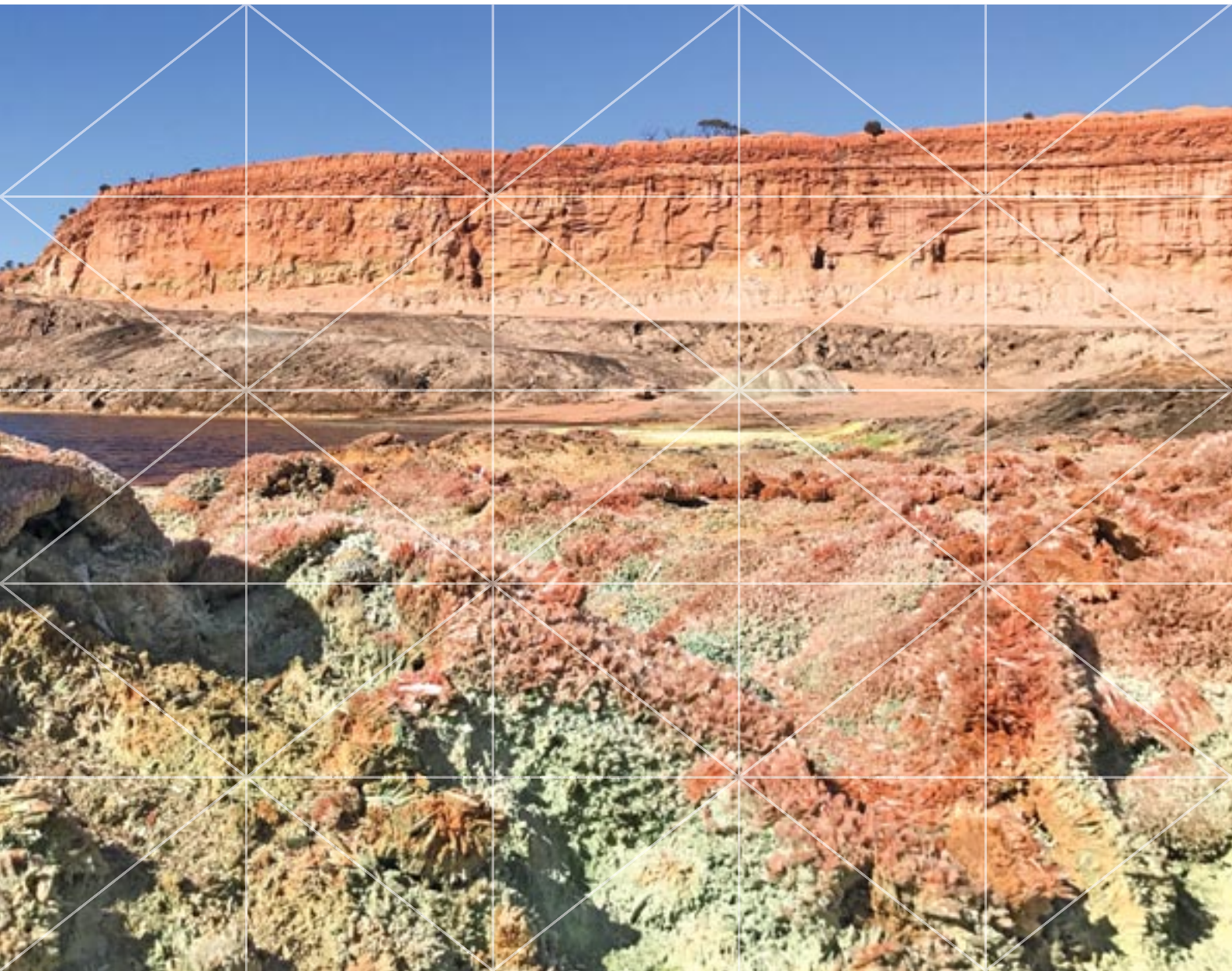
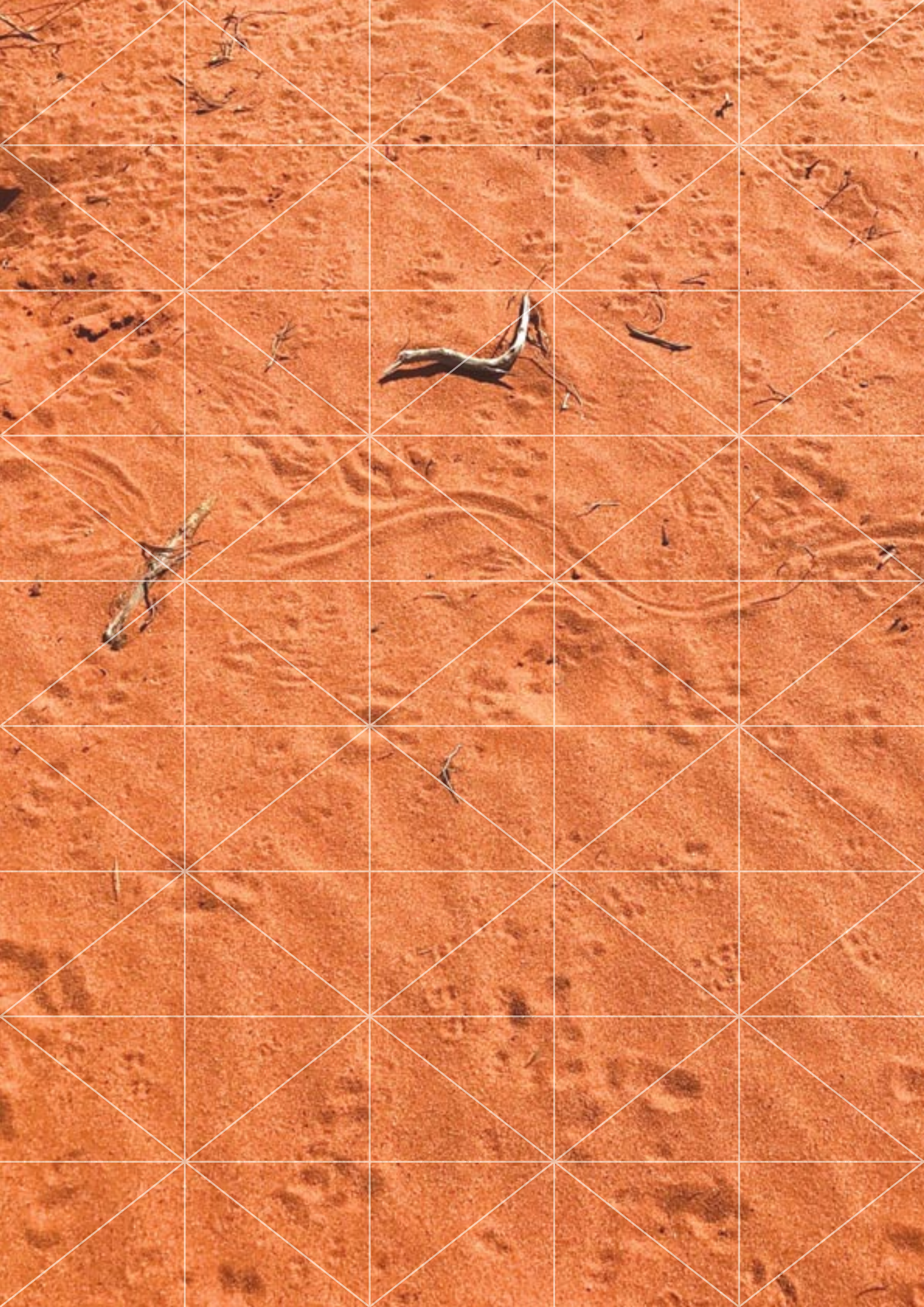
GINDALBIE
METALS LTD

2017 Annual Report





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Corporate Directory

Directors

Keith Jones
Chairman

Andrew (Robin) Marshall
Non Executive Director

Paul Hallam
Non-Executive Director

Ge Li
Non-Executive Director

An Lin Shao
Non-Executive Director

Company Secretary

Rebecca Moylan

Registered Office & Administration

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Perth WA 6000
Australia

Share Registry

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Chairman's Report

On behalf of the Board of Directors of Gindalbie Metals I am pleased to present you with the Company's 2017 Annual Report.

Gindalbie's primary focus remains on maximising the value of our remaining cash resources. We have $37m cash to deploy.

The board and executive are implementing our strategic plan, directed to establishing Gindalbie as a value based mining investor and operator.

During the past year, Gindalbie entered into a Farm-in and Joint Venture with Terrace Mining Pty Ltd for the Mt Gunson Copper-Cobalt Project in addition to the continuation of business development activities.

Stage 1 of the Mt Gunson farm-in has commenced and activities are progressing on schedule with the completion of stage 1 phase expected in the first quarter of 2018.

In addition to advancing studies at Mt Gunson, we continue to have a strategic focus on the identification and assessment of new opportunities that can add value to the shareholders of Gindalbie.

Our preference is for a staged entry into post scoping stage projects with potential for commercialisation through sale, JV or development within an 18 to 48 month period. A number of projects are currently under evaluation and progressing through due diligence stages.

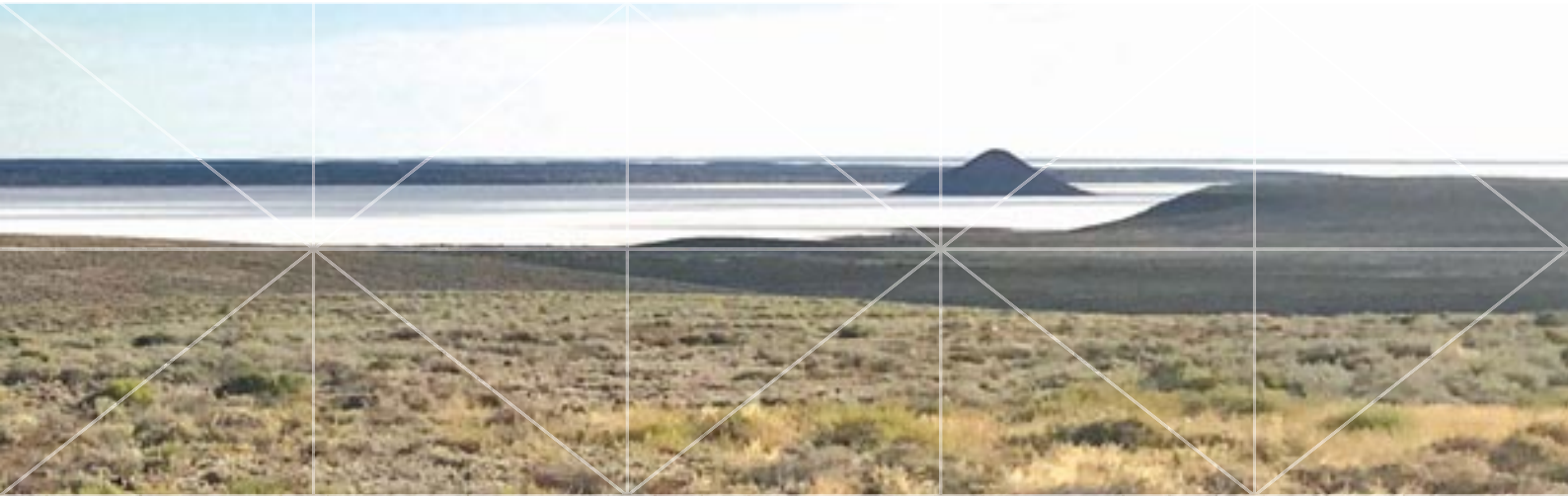
The team has worked hard during the year and I thank all employees of Gindalbie for their effort. I also appreciate the support that our executive team has received from the Board of Directors.

