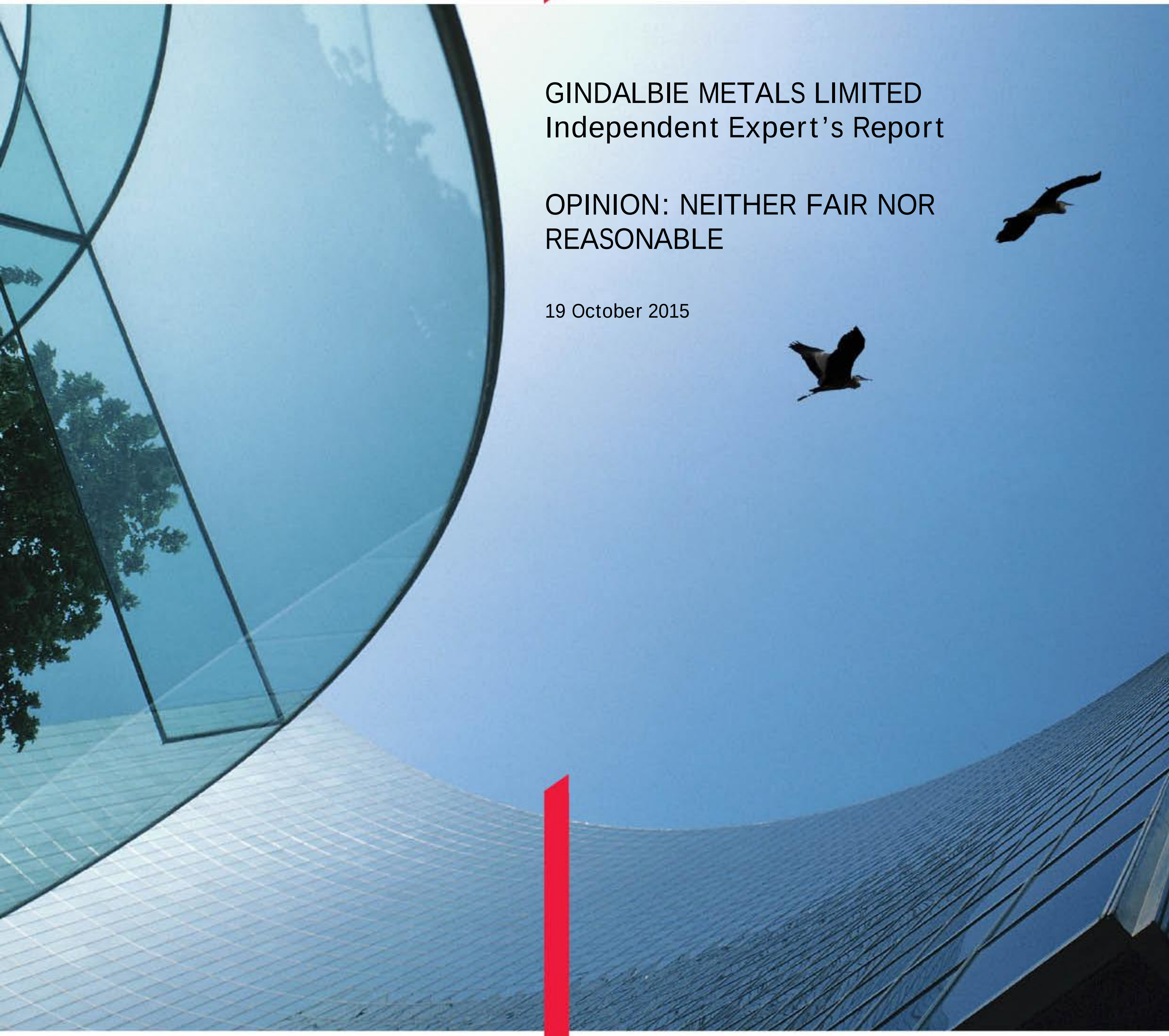
GINDALBIE METALS LIMITED
Independent Expert's Report

OPINION: NEITHER FAIR NOR REASONABLE

19 October 2015



Financial Services Guide

19 October 2015

BDO Corporate Finance (WA) Pty Ltd ABN 27 124 031 045 ('we' or 'us' or 'ours' as appropriate) has been engaged by Gindalbie Metals Limited ('Gindalbie') to provide an independent expert's report on the proposal for Karara Mining Limited ('Karara') (in which Gindalbie has a 47.84% investment) to vary the security arrangements over the debt held with Anshan Iron and Steel Group Corporation ('Ansteel'). You will be provided with a copy of our report as a retail client because you are a shareholder of Gindalbie.

Financial Services Guide

In the above circumstances we are required to issue to you, as a retail client, a Financial Services Guide ('FSG'). This FSG is designed to help retail clients make a decision as to their use of the general financial product advice and to ensure that we comply with our obligations as financial services licensees.

This FSG includes information about:

- Who we are and how we can be contacted;
- The services we are authorised to provide under our Australian Financial Services Licence, Licence No. 316158;
- Remuneration that we and/or our staff and any associates receive in connection with the general financial product advice;
- Any relevant associations or relationships we have; and
- Our internal and external complaints handling procedures and how you may access them.

Information about us

BDO Corporate Finance (WA) Pty Ltd is a member firm of the BDO network in Australia, a national association of separate entities (each of which has appointed BDO (Australia) Limited ACN 050 110 275 to represent it in BDO International). The financial product advice in our report is provided by BDO Corporate Finance (WA) Pty Ltd and not by BDO or its related entities. BDO and its related entities provide services primarily in the areas of audit, tax, consulting and financial advisory services.

We do not have any formal associations or relationships with any entities that are issuers of financial products. However, you should note that we and BDO (and its related entities) might from time to time provide professional services to financial product issuers in the ordinary course of business.

Financial services we are licensed to provide

We hold an Australian Financial Services Licence that authorises us to provide general financial product advice for securities to retail and wholesale clients.

When we provide the authorised financial services we are engaged to provide expert reports in connection with the financial product of another person. Our reports indicate who has engaged us and the nature of the report we have been engaged to provide. When we provide the authorised services we are not acting for you.

General Financial Product Advice

We only provide general financial product advice, not personal financial product advice. Our report does not take into account your personal objectives, financial situation or needs. You should consider the appropriateness of this general advice having regard to your own objectives, financial situation and needs before you act on the advice.

Fees, commissions and other benefits that we may receive
We charge fees for providing reports, including this report. These fees are negotiated and agreed with the person who engages us to provide the report. Fees are agreed on an hourly basis or as a fixed amount depending on the terms of the agreement. The fee payable to BDO Corporate Finance (WA) Pty Ltd for this engagement is approximately $25,000.

Except for the fees referred to above, neither BDO, nor any of its directors, employees or related entities, receive any pecuniary benefit or other benefit, directly or indirectly, for or in connection with the provision of the report.

Remuneration or other benefits received by our employees
All our employees receive a salary. Our employees are eligible for bonuses based on overall productivity but not directly in connection with any engagement for the provision of a report. We have received a fee from Gindalbie for our professional services in providing this report. That fee is not linked in any way with our opinion as expressed in this report.

Referrals
We do not pay commissions or provide any other benefits to any person for referring customers to us in connection with the reports that we are licensed to provide.

Complaints resolution
Internal complaints resolution process
As the holder of an Australian Financial Services Licence, we are required to have a system for handling complaints from persons to whom we provide financial product advice. All complaints must be in writing addressed to The Complaints Officer, BDO Corporate Finance (WA) Pty Ltd, PO Box 700 West Perth WA 6872.

When we receive a written complaint we will record the complaint, acknowledge receipt of the complaint within 15 days and investigate the issues raised. As soon as practical, and not more than 45 days after receiving the written complaint, we will advise the complainant in writing of our determination.

