Ore Mined	3,957	4,680	5,528
Concentrate Product	1,621	1,891	2,289
Concentrate Shipped	1,519	1,842	2,282

For the December 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 USD⁽¹⁾ 52 per WMT (September 2016 Quarter: approximately USD \$60 per WMT)(2).

Sales

The realised price for Karara magnetite concentrate is calculated with reference to the spot price of the standard specification benchmark for Platts IODEX 65% Fe iron ore and then adjusted for iron content, plus a premium for magnetite concentrate (value in use premium) less a penalty for impurities.

During the December 2016 quarter the average grade for Karara magnetite concentrate was 65.3% Fe (September 2016 quarter 65.3% Fe), the ore received an additional concentrate premium of approximately USD \$ 1.81 per WMT, (September 2016 Quarter average of approximately USD \$ 0.73 per WMT) less market standard penalties for impurities over the Platts IODEX 65% benchmark.

The average realised CFR⁽⁴⁾ price for the December 2016 Quarter was approximately USD \$83.05 per WMT⁽⁵⁾ on a provisional basis (September 2016 Quarter: approximately USD \$59.93 per WMT). The realised price of Karara magnetite concentrate represents an approximate 7% premium to the average of the 62% Fe CFR benchmark for the December 2016 quarter⁽⁶⁾.

GINDALBIE REGIONAL EXPLORATION

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

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ENDS**On behalf of:**

Mr Keith Jones
Chairman

Ms Rebecca Moylan
Chief Financial Officer and Company Secretary
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- (1) The average daily USD/AUD exchange rate as published by the RBA during the December 2016 Quarter was 0.7505 which has been used to convert AUD to USD in this report. KML has adopted new methodology of calculation of unit cost under instruction from Ansteel. Unit cost for December 2016 quarter is based on production volume whereas unit cost reported for prior quarters was activity based.
- (2). C1 unit cash cost for September 2016 quarter has been restated based on production volume per the new methodology.
- (3) The KML share of premium on sale of magnetite concentrate: December 2016 Quarter – average USD \$1.81/WMT; September 2016 Quarter – average USD \$0.73/WMT.
- (4) 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.
- (5) Average price is based on provisional payments received as final price for December 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.
- (6) Approximate figure calculated with reference to the publicly available standard IODEX 62% Fines benchmark for the quarter. Provided for comparison purposes only.