We remain committed to assisting Ansteel in relation to Karara and its mining and processing operations.

I thank Ansteel and its representatives for their support and input over the year, the Australian board members of Gindalbie for their focus on doing the best by our shareholders and our executives for their ongoing commitment.

In particular, I would like to thank our shareholders, many of whom have supported us through difficult times in the iron ore markets. We now look forward to delivering new value for all of our shareholders through development of new opportunities and new projects.

Keith Jones
Chairman



Corporate Update

Investment in Mt Gunson

Gindalbie Metals Ltd is pleased to announce on the 17th March 2017 a farm-in and joint venture agreement was executed with Terrace Mining Pty Ltd (Terrace), to earn up to 75% interest in the Mount Gunson Copper-Cobalt Project, located 135 km north of Port Augusta in South Australia (Project).

Investment in Karara Mining Ltd (47.84%)

Karara Mining Ltd ('KML'), a joint venture between Gindalbie and Ansteel, is operating the Karara Project, approximately 200km east of Geraldton in the Mid West region of Western Australia.

The Karara Project ('Karara') is the largest magnetite project in Australia and has been financed by equity contributions from Ansteel and debt funding in various forms including syndicated bank facilities and direct funding by Gindalbie and the Ansteel Group.

During the year Ansteel has arranged and guaranteed a one-year extension on two separate bank debt for KML. Gindalbie, in accordance with the shareholder vote in November 2015, no longer has a contingent liability with respect to the shareholder guarantee provided by the company to Ansteel for these term loans.

Ansteel Funding and Options for Equity Conversion and Subscription

Ansteel has a right to subscribe for new equity in KML to provide KML, if required, with sufficient funds to repay bank debt and a concentrate presale agreement, totaling US$230 million. This right, if exercised, would increase Ansteel's stake in KML from 52.16% to approximately 62%, with Gindalbie's ownership of KML reducing from 47.84% to approximately 38%.

Review of Operations

Mount Gunson Project

Gindalbie is pleased to announce that during the year the Company entered into a farm-in and joint venture agreement with Terrace Mining Pty Ltd to earn up to 75% interest in the Mount Gunson Copper-Cobalt Project, located 135 km north of Port Augusta in South Australia.

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 of prospective exploration tenements in one of the world's premier copper belts. The Project includes substantial existing mineral resources contained within two 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.

Following the completion of all conditions precent to the Farm-in and Joint Venture agreement on the 19th May 2017, phase one of the Farm-in commenced. The metallurgical options study has completed and has identified potential processing flowsheets for the ore at Mt Gunson. A detailed scope for metallurgical test work has been completed and will be implemented once the drilling program has been completed. A significant drilling program to obtain core for detailed metallurgical testwork was undertaken in August 2017.

Gindalbie Mid-West Regional Project

Gindalbie has a tenement package in the Mid-West region outside of the Karara Project, namely the Lodestone Magnetite Project.

Lodestone Magnetite Project

The Lodestone Magnetite Project, located 45km south-east of Karara, has a JORC 2012 Compliant Mineral Resource (Resource), details on page [xx].

The Lodestone magnetite deposit compares favourably with other magnetite deposits in Australia in terms of size and grade. It should be noted that this is a global resource estimate and further work is required to investigate opportunities to improve the magnetite weight recovery.

Review of Operations

Karara Project

Overview

Karara is the largest new resource project in the Mid West region of Western Australia comprising a substantial, long-life magnetite concentrate operation with the potential to produce +30Mtpa for more than 35 years. In January 2013, the first shipment of Karara magnetite concentrate was made from the Karara Export Terminal in Geraldton.

Production

Karara produced 8 million wet metric tonnes (wmt) of magnetite concentrate during the financial year which is an increase of 12.8% when compared to the prior financial year production of 7.09 million wmt.

A total of 142 shipments were completed and the magnetite production quality averaged 65.5% Fe during the reporting period.

Karara Operation

The mines key focus areas have been on optimising ore blasting fragmentation, crusher ore feed management, concentrate production and reducing costs.

During the last 12 month period, the following optimisation projects were undertaken:

- Improved blasting practices to improve ore fragmentation, which in turn has improved crusher throughput rates and crusher liner life resulting in reduced maintenance.
- Improved maintenance strategies and practices to reduce outages resulting in improved plant availability and reduced costs.
- Cost saving initiatives with Karara suppliers.

KML Funding

Ansteel has provided additional capital into Karara to meet its ongoing cash requirements.

Ansteel, as the majority Shareholder, has continued to provide ongoing technical and financial support to the Project.

Karara Magnetite					
Unit '000 wmt	**Sep-16 Qtr**	**Dec-16 Qtr**	**Mar-17 Qtr**	**Jun-17 Qtr**	**FY2017 Total**
Ore mined	4,680	5,436	4,765	4,891	19,772
Concentrate Produced	1,891	2,087	1,994	2,095	8,067
Concentrate Shipped	1,842	2,101	2,066	2,093	8,102

The mining of magnetite ore from Karara was managed throughout the reporting period to match the concentrator throughput requirements.

Sustainability Report

Safety Management

Gindalbie and KML value the health and safety of all of their employees, contracting partners, site visitors and the wider community in which they operate. Gindalbie and KML are committed to a 'zero harm' philosophy relating to safety performance in all areas of the business.

Inspectors from the Department of Mines and Petroleum ("DMP") made several routine visits to audit and inspect different areas of the Karara operations during the reporting period. The main focus has been to review Karara's safety management systems including processes for identifying and controlling operational hazards and risks. The DMP has provided some encouraging comments and observations about the continued development and enhancement of Karara's safety culture and safety systems.

Improvement in safety performance is a critical and ongoing business priority. There has been a major focus on planning and implementation of an initial suite of Safety Improvement Projects. These projects were chosen for their strategic importance to safety leadership and increased employee engagement in the development of Karara's safety culture. They include a review of critical risk management, hazard identification / control, communication and incident management systems and processes.

Community Engagement

The development and engagement of the Mid West communities in which we operate is a key commitment of Gindalbie and KML. The objective of developing long-term, sustainable outcomes that deliver local benefits, such as employment, skills development, community partnership and local business development opportunities has continued.

Community investment activities focus around the key pillars of regional health, education, youth development and housing. Additional leverage is gained by forging partnerships with key associations and organisations that enhance our financial investment.

Environmental Management

Gindalbie and KML's current exploration and development activities are conducted in accordance with environmental regulations under both Commonwealth and State legislation.

Both companies are committed to achieving superior standards in environmental performance. An environmental management system is in place and a dedicated team of environmental professionals ensure compliance with all statutory requirements including monitoring and reporting on all emissions, environmental controls, waste management, water management, rehabilitation, native vegetation / flora and native / feral fauna management.

Compliance with all relevant environmental regulations, licence / permit conditions and with the requirements of appropriate regulatory bodies - including the Office of the Environmental Protection Authority, Department of Environment Regulation and the DMP - was achieved across all areas of the business.

There were no instances of non-compliance in relation to any licence or permit requirement, or to any instructions or directions from any governing agency. The Board is not aware of any significant breaches during the period covered by this report.

Directors' Report

For the year ended 30 June 2017

The Directors present their report together with the financial statements of the Company, Gindalbie Metals Ltd ('the Company', 'Gindalbie') for the financial year ended 30 June 2017 and the Auditor's Report thereon.

1. Directors

The Directors of the Company at any time during or since the end of the financial year were:

Name & Qualifications	Experience and Special Responsibilities
Mr Keith F Jones B.Bus, FCA, FAICD Non-Executive Chairman	Former Chair of Deloitte Australia Extensive resource industry experience Director since March 2013 Appointed as Chairman April 2013
Mr Andrew R Marshall I. Eng, MAICD Independent Non-Executive Director	Former Project Director for Vale Inco Former Vice President - Asset Development Projects for BHP Billiton Iron Ore Former Project Manager for North Limited Former Project Director of Iron ore Company for Canada Former Manager Projects for Forrestainia Gold / LionOre Australia Former Project Manager and Manager of Engineering & Project Services for Western Mining Corporation Former Project Manager for Nedpac / Signet Engineering Former Non-Executive Director Sundance Resources NL (Oct 10 - Jan 15) Chairman Gruyere Project Steering Committee Gold Road Resources (June 2016) Director since December 2010
Mr Paul D Hallam BE (Hons) Mining, Grad Cert Mineral Economics, FAICD, FAUSIMM Independent Non-Executive Director	Former Director - Operations of Fortescue Metals Group Limited Former Executive General Manager - Development & Projects of Newcrest Mining Limited Former Director - Victorian Operations of Alcoa Former Executive General Manager - Base and Precious Metals of North Limited Former Chairman Powertrans Pty Ltd Former Non-Executive Director of Enterprise Metals Limited Former Non-Executive Director of Karara Mining Limited Former Non-Executive Director of Tintina Resources Inc Non-Executive Director of Altona Mining Limited (Mar 13) Non-Executive Director of Sandfire Resources NL (May 13) Director since 14 December 2011
Mr A Shao PHD Mining Non-Executive Director	General Manager of Ansteel Consolidated entity Mining Company President of the Metallurgical Mine Association of China Former Chief Engineer of Dong An Shan Iron Ore Mine Former General Manager of Yan Qian Shan Iron Ore Mine Former Deputy General of Gong Chang Ling Iron Ore Co Director since March 2015
Mr G Li B.Fin Non-Executive Director	Deputy Director of financial operations department at Ansteel Supervisor of the board of supervisors in two sub-corporations of Ansteel Director since March 2015

2. Company Secretary

Ms Rebecca Moylan BBus, CPA, Grad Dip Applied Finance (FINSIA), GAICD was appointed Company Secretary from 25 May 2015. Ms Moylan has worked for Gindalbie since May 2011 and has corporate experience working with listed and unlisted companies in varied industries.