Referral to External Dispute Resolution Scheme
A complainant not satisfied with the outcome of the above process, or our determination, has the right to refer the matter to the Financial Ombudsman Service ('FOS'). FOS is an independent organisation that has been established to provide free advice and assistance to consumers to help in resolving complaints relating to the financial service industry. FOS will be able to advise you as to whether or not they can be of assistance in this matter. Our FOS Membership Number is 12561. Further details about FOS are available at the FOS website www.fos.org.au or by contacting them directly via the details set out below.

Financial Ombudsman Service
GPO Box 3
Melbourne VIC 3001
Toll free: 1300 78 08 08
Facsimile: (03) 9613 6399
Email: info@fos.org.au

Contact details
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19 October 2015

The Directors
Gindalbie Metals Limited
Level 9, London House
216 St Georges Terrace
Perth WA 6000

Dear Directors

INDEPENDENT EXPERT'S REPORT

1. Introduction

On 25 May 2015, Gindalbie Metals Limited ('Gindalbie' or 'the Company') announced that Karara Mining Limited ('Karara') had refinanced its syndicated bank debt facilities. Karara is an incorporated joint venture with majority shareholder Angang Group Investment (Australia) Pty Ltd ('Angang'), a wholly owned subsidiary of Anshan Iron and Steel Group Corporation ('Ansteel'). Gindalbie has a 47.8% interest in Karara, with Angang holding the remaining 52.2%.

As part of the security arrangements for the refinanced debt, Gindalbie provided a single guarantee (indemnity) and an equitable mortgage of its Karara shares to Ansteel. The mortgage ranks second in priority behind the first mortgage provided by Gindalbie to the syndicated banks. The Company is seeking shareholder approval for the variations to the security arrangements as the variations constitute a new security over the Company's Karara shares. The key aspect of the variation pertains to the inclusion of an unlimited recourse provision over the rest of Gindalbie's assets ('the Variation').

2. Summary and Opinion

2.1 Purpose of the report

The directors of Gindalbie have requested that BDO Corporate Finance (WA) Pty Ltd ('BDO') prepare an independent expert's report ('our Report') to express an opinion as to whether or not approving the Variation is fair and reasonable to the non-associated shareholders of Gindalbie Metals Limited ('Shareholders').

Our Report is prepared pursuant to ASX listing rule 10.1 and is to be included in the Notice of Meeting for Gindalbie in order to assist the Shareholders in their decision whether to approve the Variation.

2.2 Approach

Our Report has been prepared having regard to Australian Securities and Investments Commission ('ASIC') Regulatory Guide 111 'Content of Expert's Reports' ('RG 111') and Regulatory Guide 112 'Independence of Experts' ('RG 112').

In arriving at our opinion, we have assessed the terms of the Variation as outlined in the body of this report. We have considered:

- The advantages and disadvantages to Shareholders of approving the Variation;
- Other factors which we consider to be relevant to the Shareholders in their assessment of the Variation; and
- The consequences of Shareholders' decision whether to approve the Variation.

2.3 Opinion

We have considered the terms of the Variation as outlined in the body of this report and have concluded that, approval of the Variation is neither fair nor reasonable to Shareholders because the disadvantages outweigh the advantages.

2.4 Summary of Advantages, Disadvantages and Other Considerations

We have considered the analysis in section 8 of this report, in terms of both

- advantages and disadvantages of approving the Variation; and
- other considerations, including the consequences of Shareholders' decision whether to approve the Variation.

In our opinion, the disadvantages to Shareholders of approving the Variation outweigh the advantages. Accordingly, in the absence of any other relevant information we believe that approving the Variation is neither fair nor reasonable for Shareholders.

The respective advantages and disadvantages considered are summarised below:

ADVANTAGES AND DISADVANTAGES			
Section	Advantages	Section	Disadvantages
8.1	Outcome achieved with certainty	8.2.1	Unlimited recourse of Ansteel
		8.2.2	The Company will not be able to utilise its cash and term deposits for its own benefit

Other key matters we have considered include:

Section	Description
8.3	Consequences of Shareholders' decision whether to approve the Variation

3. Scope of the Report

3.1 Purpose of the Report

ASX Listing Rule 10.1 requires that a listed entity must obtain shareholders' approval before it acquires or disposes of a substantial asset to a substantial holder or associate of a substantial holder. For these purposes, a substantial holder is a person or their associate who holds at least 10% of the total votes attached to an entity's voting securities.

Angang Group Hong Kong (Holdings) Limited ('Angang Hong Kong') currently holds a relevant interest of 35.80% in Gindalbie and is therefore a substantial holder of the Company. Angang Hong Kong is a wholly owned subsidiary of Ansteel and is therefore an associate.

Under ASX Listing Rule 10.1, a substantial asset being acquired or disposed is an asset that constitutes more than 5% of the equity interest of the company. As at 30 June 2015, Gindalbie's interest in Karara has been impaired to nil, however on the basis that the carrying value may not truly represent the market value of the shares, we have been advised that the Karara shares constitute a substantial asset for the purposes of ASX Listing Rule 10.2. For the purposes of Listing Rule 10.1, the disposal of an asset includes the granting of security over that asset. Shareholder approval is required under ASX Listing Rule 10.1 because the consequence of the Variation is that there is effectively a new security over Gindalbie's Karara shares which means that the Shareholder approval previously obtained by the Company on 16 June 2010 does not apply.

Listing Rule 10.10.2 requires the Notice of Meeting for shareholders' approval to be accompanied by a report by an independent expert expressing their opinion as to whether the transaction is fair and reasonable to the shareholders whose votes are not to be disregarded in respect of the transaction non-associated shareholders.

Accordingly, an independent experts' report is required for the Variation. The report should provide an opinion by the expert stating whether or not the terms and conditions in relation thereto are fair and reasonable to non-associated shareholders of Gindalbie.

3.2 Regulatory guidance

Neither the Listing Rules nor the Corporations Act defines the meaning of 'fair and reasonable'. In determining whether the Variation is fair and reasonable, we have had regard to the views expressed by ASIC in RG 111. This regulatory guide provides guidance as to what matters an independent expert should consider to assist security holders to make informed decisions about transactions.

We have also considered the underlying rationale of ASX Listing Rule 10 in determining what constitutes fair and reasonable for the purpose of the listing rule. This rationale is that non-associated shareholders should not be disadvantaged as a result of the transaction with a related party.

We do not consider the Variation to be a control transaction. As such, we have used RG 111 as a guide for our analysis but have considered the Variation as if it were not a control transaction.

In determining whether the advantages of the Variation outweigh the disadvantages, we have had regard to the views expressed by ASIC in RG 111. This Regulatory Guide suggests that an opinion as to whether the advantages of a transaction outweigh the disadvantages should focus on the purpose and outcome of the transaction, that is, the substance of the transaction rather than the legal mechanism to affect it.

RG 111 sets out that the expert should inquire whether further transactions are planned between the entity, the vendor or their associates and if any are contemplated determine if these are at arm's length. RG 111 also suggests that an expert should consider whether the transaction will deter the making of a takeover bid.

3.3 Adopted basis of evaluation

RG 111 suggests that the main purpose of an independent expert's report is to adequately deal with the concerns that could reasonably be anticipated of those persons affected by the transaction. There is no direct change in value of the securities of Gindalbie arising from the Variation, as such our assessment is a qualitative one rather than a quantitative one. In these circumstances RG 111 suggests that the appropriate form of assessment is whether the advantages of the proposed transaction outweigh the disadvantages. As such we approach is that if the advantages of the Variation outweigh the disadvantages then we are able to conclude that the Variation is fair and reasonable to Shareholders.

