

Key Points

- At 30 September 2015, Gindalbie Metals Ltd (Gindalbie) had term deposits of AUD\$39 million and cash reserves of AUD\$795 thousand.
- Production of magnetite concentrate by Karara Mining Limited (KML) (Gindalbie 47.84%, Ansteel 52.16%) from the Karara Project (Karara) during the September 2015 Quarter increased by 8.4% compared to the June 2015 Quarter.
- Average magnetite production unit cash cost by KML has reduced during the September 2015 Quarter, decreasing by 4.9% compared to the June 2015 Quarter.



CORPORATE

Financial Report for the Year ended 30 June 2015

The primary asset of Gindalbie is a 47.84% investment in Karara Mining Limited (KML). The remaining 52.16% is ultimately owned by Ansteel Group Corporation (Ansteel). Gindalbie no longer has joint control or the ability to significantly influence KML and reclassified the asset from an investment in an Associate to an Investment during the year ending 30 June 2015. Gindalbie released its financial accounts for the year ending 30 June 2015 on 17 September 2015 (see ASX Release – 17 September 2015).

Shareholder Information

As at 30 September 2015, Gindalbie had 1,495,622,940 shares on issue and 15,109 shareholders.

The Top 20 shareholders held 54.79% of the issued share capital of Gindalbie.

Cash Reserves

At 30 September 2015, Gindalbie had term deposits of AUD\$39 million and cash reserves of AUD\$795 thousand.

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 2015 Quarter KML produced approximately 1.85 million wet metric tonnes ('WMT') of magnetite concentrate at Karara, an increase of 8% over June 2015 Quarter production of 1.70 million WMT. KML produced approximately 698,717 WMT of hematite during the same period.

A total of 41 shipments were completed by KML from the Karara Export Terminal at Geraldton totalling approximately 2.47 million WMT of magnetite concentrate and hematite.

Magnetite production grade quality during the September 2015 Quarter averaged 65.8% Fe.

Karara Magnetite Unit '000 WMT			
Quarter (Qtr)	Mar-15 Qtr	June-15 Qtr	Sep-15 Qtr
Ore Mined	2,947	4,440	4,394
Concentrate Produced	1,490	1,702	1,845
Concentrate Shipped	1,450	1,689	1,820

Karara Hematite Unit '000 WMT			
Quarter (Qtr)	Mar-15 Qtr	June-15 Qtr	Sep-15 Qtr
Ore Mined			
High Grade	391	559	602
Medium Grade	0	0	0
Low Grade	113	0	97
Total Mined	504	559	699
Hematite Shipped	922	751	651

For the September 2015 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 \$58² per WMT (June 2015 Quarter: approximately USD \$61 per WMT).

KML continues to focus on reduction of its production costs amid continuing volatility of iron ore prices.

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 2015 Quarter – average of approximately 65.6% Fe) plus a premium for the greater value in use of magnetite concentrate³

¹ The average daily USD/AUD exchange rate as published by the RBA during the September 2015 Quarter was 0.7258 which has been used to convert AUD to USD in this report.

² Fixed costs are allocated between magnetite concentrate and hematite on the basis of WMT. Hematite production is expected to reduce during the remainder of 2015 resulting in allocation of a higher proportion of fixed costs to magnetite concentrate and (subject to any increase of magnetite production) a corresponding increase of magnetite unit cost.

³ The full value in use premium on sale of magnetite concentrate (September 2015 Quarter – average USD \$3.45/WMT; June 2015 Quarter – average USD \$2.00/WMT) is shared under an agreement for product marketing and sales between KML and Angang International Trade Corporation; KML's approximate entitlement to share of the premium was as follows: September 2015 Quarter – average USD \$2.08/WMT; June 2015 Quarter – average USD \$1.20/WMT.

(September 2015 Quarter – average of approximately USD \$3.46 per WMT; June 2015 Quarter: average of approximately USD \$2.00 per WMT) less a penalty for impurities.

The average realised CFR⁴ price for the September 2015 Quarter was approximately USD \$56 per WMT⁵ (June 2015 Quarter: approximately USD \$58 per WMT).

GINDALBIE REGIONAL EXPLORATION

Exploration during the September 2015 Quarter comprised annual statutory technical reporting and review work on project targets.

Exploration activities during the December 2015 Quarter will focus on completing annual statutory reporting on tenure and project target work.

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 June 2015 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.