Directors' Report

For the year ended 30 June 2017

3. Principal Activities

The principal activities of the Company during the year were the entry into a farm-in and joint venture agreement with Terrace Mining Pty Ltd, exploration for and evaluation of projects and potential joint ventures with other mining companies to explore for minerals, and exploration and potential development of its 100% owned projects. During the year the Company retained its 47.84% Equity Interest in the Karara Project ("Karara").

4. Result of Operations

The net loss for the year ended 30 June 2017 was $1.2 million, (2016 - net loss of $6.3 million).

The net loss for Gindalbie represented corporate overheads ($2.1 million), non-cash impairment charge related to assets ($111 thousand), which was partially offset by interest income ($958 thousand).

As at the reporting date, the Company has $37.36 million of cash reserves, including $33.6 million in term deposits.

5. Directors' Meetings

The number of Directors' meetings and number of meetings attended by each of the Directors of the Company during the financial year were:

Director	Directors Meetings	
	A	B
Mr K F Jones	3	3
Mr R Marshall	3	3
Mr P Hallam	3	3
Mr G Li *	2	3
Mr A Shao *	0	3

A Number of meetings attended
B Number of meetings held during the time the Director held office during the year
* Alternate director present for Mr A Shao at all three meetings and an Alternate director had been appointed for Mr G Li during one meeting.

6. Corporate Strategy & Likely Developments

The Company's primary short term focus will be on exploration and development opportunities through joint ventures, sole funded exploration activity and acquisitions.

7. Events Subsequent to Reporting Date

In August 2017, KML renewed the US$400 million Fixed Term Loan Facility with China Development Bank and Bank of China which was due for repayment in August 2017, for another 12 months to August 2018. However, Gindalbie did not provide consent to extend its shareholder guarantee over the renewal period and accordingly no longer provides any shareholder guarantee to Ansteel in respect of this loan. Consequently, Gindalbie no longer has a contingent liability with respect to this loan and this results in a material reduction to Gindalbie's contingent liabilities since 30 June 2017.

8. Environmental Regulation

The Company's current exploration and development activities are conducted in accordance with environmental regulations under both Commonwealth and State legislation.

As stated in the Environmental Policy, the Company is committed to achieving superior standards in its environmental performance. It has employed environmental professionals to monitor this area of operating performance, with responsibility for monitoring of environmental exposures and compliance with environmental regulations.

Compliance with the requirements of environmental regulations and with specific requirements of the relevant managing authorities including the Department of Environment and Conservation, and the Department of Industry and Resources was achieved across all aspects of the current operations.

There were no instances of non-compliance in relation to any instructions or directions from the relevant governing agencies. The Board is not aware of any significant breaches during the period covered by this report.

9. Remuneration Report - Audited

9.1. Key management personnel disclosures

The following were key management personnel of the Company at any time during the reporting period and unless otherwise indicated were key management personnel for the entire period:

Non-Executive Directors

Mr K F Jones Chairman
Mr A R Marshall
Mr P Hallam
Mr G Li
Mr A Shao

Executives

Mr C Stevens Chief Executive Officer (CEO)
Ms R Moylan Chief Financial Officer and Company Secretary

9.2. Principles of compensation

Remuneration is referred to as compensation throughout this report.

Key management personnel have authority and responsibility for planning, directing and controlling the activities of the Company. Key management personnel include the Directors of the Company and senior executives for the Company, in accordance with S300A of the *Corporations Act 2001*.

Compensation levels for Directors and key management personnel of the Company are competitively set to attract and retain appropriately qualified and experienced Directors and executives. The Board obtains independent data on compensation packages and trends in comparative companies, and this information is used as one of the determinants in deciding the appropriateness of the Company's compensation strategy.

The compensation structures explained below are designed to attract suitably qualified candidates, reward the achievement of strategic objectives, and achieve the broader outcome of creation of value for shareholders. The compensation structures take into account:

- the capability and experience of the key management personnel; and
- the key management personnel's assessed contribution to the Company's financial and operational performance.

Key management personnel can receive a portion of base remuneration as non-cash benefits. Non-cash benefits typically include payment of motor vehicle expenses. Any fringe benefit tax on these benefits is generally borne by the executive.

Compensation packages for key management personnel include a mix of fixed and variable compensation and short-term and long-term performance-based incentives.

The below table represents the target remuneration mix for executives in the current year. The short-term incentive is provided at target levels, and the long-term incentive amount is provided based on the value granted in the current year.

		At Risk
	Fixed remuneration	Short-term incentive
Executives under service contracts		
CEO	64%	36%
Executives under standard Company Contracts		
CFO and Company Secretary	75%	25%

Fixed compensation

Fixed compensation consists of base compensation (which is calculated on a total cost basis and includes any fringe benefits tax charges related to employee benefits including motor vehicles), as well as employer contributions to superannuation funds.

Compensation levels are reviewed annually by the Board through a process that considers individual performance and overall performance of the Company. In addition, external consultants may be used to provide benchmark data to the Board to ensure that key management personnel compensation is competitive in the market place. Key management personnel compensation is also reviewed on promotion. Compensation increases are usually effective from 1 July each year; however in March 2017 the Board approved a recommendation not to increase fixed compensation for all employees and will review salary increases in October 2017.

Performance-linked compensation

Performance linked compensation includes both short-term and long-term incentives, and is designed to reward key management personnel for meeting or exceeding company objectives (both financial and non-financial). The short-term incentive plan (STI) is a discretionary 'at risk' bonus provided in the form of cash. The deferred compensation scheme incorporates the issue of options over ordinary shares of the Company under the rules of the employee share plan, which vest over a three-year period.

Short-term incentive bonus

The short-term incentive plan is intended to focus employee behaviour towards the achievement of activities and milestones that contribute to the Company meeting its business objectives for the financial year. In addition, it also provides clear alignment between personal and business performance and remuneration. Company objectives are used to determine the performance rating. The Chief Executive Officer evaluates the Company's strategic goals for the forthcoming financial year and identifies Key Performance Indicators (KPI's) which are deemed to be critical to the Company achieving its mission each financial year. These objectives are reviewed and if considered appropriate, approved by the Board.

At the end of the financial year the Chief Executive Officer assesses the Company's performance against the Company KPI's to determine the overall business score.

The performance rating will range between 50% for minimum performance, 75% for target performance and 100% for stretch performance. No bonus is awarded where performance does not meet minimum performance standards. The Board recommends and approves the cash incentive to be paid to the individuals.

Employees are eligible for a short term incentive award of 10% - 36% of Total Fixed Remuneration (base salary plus superannuation).

The Board approved an amount to be paid to members of the executive team and staff for the 2016 / 17 year STI bonus scheme in March 2017.

Long Term Incentive Deferred Compensation Scheme - share options

Options are issued under the Employee Share Option Plan (made in accordance with the criteria as set out in the plan approved by shareholders at the 2006 AGM). The total value of share options issued to eligible employees is equivalent to 1.25 times the value of the employee's STI award for the prior financial year (i.e. calculation of the maximum award is dependent upon satisfaction of STI performance hurdles). These share options vest subject to specific service conditions. All options are issued for no consideration, and are therefore similar in substance to "performance rights". There were no options granted to key personnel during the year ended 30 June 2017 (2016– nil options granted).

All Directors and employees participating in any Company equity incentive plan are prevented from hedging the economic benefit of any unvested performance shares or options under such plans, as such arrangements have been prohibited by law since 1 July 2011. Hedging is permitted in respect of any performance shares or options that have vested.

Short-term and long-term incentive structure

Each year the Chief Executive Officer recommends the KPI's for the key management personnel, which are approved by the Board. The Board considers that the performance-linked compensation structure provides appropriate incentives to key management personnel. The CEO's STI payment for the current year has been made in line with the following: A one-off cash bonus of $100,000 payable subject to completion and settlement of a material transaction or transactions in line with board approved strategy with a transaction value of greater than 15% of Gindalbie's market capitalisation during the 30 days prior to the announcement of the transaction. Due to the difficulty in setting standard operating KPIs during FY17 that the CFO's STI payment is linked to that of the CEO. The CEO has been given the discretion to award a payment of up to 10% of total fixed remuneration to other staff based on the same criteria as the above. The total of this amount is not expected to exceed A$10k.

Consequences of performance on shareholder wealth

In considering the Company's performance and benefits for shareholder wealth during the year ended 30 June 2017, the Board believes that safety performance, profitability, share price performance and achievement of specific strategic development objectives are the key links between the Company's performance and the attainment of increased shareholder wealth.

	2017	2016	2015	2014	2013
Total comprehensive income attributable to owners of the company ($000)	(1,244)	(6,260)	(11,240)	(588,792)	(136,643)
Change in share price ($)	(-)	(0.01)	(0.03)	(0.06)	(0.33)

The following key terms apply in respect of each of the contracts:

Position	Term	Notice Period	Redundancy Terms
Chairman (Mr K Jones)	Unlimited	Nil	Nil
CEO (Mr C Stevens)	2 year term	12 weeks	3 months' salary
CFO and Company Secretary (Ms R Moylan)	Unlimited	4 weeks	6 months' salary

The Company retains the right to terminate the contracts immediately by the payment of the redundancy term.

The key management personnel are also entitled to receive on termination of employment their statutory entitlements of accrued annual and long service leave, together with any superannuation benefits.

The service and employment contracts outline the components of compensation paid to the key management personnel but do not prescribe how compensation levels are modified year to year. Compensation levels are reviewed each year to take into account cost of living changes, any change in the scope of the role performed and any changes required to meet the principles of the compensation policy.

There is no entitlement to termination payment in the event of removal for misconduct.

Directors' Report

For the year ended 30 June 2017

Non-Executive Directors

Total compensation for all Non-Executive Directors, last voted upon by shareholders at the 2010 AGM, is not to exceed $1,000,000 per annum and is set based on advice from external advisors with reference to fees paid to other Non-Executive Directors of comparable companies.