Having regard to RG 111, we have completed our Report as follows:

- An investigation into the advantages and disadvantages of the Variation (Sections 8.1 and 8.2); and
- An analysis of any other issues that could be reasonably anticipated to concern Shareholders as a result of the Variation (Section 8.3).

4. Outline of the security arrangement prior to the Variation

On 5 May 2010, the Company entered into a security arrangement over Karara's debt with Ansteel and subsequently obtained shareholder approval. Under the arrangement, Ansteel had an equitable mortgage over Gindalbie's Karara shares, and could make claim to these shares in the event that Karara was in default of its debt obligations. The agreement also provided Ansteel with any additional rights acquired by Gindalbie subsequent to the agreement. The maximum prospective liability amount for Gindalbie at the time of entering into the agreement was US$3.3 billion.

5. Outline of the Variation

On 18 May 2015, the Karara entered into a refinancing agreement, which allowed it to repay its existing loan arrangements which were previously due to be fully repaid by 2020. The refinancing facility extended the maturity date of Karara's debt to 2030.

On 20 May 2015, Gindalbie entered into a Deed of Variation in relation to the equitable mortgage over the Company's Karara shares as security for Karara's loan facility. The key term of the Deed of Variation related to the limited recourse of Ansteel in the event that Karara defaults on its debt obligations as detailed below:

- Gindalbie's liability to pay any amount under the security arrangement is limited to the secured property, being the shares in Karara.
- Ansteel may do anything necessary to enforce its rights in connection with the secured property.

If the Variation is not approved by Shareholders, the mortgage will remain a limited recourse mortgage and the mortgage, and therefore Gindalbie's liability (in the event of Karara's default), will be limited to its equity interest in Karara.

If the resolution relating to the Variation is not approved, the mortgage will not be supported by the unlimited recourse guarantee. The amended share mortgage may be required by ASX to be cancelled under ASX Listing Rule 10.9. When cancelled, the Karara shares will no longer be mortgaged by Gindalbie to Ansteel.

6. Profile of Gindalbie

6.1 History

Gindalbie is an exploration company based in Perth, Western Australia. The Company listed on the Australian Securities Exchange ('ASX') on 12 April 1994 as Gindalbie Gold NL and was renamed as Gindalbie Metals Limited on 24 January 2005 to reflect the more diversified nature of its business activities. The current board of directors are:

- Mr Keith F Jones, Chairman;
- Mr Michael O'Neill, Acting Managing Director;
- Mr Chen Ping, Non-Executive Director;
- Mr Shao An Lin, Non-Executive Director;
- Mr Andrew Marshall, Non-Executive Director;
- Mr Paul Hallam, Non-Executive Director; and
- Mr Li Ge, Non-Executive Director.

The Company's primary asset is a 47.84% equity interest in Karara, with Ansteel holding the remaining 52.16%. Gindalbie also has a portfolio of exploration tenements in the Mid-West region.

Ansteel

Ansteel is situated in Anshan, Liaoning Province, China an area renowned for its iron ore resources. Ansteel was established in 1916 and is currently China's second largest steel producer and biggest iron ore miner. Ansteel has developed a new integrated iron and steel making facility at Bayuquan, adjacent to the port of Yingkou, 100 kilometres ('km') south-west of its current steel making facilities in Anshan.

Ansteel is a supportive partner in the Karara Project and brings the following elements to the development;

- Requirement for long term, strategic supply of high quality ore;
- Offtake agreement;
- Equity funding; and
- Project funding.

6.2 Key Project Finance Events

Date	Event
June 2010	Karara entered into a project finance agreement with the Chinese Banking Syndicate, a US$1.2 billion facility for the development of Karara.
February 2013	Karara entered into an amended agreement which increased the facility to US$1.536 billion.
April 2013	Gindalbie and Ansteel each advanced a $30 million loan to Karara. Subsequent to the advance, Ansteel advanced a further $30 million to Karara, to allow repayment of Karara's loan with Gindalbie, and assist Gindalbie to replenish its cash reserves. Ansteel granted Gindalbie the option to purchase Ansteel's second advance, and if Gindalbie elected not to, Ansteel could convert all or part of both loans into shares in Karara.
July 2013	Karara received $84 million from Ansteel, the first instalment of bridging finance to cover Karara's working capital requirements.
September 2013	Ansteel arranged the provision of US$230 million of additional short term funding. The working capital was made available through a prepaid sales agreement for delivery of magnetite concentrate to an Ansteel subsidiary (US$100 million) and a new US$130 million bank debt facility. At Ansteel's option it could be repaid through the issue of new Karara equity at $3.02 per share. The impact was to issue 80,848,132 new shares to Ansteel, reducing Gindalbie's equity interest in Karara by 9.60% (to approximately 38%).
March 2014	Ansteel exercised its right to convert two shareholder loans, totalling $60 million, into new shares in Karara. This resulted in the dilution of Gindalbie's equity interest from 50% to 47.84%.
May 2014	Karara executed a binding Facility Agreement with China Merchants Bank for a new US$300 million Fixed Term Loan Facility to meet funding shortfalls. The first drawdown was made on 13 May 2014.
August 2014	Chinese Banking Syndicate provided a $95 million bank guarantee facility to Karara, for the purpose of completion of the sale of a power line to Western Power. Karara sold the power line for a net sale price of $82,633,000. Karara executed documentation with China Development Bank and Bank of China to provide a loan facility for an additional US$400 million for a period of three years. An initial drawdown of US$100 million was completed on 28 August 2014.
May 2015	Karara refinanced its syndicated bank debt facilities by entry into a new US$1,481,320,000 loan facility. The amount was used to repay the outstanding balance of the three existing loan facilities, and has a maturity date of 2030.

6.3 Projects

Karara

Karara is a special purpose entity established in 2007 to develop and operate the Karara Project ('Project'). It was initially set up as an equally controlled entity between Gindalbie and Ansteel, however following Angang's conversion of two shareholder loans into new shares in Karara, Gindablie's interest reduced to 47.84%. Angang currently holds the remaining 52.16% of Karara.

The Project is located 200km east of Geraldton, Western Australia. The project consists of a long-life, magnetite concentrate operation and a smaller-scale hematite operation. Iron ores are rocks from which metallic iron can be economically extracted. The principal iron ores are hematite (Fe_2O_3) and magnetite (Fe_3O_4). Like hematite ores, magnetite ores require initial crushing and screening, but undergo a second stage of processing which relies on the magnetic properties of the ore to extract the magnetite and produce a concentrate. Magnetite ores contain a higher concentrate of iron, attracting a premium price above the benchmark, offsetting the higher costs of production.

Karara has invested over $1 billion in new common-use infrastructure in the Mid-West region including an 85km rail line, a dedicated 16 million tonnes per annum ('Mtpa') export facility in Geraldton Port, a 330 kilovolt power line and a 140km water pipeline. In August 2014 Karara sold the power line to Western Power for a net sale price of approximately $82.6 million.

The key milestones of the Project are set out below:

Date	Key Milestone
Apr-06	Heads of Agreement signed between Gindalbie and Ansteel for the development of Karara Iron Ore Project
Aug-07	Bankable Feasibility Study completed
Sep-07	Joint Venture Development Agreement signed
Nov-07	Decision to Mine
Oct-09	Environmental Approval received
Nov-09	Construction commenced
Mar-10	Life of Mine off-take agreements with Ansteel
Apr-10	US$1.2 billion Project Loan signed
May-11	First shipment of DSO
Aug-12	Official opening of Karara Export Terminal at Geraldton
Jan-13	First shipment of magnetite concentrate
Apr-13	Karara Project officially opened
Mar-14	A technical review was undertaken to assess the design and operation of the processing plant. The review was prompted due to bottlenecks identified that limited the production capacity of the crusher and concentrator. These bottlenecks originated from certain zones of magnetite orebody being significantly harder and more abrasive than anticipated.
Dec-14	Karara qualified for the WA Government magnetite royalty rebate scheme
Mar-15	Trial shipment on a post-Panamax vessel occurred from the Geraldton Port

Source: Gindalbie Company Website, ABC news

Delays in the ramp-up of the Project, and therefore lower product shipment rates have impacted its capital requirements. The Project is currently unable to operate at the production levels originally forecast and as a result has not yet become cash flow positive. As a result Karara continues to focus on optimising the plant and reducing costs, focusing on low cost options to eliminate the bottlenecks of the plant. At current iron ore prices, the Project is not economically viable.

Karara implemented a Direct Shipping Ore ('DSO') strategy to provide flexibility in the aim of best utilising rail and shipping capacities during the ramp-up of the Project. Karara purchased hematite DSO from third parties to maximise use of installed rail and port capacity. Karara has entered into agreements with third parties to purchase limited amounts of hematite DSO.

Karara qualified for the WA Government's magnetite royalty rebate in Q4 2014, and received payment in the first quarter of 2015. This three-year rebate program began in April 2013, to assist magnetite mines during their start-up phase with royalty relief of up to 50% on a project-by-project basis for 12 months.

Hinge Iron Ore Project

The Hinge Iron Ore Project ('Hinge') is located 23 km north-east of the Karara Project. Karara entered into a contract with MACA Limited for civil, mining and drill and blast services. First ore was expected to be exported in Q4 2014.

Exploration Assets

Shine DSO Deposit

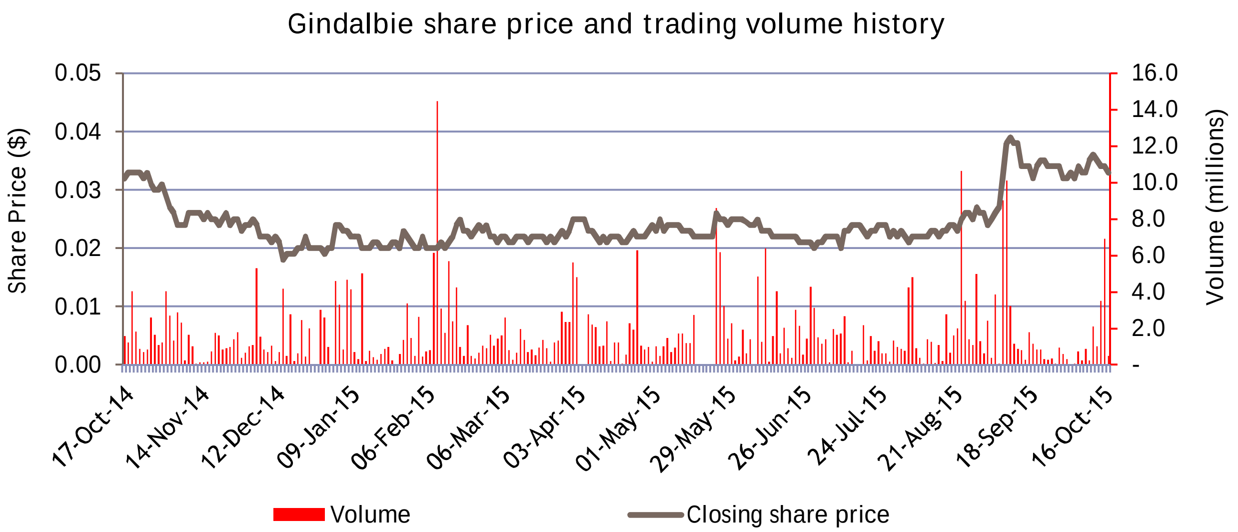
The Shine DSO Deposit is located 40km north-east of the Karara Project. In March 2014, Gindalbie sold its 100% interest in the Shine DSO Deposit to Mount Gibson Iron Limited. Consideration for the transaction was an upfront cash payment of $12 million, with a further non-refundable milestone payment of $3 million which is due on the first commercial sale of iron from the Deposit. Gindalbie is entitled to receive a royalty of $0.20 per tonne sold for every $1 the Platt's 62% monthly average price is above $115.

Lodestone Magnetite Project

The Lodestone Magnetite Project is located 45km south-east of Karara. Further work is required to investigate opportunities to improve the magnetite weight recovery.

6.4 Share price performance

The following chart provides a summary of the share price movement of Gindalbie over the 12 months to 16 October 2015.



The daily share price of Gindalbie for the twelve months to 16 October 2015 has ranged from a low of $0.018 on 15 December 2014 to a high of $0.039 on 10 September 2015. The share price has shown a downward trend from October 2014 before plateauing to close within a range of $0.020 to $0.027 for the period between 1 January 2015 and 7 September 2015. The share price then increased from $0.027 on 7 September 2015 to close at $0.038 on 8 September 2015, with the share price reaching an intra-day high of $0.042 on 10 September 2015. The highest single day of trading was on 10 February 2015 where 14,461,037 shares were traded.

During this period a number of announcements were made to the market. The key announcements are set out below:

Date	Announcement	Closing Share Price Following Announcement $ (movement)			Closing Share Price Three Days After Announcement $ (movement)		
09/09/2015	Response to ASX Price Query	0.038	▲	18.8%	0.038	▶	0.0%
31/07/2015	Quarterly Cashflow Report	0.023	▲	4.5%	0.022	▼	4.3%
31/07/2015	Quarterly Activities Report	0.023	▲	4.5%	0.022	▼	4.3%
17/07/2015	Shareholder approval of share mortgage	0.023	▼	4.2%	0.023	▶	0.0%
15/07/2015	Trading Halt	0.024	▶	0.0%	0.022	▼	8.3%
25/05/2015	Reinstatement to Official Quotation	0.026	▲	18.2%	0.024	▼	7.7%
25/05/2015	Long Term Financing for Karara Mining Ltd	0.026	▲	18.2%	0.024	▼	7.7%
19/05/2015	Suspension from Official Quotation	0.022	▶	0.0%	0.022	▶	0.0%
18/05/2015	Trading Halt	0.022	▶	0.0%	0.022	▶	0.0%
29/04/2015	Quarterly Mining Tenement Report	0.023	▲	4.5%	0.025	▲	8.7%
29/04/2015	Quarterly Cashflow Report	0.023	▲	4.5%	0.025	▲	8.7%
29/04/2015	Quarterly Activities Report	0.023	▲	5%	0.025	▲	9%
06/03/2015	S&P DJ Indices Announces March Quarterly Review	0.022	▶	0%	0.022	▶	0%
27/01/2015	Quarterly Cashflow Report	0.020	▼	5%	0.021	▲	5%
27/01/2015	Quarterly Activities Report	0.020	▼	5%	0.021	▲	5%
17/10/2014	Mining Tenement Report	0.033	▲	3%	0.033	▶	0%
16/10/2014	Quarterly Cashflow Report	0.032	▼	3%	0.033	▲	3%
09/10/2014	Quarterly Activities Report	0.033	▶	0%	0.033	▶	0%

On 17 October 2014, the Company released a quarterly report on tenements held at the end of the September 2015 quarter. During the quarter, one application licence and 12 granted licences were disposed. On the day of the release, the Company's share price increased by 3% to $0.033 and remained unchanged in the subsequent three days.

On 29 April 2015, the Company released a report in relation to mining tenements held at the end of the March 2015 quarter. P59/2034 was acquired during the quarter and E59/1606 tenement was disposed of during the quarter. On the day of the announcement, the Company's share price increased by 4.5% to $0.023 and in the subsequent three days increased by a further 8.7% to $0.025.

On 25 May 2015, the Company announced that Karara had refinanced its syndicated bank debt facilities. The refinancing facility had been used to repay all outstanding amounts of syndicated facilities and has a longer term maturity of 2030. On the day of the announcement, the Company's share price increased by 18.2% to $0.026 however in the subsequent three days fell 7.7% to $0.024.