Directors' fees cover all board activities. Effective from 1 September 2012 Committee fees were increased to $42,000 per annum (previously $35,000) and are payable to those Non-Executive Directors who sit on two or more Committees (including Committees of Karara Mining Ltd (KML)). Non-Executive Directors do not generally receive bonuses but may be issued with employee options under the Employee Share Option Plan or via the express approval of shareholders / Board of Directors. Nevertheless the Board charter has been amended to formally recognise that at this stage of the Company's development no further options will be issued to Non-Executive Directors. The Board has taken on the role of the Committees from 1 January 2015 and no Committee fees were paid from 1 January 2015.

Directors' and executive officers' remuneration

Details of the nature and amount of each major element of remuneration of each Director of the Company and each of the key management personnel of the Company are listed in the following page. Directors' and executive officers' remuneration amounts include the accrual of cash bonuses and long term incentives, accruals of annual leave and long service leave.

		Short term		Post-employment	Other long term			Other compensation		Total performance related remuneration %
					Long term incentive	Other long term (Annual Leave)	Share based payments			
		Salary & fees $	Cash bonus $	Superannuation benefits $	$		Value of options (a) $	Termination benefits $	Total $	
Directors										
Non-executive directors										
Mr KF Jones	2017	188,584	-	17,916	-	-	-	-	206,500	-
	2016	188,584	-	17,916	-	-	-	-	206,500	-
Mr R A Marshall	2017	52,740	-	5,010	-	-	-	-	57,750	-
	2016	52,740	-	5,010	-	-	-	-	57,750	-
Mr P Chen (resigned 27 November 2015)	2017	-	-	-	-	-	-	-	-	-
	2016	23,575	-	-	-	-	-	-	23,575	-
Mr P Hallam	2017	52,740	-	5,010	-	-	-	-	57,750	-
	2016	52,740	-	5,010	-	-	-	-	57,750	-
Mr A Shao	2017	57,750	-	-	-	-	-	-	57,750	-
	2016	57,750	-	-	-	-	-	-	57,750	-
Mr Ge Li	2017	57,750	-	-	-	-	-	-	57,750	-
	2016	57,750	-	-	-	-	-	-	57,750	-
Sub-total non-executive directors remuneration	2017	409,564	-	27,936	-	-	-	-	437,500	-
	2016	433,139	-	27,936	-	-	-	-	461,075	-
Executive directors										
Mr MJ O'Neill (resigned 26 October 2015 as acting Managing Director)	2017	-	-	-	-	-	-	-	-	-
	2016	44,257	-	14,754	-	-	-	90,000	149,011	-
Total, all directors	**2017**	**409,564**	-	**27,936**	-	-	-	-	**437,500**	-
	2016	**477,396**	-	**42,690**	-	-	-	**90,000**	**610,086**	-
Executives										
Mr C Stevens (Chief Executive Officer) (commenced Acting CEO (consultant) 23 November 2015 and (staff) CEO 23 May 2016)	2017	257,115	100,00	20,896	-	8,338	-	-	386,349	26%
	2016	135,669	-	2,933	-	2,515	-	-	141,117	-
Ms R Moylan (Chief Financial Officer and Company Secretary)	2017	217,462	50,000	27,436	-	(615)	-	-	294,283	17%
	2016	207,935	20,000	32,965	-	820	-	-	261,720	8%
Mr C Gerrard (General Counsel and Company Secretary) (resigned 5 October 2015)	2017	-	-	-	-	-	-	-	-	-
	2016	55,636	-	5,285	-	-	-	41,000	101,921	-
Total, all executives	2017	474,577	150,000	48,332	-	7,723	-	-	680,632	-
	2016	399,240	20,000	41,183	-	3,335	-	41,000	504,758	-
Total, all key management personnel	2017	884,141	150,000	76,268	-	7,723	-	-	1,118,132	-
	2016	876,636	20,000	83,873	-	3,335	-	131,000	1,114,844	-

9.3. Analysis of STI bonuses included in remuneration

Details of the vesting profile of the short-term cash bonuses awarded as remuneration to each Director of the Company, and other key management personnel are detailed below:

	Included in remuneration	Short- term incentive bonus	
Executives	**$ A**	% vested in year	% forfeited in year
Mr C Stevens	100,000	100%	-
Ms R Moylan	50,000	83%	17%

9.4. Equity Instruments

All options refer to options over ordinary shares in the Company, which are exercisable on a one-for-one basis under the Employee Share Option Plan.

9.5. Modification of terms of equity-settled share-based payment transactions

No terms of equity-settled share-based payment transactions (including options and rights granted as compensation to a key management person) have been altered or modified by the issuing entity during the reporting period or the prior period, other than all options were deemed vested by the Directors during the financial year. This modification did not result in an increase in the fair value of the options.

9.6. Exercise of options granted as compensation

During the reporting period, 889,120 shares were issued on the exercise of options previously granted as compensation.

The movement during the reporting period, by value, of options over ordinary shares in the Company held by each key management personnel is detailed below:

	Granted in year (a) $	Value of Options exercised in year (b) $	Number of Options lapsed / forfeited in year	Year in which lapsed / forfeited options were granted
Ms R Moylan	-	2,778	-	-
Mr C Stevens	-	-	-	-

(a) The value of options granted in the year is the fair value of the options calculated at grant date using either the Black-Scholes or Binomial option pricing models. The total value of the options granted is included in the table above. This amount is allocated to remuneration over the relevant vesting period.

(b) The value of options exercised during the year is calculated as the market price of shares of the Company on the Australian Securities Exchange as at close of trading on the date the options were exercised after deducting the price paid to exercise the option.

9.7. Key management personnel transactions

(a) Loans to Key Management personnel and their related parties

There were no loans or other transactions made to/with key management personnel.

(b) Other transactions with key management personnel

The aggregate amounts recognised during the year relating to key management personnel and their related parties were $nil (2016: $nil).

There were no loans or other transactions made to/with key management personnel.

(c) Movement in shares

The relevant interest of each Director in the share capital of the Company, as notified by the Directors to the Australian Securities Exchange in accordance with S205G(1) of the Corporations Act 2001, at the date of this report is as follows:

Director	Held at 30 June 2016	Options over ordinary shares	Held at 30 June 2017
Mr K F Jones	300,000	-	300,000
Mr A R Marshall	200,000	-	200,000
Mr P D Hallam	100,000	-	100,000

10. Share Options

10.1 Unissued shares under option

At the date of this report unissued ordinary shares of the Company under option are:

Expiry date	Exercise Price	Number of Options
31 October 2017	$0.00	362,110
		362,110

All options are employee options and expire on the earlier of their expiry date or three months after the termination of the employee's employment unless extended by the Directors of the Company.

The above options do not entitle the holder to participate in any potential share issue of the Company.

10.2 Shares issued on exercise of options

During the financial year, the Company has issued 889,120 ordinary shares as a result of the exercise of options (exercise price of $0.00).

11. Lead Auditor's Independence Declaration & Non-Audit Services

The Lead Auditor's Independence Declaration is set out on page 18 and forms part of the Directors' Report for the year ended 30 June 2017.

During the year KPMG, the Company's auditor, has performed certain other services in addition to their statutory duties. The Board has considered the non-audit services provided during the year by the auditor and in accordance with written advice provided by resolution of the Board, is satisfied that the provision of those non-audit services during the year by the auditor is compatible with, and did not compromise, the auditor independence requirements of the Corporations Act 2001 for the following reasons:

- all non-audit services were subject to the corporate governance procedures adopted by the Company and have been reviewed by the Board to ensure they do not impact the independence and objectivity of the auditor.
- the non-audit services provided do not undermine the general principles relating to auditor independence as set out in APES 110 *Code of Ethics for Professional Accountants*, as they did not involve reviewing or auditing the auditor's own work, acting in a management or decision making capacity for the Company, acting as an advocate for the Company or jointly sharing risks and rewards.

Details of the amounts paid to the auditor of the Company, KPMG, and its related practices for audit and non-audit services provided during the year are set out below:

	2017 $	2016 $
Audit services:		
Auditors of the Company - *KPMG Australia*		
- audit and review of financial reports	81,423	87,357
Other services:		
Auditors of the Company - *KPMG Australia*		
- taxation services	10,450	8,000
	91,873	95,357

Directors' Report

For the year ended 30 June 2017

12. Rounding Off

The Company is of a kind referred to in ASIC Corporations (Rounding in Financial / Directors' Reports) Instrument 2016/191 and in accordance with that Instrument, amounts in the financial statements and directors' report have been rounded off to the nearest thousand dollars, unless otherwise stated.

13. Indemnification and Insurance - Officer or Auditor

The Company, during the financial year, in respect of any person who is or has been an officer or auditor of the Company:

- has not indemnified or made any relevant agreement for indemnifying against a liability incurred as an officer or auditor; or
- paid a premium of $90,195 for a policy of insurance to cover legal liability and expenses for the Directors and executive officers in the event of any legal action against them arising from their actions as officers of the Company.

The insurance policy does not contain details of the premiums paid in respect of individual officers of the Company.

Signed in accordance with a resolution of Directors at Perth, WA on 12 September 2017.

K F Jones
Director

Auditor's Independence Declaration

For the year ended 30 June 2017

Lead Auditor's Independence Declaration under Section 307C of the Corporations Act 2001

To the Directors of Gindalbie Metals Ltd

I declare that, to the best of my knowledge and belief, in relation to the audit of Gindalbie Metals Ltd for the financial year ended 30 June 2017 there have been:

i. no contraventions of the auditor independence requirements as set out in the *Corporations Act 2001* in relation to the audit; and

ii. no contraventions of any applicable code of professional conduct in relation to the audit.

KPMG

Brent Steedman
Partner

Perth

12 September 2017

Independent Auditor's Report

For the year ended 30 June 2017

Independent Auditor's Report

To the shareholders of Gindalbie Metals Ltd

Report on the audit of the Financial Report

Opinion

We have audited the ***Financial Report*** of Gindalbie Metals Ltd (the Company).

In our opinion, the accompanying Financial Report of the Company is in accordance with the *Corporations Act 2001*, including:

- giving a true and fair view of the Company's financial position as at 30 June 2017 and of its financial performance for the year ended on that date; and
- complying with *Australian Accounting Standards* and the *Corporations Regulations 2001*.

The ***Financial Report*** comprises:

- Statement of financial position as at 30 June 2017
- Statement of comprehensive income, statement of changes in equity, and statement of cash flows for the year then ended
- Notes including a summary of significant accounting policies
- Directors' Declaration.

Basis for opinion

We conducted our audit in accordance with *Australian Auditing Standards*. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the Financial Report* section of our report.