On 17 July 2015, the Company announced the security arrangements that are part of the refinanced debt. The announcement outlined that Gindalbie will provide guarantees and mortgages of its Karara shares to the syndicate and Ansteel. On the day of the announcement, the Company's share price fell by 4.2% to $0.023 and remained unchanged in the subsequent three days.

On 9 September 2015, the Company responded to an ASX price query following the increase in price and increase in volume of trading from 7 September to 9 September 2015. On the day on the announcement, the Company's share price increased by 18.8% to $0.038 and remained unchanged in the subsequent three days.

An analysis of the volume of trading in Gindalbie shares for the twelve months to 29 September 2015 is set out below:

Trading days	Share price low	Share price high	Cumulative volume traded	As a % of Issued capital
1 Day	$0.033	$0.035	958,245	0.06%
10 Days	$0.031	$0.037	7,006,924	0.47%
30 Days	$0.022	$0.042	67,118,002	4.49%
60 Days	$0.020	$0.042	103,357,704	6.91%
90 Days	$0.019	$0.042	158,478,759	10.60%
180 Days	$0.019	$0.042	315,688,756	21.11%
1 Year	$0.018	$0.042	439,114,516	29.36%

The table indicates that Gindalbie's shares display a low level of liquidity, with 29.36% of the Company's current issued capital being traded over a twelve month period.

6.5 Historical Statement of Financial Position

Statement of Financial Position	Audited as at 30-Jun-15 $000's	Audited as at 30-Jun-14 $000's	Audited as at 30-Jun-13 $000's
CURRENT ASSETS			
Cash and cash equivalents	40,523	43,005	9,166
Trade and other receivables	383	1,691	1,547
TOTAL CURRENT ASSETS	40,906	44,696	10,713
NON-CURRENT ASSETS			
Other receivables	331	331	36
Property, plant and equipment	929	1,599	1,886
Exploration and evaluation assets	5,025	11,778	24,715
Loan to JV entity	-	-	59,931
JV accounted for using the equity method	-	-	550,604
TOTAL NON-CURRENT ASSETS	6,285	13,708	637,172
TOTAL ASSETS	47,191	58,404	647,885
CURRENT LIABILITIES			
Trade and other payables	1,231	1,023	1,366
Employee benefits	145	290	686
TOTAL CURRENT LIABILITIES	1,376	1,313	2,052
NON-CURRENT LIABILITIES			
Employee benefits	84	89	68
TOTAL NON-CURRENT LIABILITIES	84	89	68
TOTAL LIABILITIES	1,460	1,402	2,120
NET ASSETS	45,731	57,002	645,765
EQUITY			
Issued capital	753,965	753,965	753,965
Reserves	9,408	4,984	8,118
Retained earnings	(717,642)	(701,947)	(116,318)
TOTAL EQUITY	45,731	57,002	645,765

Source: Audited financial statements for the years ended 30 June 2015, 30 June 2014 and 30 June 2013.

Commentary of Historical Statement of Financial Position

We note that Gindalbie's auditor outlined the existence of material uncertainty in relation to the Company's ability to continue as a going concern and whether it can realise its assets and extinguish its liabilities in the normal course of business and at the amounts stated in the financial reports.

We note the following in relation to Gindalbie's Historical Statement of Financial Position:

- Cash and cash equivalents comprise cash at bank and term deposits. The balance increased from $9.16 million as at 30 June 2013 to $43.01 million as at 30 June 2014 following the sale of the Shine DSO Deposit for $12 million cash consideration and the repayment of a $30 million loan to

Karara. As at 30 June 2015 the Company has $40.52 million cash and cash equivalents which includes a $39 million term deposit.

- Other receivables comprise cash security for performance bonds.
- As at 30 June 2015 exploration programs in each area of interest had not reached a stage that permitted a reasonable assessment of economically recoverable reserves. An impairment expense of $7.22 million was incurred in FY15 as tenements had either been relinquished or no further exploration was planned for the area.
- Exploration assets decreased from $24.72 million as at 30 June 2013 to $11.78 million as at 30 June 2014 following the sale of the Shine DSO Deposit to Mt Gibson Iron Limited for $12 million cash consideration.
- The loan and amount of equity in Karara was impaired to nil as at 30 June 2014. This is a result of Gindalbie no longer holding significant influence over Karara and reclassifying the investment from an investment in Associate to a financial asset.
- Employee benefits comprise long service leave, annual leave and employee bonuses.

6.6 Historical Statement of Comprehensive Income

Statement of Comprehensive Income	Audited for the year ended 30-Jun-15 $000's	Audited for the year ended 30-Jun-14 $000's	Audited for the year ended 30-Jun-13 $000's
Other income	132	234	57
Administration expenses	(3,886)	(6,711)	(6,935)
Other expenses	(13,284)	(6,057)	(5,989)
Revenue from operating activities	(17,038)	(12,534)	(12,867)
Finance income	1,343	9,618	2,034
Share of profit from equity accounted Associate	-	48,177	(133,548)
Impairment of net investment in Associate	-	(630,890)	-
Loss from continuing operations before income tax	(15,695)	(585,629)	(144,381)
Income tax benefit/(expense)	-	-	-
Loss from continuing operations after income tax	(15,695)	(585,629)	(144,381)
Changes in fair value of cash flow hedges	-	(3,163)	7,184
Income tax benefit/(expense) on other comprehensive income	-	-	554
Total comprehensive loss for the year	(15,695)	(588,792)	(136,643)

Source: Audited financial statements for the years ending 30 June 2015, 30 June 2014, and 30 June 2013.

Commentary of Historical Statement of Comprehensive Income

We note that Gindalbie's auditor outlined the existence of material uncertainty in relation to the Company's ability to continue as a going concern and whether it can realise its assets and extinguish its liabilities in the normal course of business, at the amounts stated in the financial reports.

We note the following in relation to Gindalbie's Historical Statement of Comprehensive Income:

- Administration expenses comprise salary and on costs, corporate and consultant costs, office and marketing costs, and other administration costs. Salary and on costs is the most significant accounting for $1.90 million for the year ended 30 June 2015, $4.61 million for the year ended 30 June 2014 and $4.03 million for the year ended 30 June 2013.
- Other expenses of $13.28 million for the year ended 30 June 2015 comprise an impairment charge of $7.22 million for exploration assets and a $4.45 million reclassification of the investment in Karara to financial assets. The investment was reclassified as Gindalbie no longer has the ability to significantly influence Karara, with the financial impact being a change from a cashflow hedge reserve on the statement of financial position to other expenses on the statement of comprehensive income.
- Other expenses of $6.06 million for the year ended 30 June 2014 comprise a loss on dilution on investment in Karara, as a result of Ansteel converting debt to equity reducing Gindalbie's interest by 2.16%.
- Other expenses of $5.99 million for the year ended 30 June 2013 comprise an impairment charge of $5.45 million for exploration assets.

- The increase in finance income from $2.03 million for the year ended 30 June 2013 to $9.62 million for the year end 30 June 2014 is attributable to an increase in cash held.
- Share of profit from equity accounted Associate (Karara) increased from a loss of $136 million for the year ended 30 June 2013 to a gain of $48 million for the year ended 30 June 2014. This increase is attributable to Karara reporting a profit for the year ended 30 June 2014 as a result of profitable hematite iron ore sales and foreign exchange gains on US dollar denominated debt. Set out below is a summarised Statement of Comprehensive Income for Karara for the years ended 30 June 2013 and 2014. The investment in Karara is not equity accounted for in the year ended 30 June 2015 and as such, the breakdown below is not disclosed.