We are independent of the Company in accordance with the Corporations Act 2001 and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 Code of Ethics for Professional Accountants (the Code) that are relevant to our audit of the Financial Report in Australia. We have fulfilled our other ethical responsibilities in accordance with the Code.

Material uncertainty related to going concern

We draw attention to Note 2(c), "Investment in KML and Going Concern" in the financial report. The conditions disclosed in Note 2(c), indicate a material uncertainty exists that may cast doubt on the Company's ability to continue as a going concern and, therefore, whether it will realise its assets and discharge its liabilities in the normal course of business, and at the amounts stated in the financial report. Our opinion is not modified in respect of this matter.

In concluding there is a material uncertainty related to going concern we evaluated the extent of uncertainty regarding events or conditions casting significant doubt in the Company's assessment of going concern. Our approach to this included:

- Assessing the underlying facts and circumstances relating to the Company's contingent liabilities, for its proportionate share, in relation to guarantees issued under the "Agreement for Joint Development of Karara Iron Ore Project". This assessment included reading relevant agreements, Board papers and minutes, legal advice and discussions with Directors;
- Evaluating the Company's going concern disclosures in the financial report by comparing them to our understanding of the matter, the events of conditions incorporated into the cash flow projection assessment, the Company's plans to address those events or conditions, and accounting standard requirements. We specifically focused on the principle matters giving rise to the material uncertainty.

Independent Auditor's Report

For the year ended 30 June 2017

Key Audit Matters

The ***Key Audit Matters*** we identified is:

- Exploration and evaluation assets (E&E).

Key Audit Matters are those matters that, in our professional judgement, were of most significance in our audit of the Financial Report of the current period.

These matters were addressed in the context of our audit of the Financial Report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. In addition to the matter described in the *Material uncertainty related to going concern* section, we have determined the matter described below to be the Key Audit Matter.

Exploration and evaluation assets- $1.4 million

Refer to Note 12 and 3 (m)

The key audit matter	How the matter was addressed in our audit
Exploration and evaluation assets is a key audit matter due to the significance of the amount (being 82% of total noncurrent assets) and the greater level of audit effort to evaluate the Company's application of the requirements of the industry specific accounting standard AASB 6 Exploration for and Evaluation of Mineral Resources, in particular the conditions allowing capitalisation of relevant expenditure and presence of impairment indicators.	Our procedures included: • Assessing the Company's policy for exploration and evaluation assets against the requirements of the accounting standards. • Selecting a statistical sample of items recorded as exploration and evaluation assets and checking the expenditure amount recorded for consistency to invoices from third parties or other underlying documentation. • For the sample identified above, checking the nature of the expenditure for consistency with its classification as exploration and evaluation assets in accordance with the Company's accounting policy and the criteria in the accounting standards. • For each area of interest, we assessed the Company's current rights to tenure by corroborating the ownership of the relevant license to government registries and evaluating agreements in place with other parties. We also tested for compliance with conditions, such as minimum expenditure requirements, on a sample of licenses. • We evaluated the Company's documents, such as minutes of Board meetings, for consistency with their stated intentions for continuing E&E in certain areas. We corroborated this through interviews with key operational and finance personnel. • We analysed the Company's determination of recoupment through successful development and exploitation of the area by evaluating the Company's documentation of planned future/continuing activities and project and corporate budgets for each area.

Independent Auditor's Report

For the year ended 30 June 2017

Other Information

Other Information is financial and non-financial information in Gindalbie Metals Ltd's annual reporting which is provided in addition to the Financial Report and the Auditor's Report. The Directors are responsible for the Other Information.

The Other information we obtained prior to the date of this Auditor's Report was the Directors Report, Corporate Directory, Chairman's Report, Corporate Update, Sustainability Report, Summary Resources Statement, Competent Person's Statement, and Tenement Schedule. Operations Review and Shareholder information are expected to be made available to us after the date of the Auditor's report.

Our opinion on the Financial Report does not cover the Other Information and, accordingly, we do not express an audit opinion or any form of assurance conclusion thereon.

In connection with our audit of the Financial Report, our responsibility is to read the Other Information. In doing so, we consider whether the Other Information is materially inconsistent with the Financial Report or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

We are required to report if we conclude that there is a material misstatement of this Other Information, and based on the work we have performed on the Other Information that we obtained prior to the date of this Auditor's Report we have nothing to report.

Responsibilities of the Directors for the Financial Report

The Directors are responsible for:

- preparing the Financial Report that gives a true and fair view in accordance with *Australian Accounting Standards* and the *Corporations Act 2001*
- implementing necessary internal control to enable the preparation of a Financial Report that gives a true and fair view and is free from material misstatement, whether due to fraud or error
- assessing the Group's ability to continue as a going concern. This includes disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless they either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the Financial Report

Our objective is:

- to obtain reasonable assurance about whether the Financial Report as a whole is free from material misstatement, whether due to fraud or error; and
- to issue an Auditor's Report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with *Australian Auditing Standards* will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error. They are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this Financial Report.

A further description of our responsibilities for the audit of the Financial Report is located at the Auditing and Assurance Standards Board website at: http://www.auasb.gov.au/auditors_files/ar1.pdf. This description forms part of our Auditor's Report.

Independent Auditor's Report

For the year ended 30 June 2017

Report on the Remuneration Report

Opinion

In our opinion, the Remuneration Report of Gindalbie Metals Ltd for the year ended 30 June 2017, complies with Section 300A of the Corporations Act 2001.

Directors' responsibilities

The Directors of the Company are responsible for the preparation and presentation of the Remuneration Report in accordance with Section 300A of the Corporations Act 2001.

Our responsibilities

We have audited the Remuneration Report included in section 9 of the Directors' report for the year ended 30 June 2017.

Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

KPMG

Brent Steedman
Partner

Perth

12 September 2017

Directors' Declarations

For the year ended 30 June 2017

1. In the opinion of the Directors of Gindalbie Metals Ltd ("the Company"):

   (a) the financial statements and notes, and the Remuneration Report set out in section 9 of the Directors' Report, are in accordance with the Corporations Act 2001, including:

      (i) giving a true and fair view of the financial position of the Company as at 30 June 2017 and of its performance, for the financial year ended on that date; and

      (ii) complying with Australian Accounting Standards and the Corporations Regulations 2001; and

   (b) there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

2. The Directors have been given the declarations required by section 295A of the Corporations Act 2001 from the Chief Executive Officer and Chief Financial Officer for the financial year ended 30 June 2017.

3. The Directors draw attention to Note 2(a) to the financial statements, which include a statement of compliance with International Financial Reporting Standards.

Dated at Perth this 12th day of September 2017.

Signed in accordance with a resolution of the Directors.

K F Jones
Director

Statement of Comprehensive Income

For the year ended 30 June 2017

	Note	2017 $'000	2016 $'000
Other income	6(a)	-	290
Administration expenses	6(b)	(2,047)	(3,077)
Other expenses	6(c)	(155)	(4,615)
Results from operating activities		(2,202)	(7,402)
Finance income	6(d)	958	1,142
Net financing income		958	1,142
Loss before income tax		(1,244)	(6,260)
Income tax benefit/(expense)	7	-	-
Loss for the period		(1,244)	(6,260)
Other Comprehensive Income Items that may be reclassified subsequently to profit or loss:			
Reclassification of equity-accounted investee from OCI on loss of significant influence		-	-
Income tax benefit/(expense) on other comprehensive income		-	-
Total other comprehensive income / (loss) for the period net of tax		-	-
Total comprehensive (loss) and total comprehensive loss for the year		(1,244)	(6,260)
Earnings per share			
Basic (loss) per share - cents	19	(0.08)	(0.42)
Diluted (loss) per share - cents	19	(0.08)	(0.42)

The statement of comprehensive income is to be read in conjunction with the notes to the financial statements set out on pages 28 to 49. Refer to Note 2 on basis of preparation.

Statement of Changes in Equity

For the year ended 30 June 2017

Year ended 30 June 2017	Issued capital $'000	Retained earnings $'000	Reserves $'000	Total $'000
Opening balance at 1 July 2016	753,965	(723,902)	9,408	39,471
Loss for the period	-	(1,244)	-	(1,244)
Closing balance at 30 June 2017	753,965	(725,146)	9,408	38,227

Year ended 30 June 2016	Issued capital $'000	Retained earnings $'000	Reserves $'000	Total $'000
Opening balance at 1 July 2015	753,965	(717,642)	9,408	45,731
Loss for the period	-	(6,260)	-	(6,260)
Closing balance at 30 June 2016	753,965	(723,902)	9,408	39,471

Amounts are stated net of tax, where applicable. Further details of issued capital and reserves are disclosed in Note 16.

The statement of changes in equity is to be read in conjunction with the notes to the financial statements set out on pages 28 to 49. Refer to Note 2 on basis of preparation.

Statement of Financial Position

For the year ended 30 June 2017

	Note	2017 $'000	2016 $'000
ASSETS			
Cash and cash equivalents	9	3,757	13,913
Term deposits	10	33,600	25,000
Trade and Other receivables	10	436	662
Prepayments		16	48
TOTAL CURRENT ASSETS		37,809	39,623
Other receivables and Investments	10	50	25
Property, plant and equipment	11	64	172
Exploration and evaluation assets	12	1,441	1,046
Intangible Asset	13	197	-
TOTAL NON CURRENT ASSETS		1,752	1,243
TOTAL ASSETS		39,561	40,866
LIABILITIES			
Trade and other payables	14	1,283	1,342
Employee benefits	22	15	24
TOTAL CURRENT LIABILITIES		1,299	1,366
Employee benefits	22	35	29
TOTAL NON CURRENT LIABILITIES		35	29
TOTAL LIABILITIES		1,334	1,395
NET ASSETS		38,227	39,471
EQUITY			
Issued capital	16	753,965	753,965
Reserves	16	9,408	9,408
Retained earnings	15	(725,146)	(723,902)
TOTAL EQUITY		38,227	39,471

The statement of financial position is to be read in conjunction with the notes to the financial statements set out on pages 28 to 49. Refer to Note 2 on basis of preparation.

Statement of Cash Flows

For the year ended 30 June 2017

	Note	2017 $'000	2016 $'000
Cash flows from operating activities			
Cash receipts from customers		-	328
Cash payments to suppliers and employees		(1,795)	(3,289)
Interest received		904	1,241
Net cash used in operating activities	21	(891)	(1,720)
Cash flows from investing activities			
Receipts/(Payments) term deposits		(8,600)	14,000
Payments for Exploration and evaluation expenditure		(395)	(82)
Proceeds from sale of property, plant and equipment and tenements		-	250
Purchases of plant and equipment		(21)	(58)
Payment for intangible asset		(200)	-
Payment of loan to Associate entity		(49)	-
Net cash from (used in) investing activities		(9,265)	14,110
Cash flows from financing activities			
Proceeds from the issue of shares		-	-
Payment of capital raising costs		-	-
Net cash used in financing activities		-	-
Net increase/(decrease) in cash and cash equivalents		(10,156)	12,390
Cash and cash equivalents at 1 July		13,913	1,523
Cash and cash equivalents at 30 June	9	3,757	13,913

The statement of cash flows is to be read in conjunction with the notes to the financial statements set out on pages 28 to 49. Refer to Note 2 on basis of preparation.

Notes to the Financial Statements

For the year ended 30 June 2017

1. Reporting Entity

Gindalbie is a company domiciled in Australia.

The address of the Company's registered office is 6 Altona Street, West Perth. These financial statements comprise the Company and its investments.

The Company is a for-profit entity primarily involved in exploration and development activities.

2. Basis of Preparation

(a) Statement of compliance

The financial statements are general purpose financial statements which have been prepared in accordance with Australian Accounting Standards (AASBs) adopted by the Australian Accounting Standards Board (AASB) and the Corporations Act 2001. The financial statements comply with International Financial Reporting Standards (IFRSs) adopted by the International Accounting Standards Board (IASB).

The financial statements were authorised for issue by the Directors on 12 September 2017.

(b) Basis of measurement

The financial statements have been prepared on the historical cost basis.

(c) Investment in KML and Going Concern

Gindalbie has a 47.84% investment in Karara Mining Limited (KML), a special purpose entity established to develop and operate the Karara Iron Ore Project in Western Australia. The remaining 52.16% is ultimately owned by Ansteel Group Corporation (Ansteel). Gindalbie does not have joint control or the ability to significantly influence KML and the investment has been recorded at fair value.

The investment in KML is valued at $nil (2016: $nil).

The Company has contingent liabilities with respect to shareholders' guarantees provided by the Company to Ansteel and KML contractors. Refer to note 24.

For the guarantees to be called upon, it would require a default by KML on the loans provided by Ansteel or any other contracts where a shareholder's guarantee has been provided by Gindalbie, and for the holder of a guarantee or Ansteel to enforce their rights under the relevant guarantees. The Directors of the company review KML performance and at the date of this report, the Directors are unaware of any guarantees being called. There remains a risk that Ansteel may not continue to fund or support KML which could lead to guarantees being called upon. If Gindalbie is required to repay its proportional share of the shareholders' guarantees to Ansteel, the potential obligation is currently in excess of the value of the shares in KML and net assets of Gindalbie.

The Directors of the Company have identified that inherent uncertainties exist, being the contingent liabilities of the potential shareholders' guarantees. In the event the Company becomes liable under these guarantees, the inherent uncertainty casts significant doubt on Gindalbie's ability to continue as a going concern and therefore it may be unable to realise its assets and extinguish its liabilities in the normal course of business and at the amounts stated in the financial report.

Nevertheless after making enquiries and considering the uncertainties described above the directors have a reasonable expectation that the guarantees will not be called upon and the company have adequate resources to continue in operational existence for the foreseeable future and pay its debts as and when they are due. For these reasons they continue to adopt the going concern basis in preparing the financial report.

2. Basis of Preparation *(continued)*

(d) Ansteel Funding and Options for Equity Conversion and Subscription

In September 2013 Ansteel arranged the provision of US$230 million of additional short term funding to KML. This working capital facility was made available through a series of prepaid sales agreements for delivery of magnetite concentrate between KML and an Ansteel subsidiary (US$100 million) and a US$130 million bank debt facility provided by Bank of China (BOC USD130m Facility) (guaranteed by Ansteel).

A condition to arrangement of this additional working capital facility to KML was that at Ansteel's option KML's financial obligations under the prepaid sales agreement and the BOC USD130 million Facility could be repaid using proceeds received by KML, or through issue of new KML equity share capital to Ansteel at $3.02 per share. The potential impact of the conversion is KML issuing 80,848,132 new shares to Ansteel which would decrease Gindalbie's equity in KML by 9.60%.

Any further equity contribution to KML from Ansteel could further dilute Gindalbie's ownership percentage of KML.

(e) Functional and presentation currency

These financial statements are presented in Australian dollars, which is the Company's functional currency. All financial information has been rounded to the nearest thousand dollars, unless otherwise stated.

(f) Use of estimates and judgements

The preparation of financial statements in conformity with AASB requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

- Information about critical judgements in applying accounting policies that have the most significant effect on the amounts recognised in the financial statements is included in Note 7 - Income Tax Expense - deferred tax recognition.

Information about assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment within the next financial year are included in the following Notes:

- Note 12 - Impairment test: key assumptions underlying recoverable amounts
- Note 20 - Financial Instruments
- Note 24 - Contingent Liabilities

3. Significant Accounting Policies

The accounting policies set out below have been applied consistently to all periods presented in these financial statements, and have been applied consistently.

(a) Foreign currency

Foreign currency transactions

Transactions in foreign currencies are translated to the respective functional currency of the Company at exchange rates at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies at the reporting date are retranslated to the functional currency at the foreign exchange rate at that date. The foreign currency gain or loss on monetary items is the difference between amortised cost in the functional currency at the beginning of the period, adjusted for payments during the period, and the amortised cost in foreign currency translated at the exchange rate at the end of the period. Foreign currency differences arising on retranslation are recognised in profit or loss.

3. Significant Accounting Policies *(continued)*

(b) Financial instruments

(i) Non-derivative financial instruments

Non-derivative financial instruments comprise investments in trade and other receivables, cash and cash equivalents and trade and other payables.

Non-derivative financial instruments are recognised initially at fair value plus, for instruments not at fair value through profit or loss, any directly attributable transaction costs, except as described below. Subsequent to initial recognition non-derivative financial instruments are measured as described below.

A financial instrument is recognised if the Company becomes a party to the contractual provisions of the instrument. Financial assets are derecognised if the Company's contractual rights to the cash flows from the financial assets expire or if the Company transfers the financial asset to another party without retaining control of substantially all of the risks and rewards of the asset. Regular purchases and sales of financial assets are accounted for at trade date, i.e., the date that the Company commits itself to purchase or sell the asset. Financial liabilities are derecognised if the Company's obligations specified in the contract expire or are discharged or cancelled.

The Company derecognises a financial liability when its contractual obligations are discharged or cancelled, or expire.

Financial assets and liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Company has a legal right to offset the amounts and intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

Non-derivative financial liabilities are recognised initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, these financial liabilities are measured at amortised cost using the effective interest rate method.

Financial liabilities comprise loans and borrowings, bank overdrafts, and trade and other payables.

Cash and cash equivalents comprise cash balances and call deposits.

Accounting for finance income and expenses is discussed in Note 3(j).

(ii) Investments at fair value through profit or loss

An instrument is classified at fair value through profit or loss if it is held for trading or is designated as such upon initial recognition. Financial instruments are designated at fair value through profit or loss if the Company manages such investments and makes purchase and sale decisions based on their fair value in accordance with the Company's documented risk management or investment strategy. Upon initial recognition, attributable transaction costs are recognised in profit or loss when incurred. Financial instruments at fair value through profit or loss are measured at fair value, and changes therein are recognised in profit or loss.

(iii) Other

Other non-derivative financial instruments are measured at amortised cost using the effective interest method, less any impairment losses.

(iv) Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to issue of ordinary shares and share options are recognised as a deduction from equity, net of any related income tax benefit.

3. Significant Accounting Policies *(continued)*

(c) Property, plant and equipment

(i) Recognition and measurement

Items of property, plant and equipment are measured at cost less accumulated depreciation and accumulated impairment losses.

Cost includes expenditure that is directly attributable to the acquisition of the asset. The cost of self-constructed assets includes the cost of materials and direct labour, any other costs directly attributable to bringing the assets to a working condition for their intended use, the costs of dismantling and removing the items and restoring the site on which they are located and capitalised borrowing costs. Cost also may include transfers from other comprehensive income of any gain or loss on qualifying cash flow hedges of foreign currency purchases of property, plant and equipment. Purchased software that is integral to the functionality of the related equipment is capitalised as part of that equipment.

When parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

The gains and losses on disposal of an item of property, plant and equipment are determined by comparing the proceeds from disposal with the carrying amount of property, plant and equipment and are recognised net within other income/other expenses in profit or loss.

(ii) Mine properties and development

When proved reserves are determined and development is sanctioned, capitalised exploration and evaluation expenditure is reclassified as mine properties and development, and is disclosed as a component of property, plant and equipment. All subsequent development expenditure is capitalised and classified as mine properties and development. Development expenditure is net of proceeds from the sale of ore extracted during the development phase.

(iii) Depreciation and amortisation

Depreciation is recognised in profit or loss on a straight line basis over the estimated useful lives of each part or item of property, plant and equipment. Land is not depreciated.

The estimated useful lives for the current and comparative periods are as follows:

- buildings 14 years
- machinery 10 - 15 years
- motor vehicles 3 - 7 years
- furniture fittings and equipment 3 - 8 years
- leased plant and equipment 5 - 15 years

Depreciation methods, useful lives and residual values are reviewed at each reporting date.

(d) Impairment

(i) Financial assets

A financial asset is assessed at each reporting date to determine whether there is any objective evidence that it is impaired. A financial asset is considered to be impaired if objective evidence indicates that one or more events have had a negative effect on the estimated future cash flows of that asset.

An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount, and the present value of the estimated future cash flows discounted at the original effective interest rate. An impairment loss in respect of an available-for-sale financial asset is calculated by reference to its current fair value.

Individually significant financial assets are tested for impairment on an individual basis. The remaining financial assets are assessed collectively in the companies that share similar credit risk characteristics.

3. Significant Accounting Policies *(continued)*

All impairment losses are recognised in profit or loss. Any cumulative loss in respect of an available-for-sale financial asset recognised previously in equity is transferred to profit or loss.

An impairment loss is reversed if the reversal can be related objectively to an event occurring after the impairment loss was recognised. For financial assets measured at amortised cost and available-for-sale financial assets that are debt securities, the reversal is recognised in profit or loss. For available-for-sale financial assets that are equity securities, the reversal is recognised directly in equity.