Karara Mining Limited and Controlled Entities Statement of Comprehensive Income	30-Jun-14 $000's	30-Jun-13 $000's
Revenue	485,703	249,259
Profit/(loss) after tax	84,046	(267,095)
Other comprehensive income	-	-
Effective portion of changes in fair value of cash flow hedge net of tax	(6,476)	15,475
Total comprehensive loss for the year	77,570	(251,620)

- An impairment of net investment in Associate (Karara) of $631 million for the year ended 30 June 2014 consists of a $592 million investment impairment expense and a $39 million loan impairment expense. As noted in the 2014 Annual Report, the Directors were of the opinion that changes in key fundamentals have caused their carrying value in Karara to exceed its recoverable amount.
- Reclassification of equity-accounted investee from other comprehensive income on loss of significant influence is the result of its investment in Karara being valued at nil. The investment has been reclassified from an investment in an Associate to a financial asset on the statement of Financial Position.

6.7 Capital Structure

The share structure of Gindalbie as at 7 September 2015 is outlined below:

	Number
Total ordinary shares on issue	1,495,622,940
Top 20 shareholders	806,077,675
Top 20 shareholders - % of shares on issue	53.90%

Source: Share registry information

The range of shares held in Gindalbie as at 7 September 2015 is as follows:

Range of Shares Held	Number of Ordinary Shareholders	Number of Ordinary Shares	Percentage of Issued Shares (%)
1 - 1,000	1,722	994,811	0.07%
1,001 - 5,000	4,088	12,421,269	0.83%
5,001 - 10,000	2,568	20,700,915	1.38%
10,001 - 100,000	5,448	190,778,681	12.76%
100,001 - and over	1,332	1,270,727,264	84.96%
TOTAL	15,158	1,495,622,940	100.00%

Source: Share registry information

The ordinary shares held by the most significant shareholders as at 7 September 2015 are detailed below:

Name	Number of Ordinary Shares Held	Percentage of Issued Shares (%)
Angang Group Hong Kong (Holdings) Limited	535,492,521	35.80%
Citicorp Nominees Pty Ltd	60,705,498	4.06%
MS Linlin Li	41,310,167	2.76%
HSBC Custody Nominees (Australia) Limited	36,635,695	2.45%
MS Aiping Zhang	29,555,978	1.98%
Subtotal	168,207,338	11.25%
Others	1,327,415,602	88.75%
Total ordinary shares on Issue	1,495,622,940	100.00%

Source: Share registry information

7. Economic analysis

Australia

The Australian economy continued to grow at a moderate pace over the past year. Low interest rates are supporting strong growth in dwelling investment and, together with strong house prices, support consumption growth. Resource exports have made a significant contribution to growth amid declining business investment and the recent falls in commodity prices. The economy is likely to be operating with a degree of spare capacity, and inflation is forecast to remain consistent with the target rate.

The Australian dollar has depreciated over the past year, and despite being close to levels last seen in 2009 against the US dollar, it has offered less assistance than would normally be expected in achieving balanced growth in the economy. Over the past year the Australian dollar has depreciated by about 15 per cent on a trade-weighted basis, and further depreciation seems both likely and necessary.

Rising household expenditure and the response of net exports to the exchange rate depreciation are expected, in time, to support an increase in non-mining business investment. The unemployment rate is forecast to be lower than previously expected, reflecting the generally better-than-expected labour market conditions.

The forecast for Australia's terms of trade has been revised down following recent declines in a number of commodity prices, and the expected effects of a more subdued outlook for China.

China

In 2014 China's economy grew at its slowest rate in two decades. The slowdown in steel consumption in China was influenced by a number of factors including a fall in GDP growth, increased borrowing costs for iron ore buyers and a drop in China's Purchasing Managers' Index.

GDP growth picked up in the second quarter of 2015, remaining at an annualised 7 per cent, which was the government's target for the year. There has been continued weakness in the industrial sector, with slowing residential construction activity and infrastructure investment.

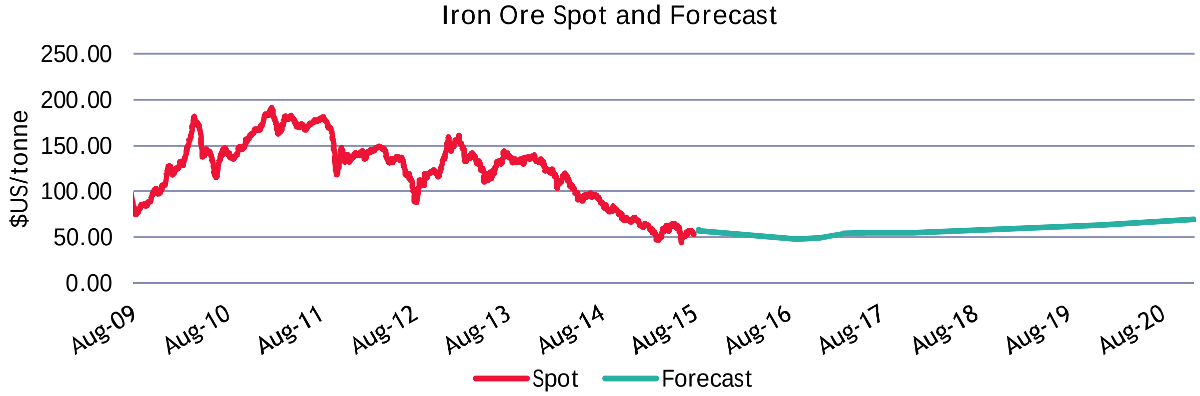
Low inflation has allowed authorities to adopt more accommodative monetary and fiscal policy settings. The People's Bank of China eased monetary policy further in June cutting benchmark deposit and lending rates by 25 basis points. Residential property markets have improved in some respects, although this has yet to translate into a pick-up in investment outside the largest cities. There is also a large stock of unsold properties that will prevent a quick recovery in the sector.

The National Development and Reform Commission, a macroeconomic management agency in the Chinese State Council, said investment will play a key role in stabilising growth. The Chinese Government announced that it plans to invest 800 billion yuan in infrastructure, through 8,000 km of rail and more affordable housing. The Chinese Government has also begun to implement a debt restructuring plan to lower the interest burden for local governments and give them to have more control of the overall stock of debt.

From mid-June to September the Shanghai share market lost approximately 30 trillion renminbi, equal to almost half of GDP in 2014. The recent volatility in Chinese equity markets is unlikely to have a significant direct effect on consumption, given the relatively limited exposure of households to equities. However, the failed efforts by Chinese authorities to stabilise the market raised greater concerns over the health of the economy.

Iron Ore

Concerns about the strength of the Chinese economy, and therefore the demand for steel and iron ore, have re-emerged. The combination of overcapacity, slowing consumption, and a stronger US dollar has caused most mineral and energy commodity prices to fall over the past year. Export earnings are estimated to have decreased in 2014-15 despite growth in volume. Iron ore earnings declined by 27% over the same period.



Iron ore prices started falling in mid-2014 due to global iron ore oversupply. The main factors placing downwards pressure on prices in 2014 was the health of China's economy and the ramp up in production by the three major producers.

In April 2015, the price of iron dropped below US$50, a record low, as oversupply and the health of China's economy remained a concern. In May 2015 stocks at China's ports fell 16% to 78 million tonnes in May (a two year low) and as a result China's steel mills began purchasing ore on the spot market, lifting the price by 18% to US$56.

Most Australian producers appear to have remained profitable at current prices, due to reductions in production costs over recent years, and depreciation of the Australian dollar. The smaller, higher-cost Australian producers remain under pressure, and mine closures are already occurring within the industry, providing moderate price support. The three major producers; Rio Tinto, BHP Billiton and Vale all increased production, flooding the market with high quality iron ore, with the benefit from decades of mining and infrastructure allowing them to lower production costs and operate at these lower prices. Global production of iron ore is expected to expand over the next year. In 2016, world trade in ore is forecast to increase by 3.6% to 1.4 billion tonnes, with Australia and Brazil forecast to increase supply by 10% and 6% respectively.