(ii) Non-financial assets

The carrying amounts of the Company's non-financial assets, other than inventories and deferred tax assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists then the asset's recoverable amount is estimated.

An impairment loss is recognised if the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount. A cash-generating unit is the smallest identifiable asset of the Company that generates cash flows that are largely independent from other assets. Impairment losses are recognised in profit or loss.

The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

Impairment losses recognised in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

(e) Employee benefits

(i) Defined contribution superannuation funds

Obligations for contributions to defined contribution superannuation funds are recognised as an expense in profit or loss when they are due.

(ii) Other long-term employee benefits

The Company's net obligation in respect of long-term employee benefits is the amount of future benefit that employees have earned in return for their service in the current and prior periods plus on-costs; that benefit is discounted to determine its present value. The discount rate is the yield at the reporting date on AA credit-rated (Corporate bond rate) bonds that have maturity dates approximating the terms of the Company's obligations.

(iii) Termination benefits

Termination benefits are recognised as an expense when the Company is demonstrably committed, without realistic possibility of withdrawal, to a formal detailed plan to terminate employment before the normal retirement date.

(iv) Short-term benefits

Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided.

A liability is recognised for the amount expected to be paid under short-term cash bonus plans if the Company has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

3. Significant Accounting Policies *(continued)*

(v) Share-based payment transactions

The grant date fair value of options granted to employees is recognised as an employee expense, with a corresponding increase in equity, over the period during which the employees become unconditionally entitled to the options. The amount recognised as an expense is adjusted to reflect the actual number of share options that vest, except where forfeiture is only due to share prices not achieving the threshold for vesting.

(f) Provisions

A provision is recognised if, as a result of a past event, the Company has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. If the effect is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability.

(g) Revenue

Revenue is measured at the fair value of the gross consideration received or receivable. The Company recognises revenue when the amount of revenue can be reliably measured, and when it is probable that future economic benefits will flow to the entity.

(i) Sale of goods

Revenue from the sale of goods and disposal of other assets is recognised when persuasive evidence, usually in the form of an executed sales agreement, or an arrangement exists, indicating there has been a transfer of risks and rewards to the customer, no further work or processing is required by the Company, the quantity and quality of the goods has been determined with reasonable accuracy, the price can be reasonably estimated, and collectability is reasonably assured.

(h) Trade receivables

Trade and other receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment. An allowance for impairment of trade receivables is established when there is objective evidence that the Company will not be able to collect all amounts due.

(i) Lease payments

Payments made under operating leases are recognised in profit or loss on a straight-line basis over the term of the lease.

Minimum lease payments made under finance leases are apportioned between the finance expense and the reduction of the outstanding liability. The finance expense is allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability.

(j) Finance income and expenses

Finance income comprises interest income on funds invested, and gains on the disposal of available-for-sale financial assets. Interest income is recognised as it accrues, using the effective interest method.

Finance expenses comprise interest expense on borrowings, bank charges, unwinding of the discount on provisions and performance bond facility fees.

Borrowing costs that are not directly attributable to the acquisition, construction or production of a qualifying asset are recognised in profit or loss using the effective interest method.

Foreign currency gains and losses are reported on a net basis either as finance income or finance costs depending on whether they are in a net gain or loss position.

3. Significant Accounting Policies *(continued)*

(k) Income Tax

Income tax expense comprises current and deferred tax. Income tax expense is recognised in profit or loss except to the extent that it relates to items recognised directly in equity, in which case it is recognised in equity.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

Deferred tax is recognised using the balance sheet method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date.

A deferred tax asset is recognised to the extent that it is probable that future taxable profits will be available against which temporary differences can be utilised. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

(l) Earnings per share

The Company presents basic and diluted earnings per share (EPS) data for its ordinary shares. Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the period. Diluted EPS is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding for the effects of all dilutive potential ordinary shares, which comprise share options granted to employees.

(m) Intangible assets

Exploration and evaluation assets

Exploration and evaluation costs, including the costs of acquiring licences, are capitalised as exploration and evaluation assets on an area of interest basis. Costs incurred before the Company has obtained the legal rights to explore an area are recognised in the income statement.

Exploration and evaluation assets are only recognised if the rights of tenure to the area of interest are current and either:

(i) the expenditures are expected to be recouped through successful development and exploitation of the area of interest; or

(ii) activities in the area of interest have not, at the reporting date, reached a stage which permits a reasonable assessment of the existence or otherwise of economically recoverable reserves and active and significant operations in, or in relation to, the area of interest are continuing.

Exploration and evaluation assets are assessed for impairment when facts and circumstances suggest that the carrying amount exceeds the recoverable amount (see impairment accounting policy 3(d)). For the purposes of impairment testing, exploration and evaluation assets are allocated to cash-generating units to which the exploration activity relates. The cash generating unit shall not be larger than the area of interest.

Once the technical feasibility and commercial viability of the extraction of mineral resources in an area of interest are demonstrable, exploration and evaluation assets attributable to that area of interest are first tested for impairment and then reclassified from intangible assets to mining property and development assets within property, plant and equipment.

Exploration and evaluation costs are not amortised until such time as they are transferred to mine properties and production has commenced.

3. Significant Accounting Policies *(continued)*

(n) Other Intangible assets

Licences acquired are initially recognised at cost and are subsequently carried at cost less accumulated amortisation and accumulated impairment losses. These costs are amortised to profit or loss using the straightline method over 15 years, which is the estimated useful lives and periods of contractual rights.

(o) Segment reporting

Determination and presentation of operating segments

An operating segment is a component of the Company that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Company's other components. All operating segments' operating results are reviewed regularly by the Company's Chief Executive Officer to make decisions about resources to be allocated to the segment and to assess its performance, and for which discrete financial information is available.

Segment results that are reported to the Chief Executive Officer include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Unallocated items comprise mainly corporate assets (primarily the Company's headquarters), head office expenses, and income tax assets and liabilities.

Segment capital expenditure is the total cost incurred during the period to acquire property, plant and equipment, and exploration expenditure.

(p) New Standards and interpretations not yet adopted

The following standards, amendments to standards and interpretations have been identified as those which may impact the entity in the period of initial application. They are available for early adoption at 30 June 2017, but have not been applied in preparing this financial report.

(i) AASB 9 Financial Instruments includes requirements for the classification and measurement of financial assets resulting from the first part of Phase 1 of the project to replace AASB 139 Financial Instruments: Recognition and Measurement. AASB will become mandatory for the Company's 30 June 2018 financial statements. Retrospective application is generally required. The Company has not yet determined the potential effect of the standard.

(ii) AASB 15 Revenue from Contracts with Customers, which replaces IAS 11 Construction Contracts, IAS 18 Revenue and related Interpretations. AASB 16 establishes a comprehensive framework for determining whether, how much and when revenue is recognised. AASB will become mandatory for the Company's 30 June 2018 financial statements. Retrospective application is generally required. The Company has not yet determined the potential effect of the standard.

(iii) AASB 16 Leases, which provides a new model for accounting for leases. AASB will become mandatory for the Company's 30 June 2020 financial statements. Retrospective application is generally required. The Company has not yet determined the potential effect of the standard.

4. Determination of Fair Values

A number of the Company's accounting policies and disclosures require the determination of fair value, for both financial and non-financial assets and liabilities. Fair values have been determined for measurement and/or disclosure purposes based on the following methods. Where applicable, further information about the assumptions made in determining fair values is disclosed in the notes specific to that asset or liability.

(i) Share-based payment transactions

The fair value of employee stock options is measured using the Black-Scholes or Monte Carlo formula. Measurement inputs include share price on measurement date, exercise price of the option, expected volatility (based on weighted average historic volatility adjusted for changes expected due to publicly available information), expected life of the option, expected dividends, and the risk-free interest rate (based on government bonds). Service and non-market performance conditions attached to the option are not taken into account in determining fair value.

4. Determination of Fair Values *(continued)*

(ii) Investments

Investments and other financial assets in the scope of AASB 139 *Financial Instruments: Recognition and Measurement* are classified as either financial assets at fair value through profit or loss, loans and receivables, or held-to-maturity investments as appropriate. The classification depends on the purpose for which the investments were acquired. Designation is re-evaluated at each financial year end, but there are restrictions on reclassifying to other categories.

When financial assets are recognised initially, they are measured at fair value.

5. Financial Risk Management

(a) Overview

The Company has exposure to the following risks from its use of financial instruments:

- credit risk
- liquidity risk
- market risk

This note presents information about the Company's exposure to each of the above risks, their objectives, policies and processes for measuring and managing risk, and the management of capital including risks resulting from its investment in fair value accounted Investment. Further quantitative disclosures are included throughout this financial report.

The Board of Directors has overall responsibility for the establishment and oversight of the risk management framework. The Board is responsible for developing and monitoring risk management policies. The Board reviews its activities regularly.

Risk management policies are established to identify and analyse the risks faced by the Company, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Company's activities. The Company, through its training and management standards and procedures, aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations.

The Company's Board oversees how management monitors compliance with the Company's risk management policies and procedures and reviews the adequacy of the risk management framework in relation to the risks faced by the Company.

(b) Credit Risk

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Company's cash and cash equivalents.

The Company has an internal policy to ensure its cash assets are invested amongst reputable financial institutions.

(c) Guarantees

The Company's policy is to provide financial guarantees where contractually necessary to certain suppliers or Ansteel. Refer to Note 24 for a list of outstanding performance and financial guarantees at balance date.

(d) Investments

The Company limits its exposure to credit risk on cash balances by only investing in liquid securities and only with counterparties that have credit ratings of between A2 and A1+ from Standard & Poor's and A from Moody's, with more weighting given to investments in the higher credit ratings. Given these credit ratings, management does not expect any counterparty to fail to meet its obligations. The Company's Board considers and implements appropriate investment strategies and ensures investment policies are adhered to.

5. Financial Risk Management *(continued)*

(e) Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation.

Typically the Company ensures that it has sufficient cash on demand to meet expected operational expenses for a period of 180 days, including the servicing of financial obligations. Refer to Notes 2(c), 14 and 20 for more information.

(f) Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices that will affect the Company's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return.

All transactions are carried out within Treasury Policy guidelines (refer to Note 5(d)), and these are considered and monitored by the Board.

(g) Capital management

The Board's policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business. The Company manages its capital to ensure its entities will be able to continue as going concerns while maximising the return to shareholders through the optimisation of its capital structure comprising equity and debt.

The capital structure of the Company consists of equity attributable to equity holders of the parent, comprising issued capital, reserves and retained earnings as disclosed in Notes 15 and 16 respectively.