World GDP growth is forecast to increase marginally in 2016, supported by higher growth in advanced economies. The level of growth is not expected to be enough to stimulate a demand driven recovery in commodity prices which are forecast to remain below recent highs. Price rebounds are more likely to come from supply cuts associated with higher cost producers exiting the market.

Sources: www.rba.gov.au *Statement by Glenn Stevens, Governor: Monetary Policy Decision September 2015*, www.industry.gov.au *Resources and Energy Quarterly June 2015, IBISWorld: Iron Ore Mining in Australia May 2015.*

8. Evaluation of the Variation

8.1 Advantages of approving the Variation

8.1.1. Outcome achieved with certainty

If Shareholders approve the Variation, the liability of Gindalbie in relation to the Karara debt will not be limited to the shares it holds in Karara. Therefore, Ansteel will be able to foreclose on the other assets of Gindalbie if it calls on the mortgage. This provides Shareholders with a certain outcome, albeit an undesirable one for Shareholders. It will be undesirable because all of the security provided by the Company will be unlimited rather than being limited only to the Company's equity interest in Karara.

We note that there is an element of uncertainty if Shareholders do not approve the Variation in that ASX has not provided a view to the Company on what its approach to the Company might be. It is not possible to speculate on potential outcomes however, Shareholders will not be worse off than if they do approve the Variation.

8.2 Disadvantages of approving the Variation

8.2.1. Unlimited recourse of Ansteel

If Shareholders approve the Variation, the limited recourse provision contained in the Deed of Variation dated 20 May 2015 will not take effect. In the event that Karara defaults on its debt facility, the limited recourse provision limits Gindalbie's liability to the equity interest it holds in Karara.

However, if the Variation is approved, then the limited recourse provision falls away, which would give Ansteel claim over Gindalbie's other assets and liabilities. As at 30 June 2015, the Company holds approximately $40.5 million in cash and cash equivalents and other exploration assets with a book value of approximately $5.03 million. If the Variation is approved, Ansteel will have legal claim over these assets in order to repay part of the Karara debt. Gindalbie's maximum potential liability in relation to the Karara facility at 30 June 2015 was US$708 million and at this date, the carrying value of Gindalbie's shares in Karara was nil. Therefore, if the Variation is approved, the value of the Karara shares will not be sufficient to repay Gindalbie's portion of the Karara debt and as such Ansteel are certain to hold claims over the Company's other assets. This will significantly reduce the value of Shareholders' existing holding in Gindalbie.

8.2.2. The Company will not be able to utilise its cash and term deposits

As at 30 June 2015, the Company holds approximately $40.5 million in cash and cash equivalents. If Shareholders approve the Variation, the Company will lose the unfettered ability to utilise these assets for its own benefit. Therefore, if Shareholders do not approve the Variation, the Company will retain its cash and term deposits. This cash can be retained for working capital purposes as well as providing the Company with the funding required to develop its other exploration assets.

Retaining the cash may also provide the Company with funding to pursue alternative investment opportunities. The development of the Company's other exploration assets or the pursuit of alternative options may provide Shareholders with the opportunity to benefit from any potential upside from these investments.

If Shareholders approve the Variation, this potential opportunity will not exist.

8.3 Consequences of Shareholders' decision whether to approve the Variation

8.3.1. The Company's liability is limited to its shares in Karara

If the Variation is not approved by Shareholders then the limited recourse clause as outlined in section 5, will take effect. In this instance, on Karara's default of its debt obligations, Ansteel's recourse will be limited to Gindalbie's shares in Karara.

As detailed in section 6.6, during the year ended 30 June 2014, Gindalbie impaired its investment in Karara to nil. The net impairment expense of approximately $631 million consisted of a $592 million impairment of the investment in Karara and a $39 million impairment of the loan from Gindalbie to Karara. The consequence of not approving the Variation is that in the event of Karara defaulting on its financing facility, the Company will forfeit its shares held in Karara. Given the value of this investment has been written down to nil, this is unlikely to affect the value of Shareholders' interest in Gindalbie.

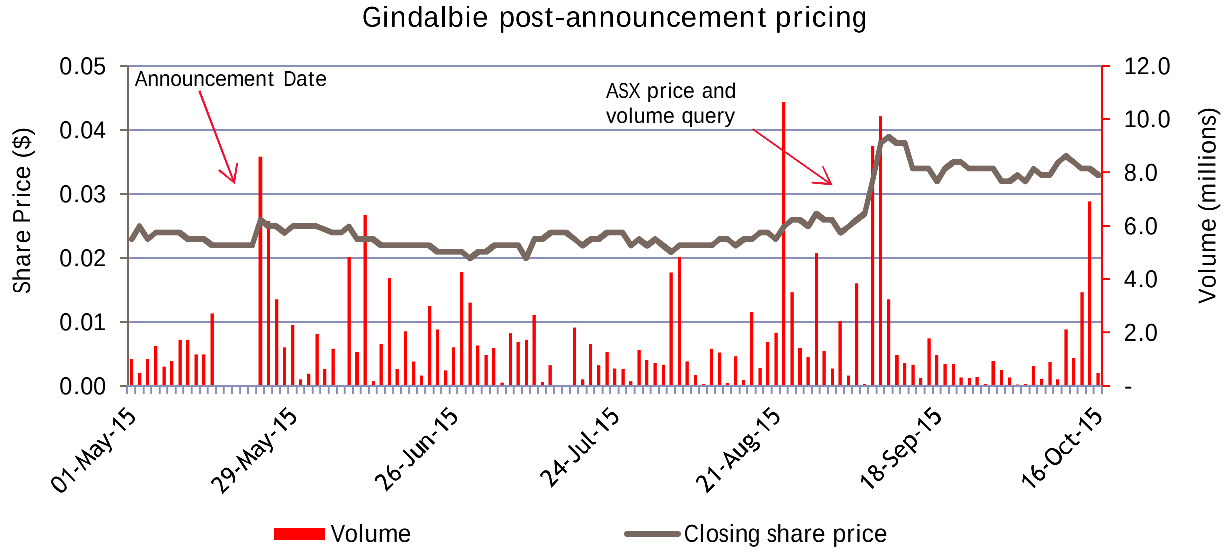
The amended share mortgage may be required by ASX to be cancelled under ASX Listing Rule 10.9. When cancelled, the Karara shares will no longer be mortgaged by Gindalbie to Ansteel.

If Ansteel calls on the mortgage the shares in Karara will be forfeited regardless of whether the Variation is approved or not.

If the Variation is approved, the limited recourse provision contained in the Deed of Variation will not take effect and Ansteel will have unlimited claim over Gindalbie's other assets.

8.3.2. Potential decline in share price

We have analysed movements in Gindalbie's share price since the Variation was announced. A graph of Gindalbie's share price since the announcement is set out below.



Source: Bloomberg

Following the announcement on 25 May 2015 that Karara had refinanced its syndicated bank debt facilities, Gindalbie's share price has closed between $0.020 and $0.039 per share. On 9 September 2015 the ASX queried the price and volume increases from 7 September where the price increased from $0.027 on 7 September 2015 to $0.039 on 9 September 2015. Gindalbie was unaware of any information or explanation for this spike in trading of its securities.

The refinancing of the Karara facility which was announced on 25 May 2015 is likely to have been viewed positively by the market. The share price following the announcement would therefore factor in the market's expectation that the refinanced facility would be subject to a limited recourse mortgage. If the Variation is approved, and the liability of Gindalbie becomes unlimited, it is likely that Gindalbie's share price will decline.

9. Conclusion

We have considered the terms of the Variation as outlined in the body of this report and have concluded that the approval of the Variation is neither fair nor reasonable to the Shareholders of Gindalbie as the disadvantages of approving the Variation outweigh the advantages.

10. Sources of information

This report has been based on the following information:

- Draft Notice of General Meeting and Explanatory Statement on or about the date of this report;
- Audited financial statements of Gindalbie for the years ended 30 June 2014 and 30 June 2015;
- Executed Agreements for the Equitable Mortgage over Shares and Indemnity dated 5 May 2010;
- Executed Deed of Variation dated 20 May 2015;

- Share registry information;
- Information in the public domain; and
- Discussions with Directors and Management of Gindalbie.

11. Independence

BDO Corporate Finance (WA) Pty Ltd is entitled to receive a fee of $25,000 (excluding GST and reimbursement of out of pocket expenses). The fee is not contingent on the conclusion, content or future use of this Report. Except for this fee, BDO Corporate Finance (WA) Pty Ltd has not received and will not receive any pecuniary or other benefit whether direct or indirect in connection with the preparation of this report.

BDO Corporate Finance (WA) Pty Ltd has been indemnified by Gindalbie in respect of any claim arising from BDO Corporate Finance (WA) Pty Ltd's reliance on information provided by the Gindalbie, including the non provision of material information, in relation to the preparation of this report.

Prior to accepting this engagement BDO Corporate Finance (WA) Pty Ltd has considered its independence with respect to Gindalbie and Ansteel and any of their respective associates with reference to ASIC Regulatory Guide 112 'Independence of Experts'. In BDO Corporate Finance (WA) Pty Ltd's opinion it is independent of Gindalbie and Ansteel and their respective associates.

Neither the two signatories to this report nor BDO Corporate Finance (WA) Pty Ltd, have had within the past two years any professional relationship with Gindalbie, or their associates, other than in connection with the preparation of this report.

A draft of this report was provided to Gindalbie and its advisors for confirmation of the factual accuracy of its contents. No significant changes were made to this report as a result of this review.

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BDO (Australia) Ltd, an Australian company limited by guarantee, is a member of BDO International Limited, a UK company limited by guarantee, and forms part of the international BDO network of Independent Member Firms. BDO in Australia, is a national association of separate entities (each of which has appointed BDO (Australia) Limited ACN 050 110 275 to represent it in BDO International).

12. Qualifications

BDO Corporate Finance (WA) Pty Ltd has extensive experience in the provision of corporate finance advice, particularly in respect of takeovers, mergers and acquisitions.

BDO Corporate Finance (WA) Pty Ltd holds an Australian Financial Services Licence issued by the Australian Securities and Investment Commission for giving expert reports pursuant to the Listing rules of the ASX and the Corporations Act.

The persons specifically involved in preparing and reviewing this report were Sherif Andrawes and Adam Myers of BDO Corporate Finance (WA) Pty Ltd. They have significant experience in the preparation of independent expert reports, valuations and mergers and acquisitions advice across a wide range of industries in Australia and were supported by other BDO staff.

Sherif Andrawes is a Fellow of the Institute of Chartered Accountants in England & Wales and a Member of the Institute of Chartered Accountants in Australia. He has over twenty five years experience working in the audit and corporate finance fields with BDO and its predecessor firms in London and Perth. He has been responsible for over 250 public company independent expert's reports under the Corporations Act or ASX Listing Rules and is a CA BV Specialist. These experts' reports cover a wide range of industries in Australia with a focus on companies in the natural resources sector. Sherif Andrawes is the Chairman of BDO in Western Australia, Corporate Finance Practice Group Leader of BDO in Western Australia and the Natural Resources Leader for BDO in Australia.

Adam Myers is a member of the Australian Institute of Chartered Accountants. Adam's career spans 18 years in the Audit and Assurance and Corporate Finance areas. Adam has considerable experience in the preparation of independent expert reports and valuations in general for companies in a wide number of industry sectors.

13. Disclaimers and consents

This report has been prepared at the request of Gindalbie for inclusion in the Notice of Meeting which will be sent to all Gindalbie Shareholders. Gindalbie engaged BDO Corporate Finance (WA) Pty Ltd to prepare an independent expert's report to consider the variation of the security arrangements with Ansteel.

BDO Corporate Finance (WA) Pty Ltd hereby consents to this report accompanying the above Notice of Meeting. Apart from such use, neither the whole nor any part of this report, nor any reference thereto may be included in or with, or attached to any document, circular resolution, statement or letter without the prior written consent of BDO Corporate Finance (WA) Pty Ltd.

BDO Corporate Finance (WA) Pty Ltd takes no responsibility for the contents of the Notice of Meeting other than this report.

We have no reason to believe that any of the information or explanations supplied to us are false or that material information has been withheld. It is not the role of BDO Corporate Finance (WA) Pty Ltd acting as an independent expert to perform any due diligence procedures on behalf of the Company. The Directors of the Company are responsible for conducting appropriate due diligence in relation to Gindalbie. BDO Corporate Finance (WA) Pty Ltd provides no warranty as to the adequacy, effectiveness or completeness of the due diligence process.

The opinion of BDO Corporate Finance (WA) Pty Ltd is based on the market, economic and other conditions prevailing at the date of this report. Such conditions can change significantly over short periods of time.

With respect to taxation implications it is recommended that individual Shareholders obtain their own taxation advice, in respect of the Variation, tailored to their own particular circumstances. Furthermore, the advice provided in this report does not constitute legal or taxation advice to the Shareholders of Gindalbie, or any other party.

The statements and opinions included in this report are given in good faith and in the belief that they are not false, misleading or incomplete.

The terms of this engagement are such that BDO Corporate Finance (WA) Pty Ltd has no obligation to update this report for events occurring subsequent to the date of this report.

Yours faithfully

BDO CORPORATE FINANCE (WA) PTY LTD

Sherif Andrawes	Adam Myers
Director	Director

Appendix 1 – Glossary of Terms

Reference	Definition
The Act	The Corporations Act 2001 Cth
Angang	Angang Group Investment (Australia) Pty Ltd, a wholly owned subsidiary of Ansteel
Angang Hong Kong	Angang Group Hong Kong (Holdings) Limited
Ansteel	Anshan Iron and Steel Group Corporation
APES 225	Accounting Professional & Ethical Standards Board professional standard APES 225 'Valuation Services'
ASIC	Australian Securities and Investments Commission
ASX	Australian Securities Exchange
BDO	BDO Corporate Finance (WA) Pty Ltd
The Company	Gindalbie Metals Limited
Corporations Act	The Corporations Act 2001 (Cth)
DSO	Direct Shipping Ore
FSG	Financial Services Guide
Hinge	Hinge Iron Ore Project
Karara	Karara Mining Limited
Km	Kilometres
RBA	Reserve Bank of Australia
Mtpa	Million tonnes per annum
Our Report	This Independent Expert's Report prepared by BDO
Project	Karara Project
RG 111	Content of expert reports (March 2011)
RG 112	Independence of experts (March 2011)

Reference	Definition
Shareholders	Shareholders of Gindalbie not associated with Ansteel
Valuation Engagement	An Engagement or Assignment to perform a Valuation and provide a Valuation Report where the Valuer is free to employ the Valuation Approaches, Valuation Methods, and Valuation Procedures that a reasonable and informed third party would perform taking into consideration all the specific facts and circumstances of the Engagement or Assignment available to the Valuer at that time.
Variation	The variation to the security arrangements over Karara's debt, which results in Gindalbie's liability being limited to its equity interest in Karara
VWAP	Volume Weighted Average Price

The Directors

BDO Corporate Finance (WA) Pty Ltd

38 Station Street

SUBIACO, WA 6008

Australia