Notes to the Financial Statements

For the year ended 30 June 2017

6. Revenue and Expenses

	2017 $'000	2016 $'000
(a) Other income		
Other income	-	290
Total other income	-	290
(b) Administration expenses		
Director fees, employee salary and on costs expenses	(1,266)	(1,112)
Corporate and consultant costs	(459)	(444)
Office and marketing costs	(80)	(982)
Other administration costs	(242)	(539)
Total administration expenses	(2,047)	(3,077)
(c) Other expenses		
Depreciation		
Property, plant & equipment	(16)	(35)
Amortisation - Intangible asset	(3)	-
Impairment of assets - Property, plant and equipment	(112)	(529)
Bad debts	(25)	-
Impairment of exploration assets (refer to note 12)	-	(4,051)
Total other expenses	(155)	(4,615)
(d) Net financing income		
Interest income	958	1,142
Net financing income	958	1,142
(e) Personnel expenses		
Wages and salaries	(529)	(505)
Other associated personnel expenses	(242)	(64)
Redundancy payments	-	(32)
Contributions to defined contribution superannuation funds	(86)	(78)
(Decrease) / Increase in liability for annual leave	(9)	41
(Decrease) / Increase in liability for long service leave	(2)	56
Decrease /(Increase) in liability for bonuses	20	80
	(848)	(502)

Notes to the Financial Statements

For the year ended 30 June 2017

7. Income Tax Expense

	2017 $'000	2016 $'000
Current tax expense		
Current year	-	-
Deferred tax expense		
Origination and reversal of temporary differences	-	-
Adjustments in relation to prior periods		
Benefit of tax losses and other deferred tax benefits not recognised	-	-
Total income tax expense / (benefit)	-	-
Numerical reconciliation between current tax expense / (benefit) and pre-tax net profit / (loss)		
Loss before tax	(1,244)	(6,260)
Income tax using the domestic corporation tax rate of 30% (2016: 30%)	(373)	(1,878)
Increase in income tax expense due to:		
Non-deductible expenses	-	-
Decrease in income tax expense due to:		
Prior year over / under	-	873
Income tax (recognised) / not recognised	373	1,005
Total income tax expense / (benefit)	-	-

Gindalbie has estimated unrecouped tax losses of $121,287,933 (2016: $119,003,501) available to be offset against future taxable income. The net deferred tax asset of 30% of $121,287,933 (2016: $119,003,501) for the Company has not been recognised by the Company on the basis that it is not probable that there will be future taxable income available against which the tax losses can be utilised.

Tax assets and liabilities

Deferred tax assets and liabilities are attributable to the following:

	Assets		Liabilities		Net	
	2017 $'000	2016 $'000	2017 $'000	2016 $'000	2017 $'000	2016 $'000
Accrued interest	-	-	69	52	69	52
Property, plant & equipment	(85)	(54)	-	-	(85)	(54)
Intangible Asset	-	-	59	-	59	-
Exploration expenditure	-	-	432	314	432	314
Capital raising costs	(58)	(159)	-	-	(58)	(159)
Provisions	(10)	(16)	-	-	(10)	(16)
Accrued superannuation	(2)	(3)	-	-	(2)	(3)
Accrued expenditure	-	(14)	-	-	-	(14)
Tax loss	(405)	(120)	-	-	(405)	(120)
Tax (assets) / liabilities	(560)	(366)	560	366	-	-
Set off of tax	560	366	(560)	(366)	-	-
Net tax (assets) / liabilities	-	-	-	-	-	-

Notes to the Financial Statements

For the year ended 30 June 2017

7. Income Tax Expense *(continued)*

The deductible temporary differences and tax losses do not expire under current tax legislation. Deferred tax assets have not been recognised in respect of these items because it is not probable that future taxable profit will be available against which the Company can utilise the benefits there from.

8. Auditor's Remuneration

	2017 $	2016 $
Audit services:		
Auditors of the Company - *KPMG Australia*		
- audit and review of financial reports	81,423	87,357
Other services:		
Auditors of the Company - *KPMG Australia*		
- taxation services	10,450	8,000
- other advisory services	-	-
Auditor's Remuneration	91,873	95,357

9. Cash and Cash Equivalents

	2017 $'000	2016 $'000
Bank balances	457	1,413
Term deposits less than 3 month maturity	3,300	12,500
Cash and cash equivalents	3,757	13,913

10. Trade, Other Receivables and Other Investments

Current		
Term deposits greater than 3 month maturity	33,600	25,000
Interest receivable	230	172
Trade receivables	132	4
Other receivables	74	486
	34,036	25,662
Non-current		
Cash security for performance bonds	50	25
	50	**25**

Notes to the Financial Statements

For the year ended 30 June 2017

11. Property, Plant and Equipment

	2017 $'000	2016 $'000
Land & buildings		
At cost	820	820
Accumulated depreciation	(820)	(703)
	-	117
Plant & equipment		
At cost	1,689	1,148
Accumulated depreciation	(1,625)	(1,093)
	64	55
Total property, plant and equipment	64	172

11.1 Reconciliations

Reconciliations of the carrying amounts for each class of property, plant and equipment are set out below:

Land & buildings		
Carrying amount at beginning of year	117	887
Additions	-	-
Impairment	(112)	(346)
Disposals	-	(385)
Depreciation	(5)	(39)
Carrying amount at end of year	-	117
Plant & equipment		
Carrying amount at beginning of year	55	42
Additions	24	58
Impairment	-	(25)
Depreciation	(16)	(19)
Carrying amount at end of year	64	55
Mine Infrastructure		
Carrying amount at beginning of year	-	2
Depreciation	-	(2)
Carrying amount at end of year	-	-

Notes to the Financial Statements

For the year ended 30 June 2017

12. Exploration and Evaluation Assets

	2017 $'000	2016 $'000
Costs carried forward in respect of areas of interest in:		
Exploration and evaluation assets		
Carrying amount at beginning of year	1,046	5,025
Additions	395	72
Impairment expense of exploration and evaluation assets	-	(4,051)
Carrying amount at end of year	1,441	1,046

Exploration programs in each area of interest continue but have not reached a stage which permits a reasonable assessment of economically recoverable reserves. The recoverability of the carrying amounts of exploration and evaluation assets is dependent on the successful development and commercial exploitation or sale of the respective area of interest.

13. Intangible Assets

Costs carried forward in respect of areas of interest in:		
Intangible assets - Technology Licence		
Carrying amount at beginning of year	-	-
Additions	200	-
Amortisation	(3)	-
Carrying amount at end of year	197	-

During the year the Company executed licence agreements for the use of mineral processing technology. The Company executed two separate non-exclusive licences for the use of the mineral processing technology. The first licence is a territory specific licence for the use of the technology at the Mount Gunson Copper Cobalt Project. The Company executed a global licence (excluding China and Zimbabwe) for the use of the technology on primary gold, copper and zinc projects. This licence provides Gindalbie with the right to use the technology on new projects that may be identified during ongoing business development and strategy work.

14. Trade and Other Payables

Current		
Trade creditors	156	296
Other creditors and accruals	1,127	1,046
	1,283	1,342

15. Retained Earnings

Retained earnings at beginning of year	(723,902)	(717,642)
Net (loss) attributable to members of the entity	(1,244)	(6,260)
Retained earnings at end of year	(725,146)	(723,902)

16. Capital and Reserves

(a) Issued Capital	2017	2016	2017	2016
	Number of ordinary shares, fully paid		$'000	$'000
Ordinary shares				
Movements during the year				
Balance at beginning of year	1,495,622,940	1,495,448,025	753,965	753,965
Shares issued				
- Exercise of options	889,120	174,915	-	-
Balance at end of year	1,496,512,060	1,495,622,940	753,965	753,965

During the year the Company:

- Issued 889,120 shares at nil amounts on exercise of options.

During the comparative year the Company:

- Issued 174,915 shares at nil amounts on exercise of options.

Terms and conditions

Holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at shareholders meetings. In the event of winding up of the Company, ordinary shareholders rank after all other shareholders and creditors and are fully entitled to any proceeds of liquidation. Note 22 provides details of shares issued on exercise of options.

(b) Equity Settled Share Based Payments Reserve	2017	2016
	$'000	$'000
Balance at beginning of year	9,408	9,408
Balance at end of year	9,408	9,408

The equity settled share based payments reserve comprises the net value of options expensed over the vesting period calculated at grant date using the Black-Scholes or Monte Carlo model, depending on whether they contain market performance conditions. For options with a future vesting period, the option value is bought to account progressively over the term of the vesting period.

17. Capital and Other Commitments

(a) Exploration expenditure commitments

In order to maintain current rights of tenure to exploration tenements, the Company is required to perform minimum exploration work to meet the minimum expenditure requirements specified by various State governments. These requirements are subject to renegotiation when application for a mining lease is made and at other times.

Payable no later than one year:		
Rents and rates	25	57
Exploration	99	239
Total commitments	124	296

18. Operating Leases

	2017 $'000	2016 $'000
Leases as lessee		
Non-cancellable operating lease rentals are payable as follows:		
Less than one year	72	36
Between one and five years	113	37
	185	73

The Company leases office space under a non-cancellable operating lease expiring in two years. Leases generally provide the Company with a right of renewal at which time all terms are renegotiated.

19. Earnings per Share

Basic earnings per share

The calculation of basic earnings per share at 30 June 2017 was based on the loss attributable to ordinary shareholders of $1,244,000 (2016: loss $6,260,000) and a weighted average number of ordinary shares outstanding during the financial year ended 30 June 2017 of 1,496,350,801 (2016: 1,495,609,522) calculated as follows:

Basic earnings per share	2017 $'000	2016 $'000
Lost attributable to ordinary shareholders	(1,244)	(6,260)
Weighted average number of ordinary shares	2017 No. of shares	2016 No. of shares
Issued ordinary shares at 1 July	1,495,622,940	1,495,448,025
Effect of shares issued on exercise of share options	727,861	161,497
Weighted average number of ordinary shares at 30 June	1,496,350,801	1,495,609,522
Earning per share:		
Basic	(0.08)	(0.42)
Diluted	(0.08)	(0.42)

In 2017 and 2016, as the potential ordinary shares on issue from an option not exercised would decrease the loss per share, they are not considered dilutive.

20. Financial Instruments

(a) Credit Risk

Exposure to credit risk

The carrying amount of the Company's financial assets represents the maximum credit exposure. Refer to Note 5 for the credit management process. The Company's maximum exposure to credit risk at the reporting date was:

	Note	2017 $'000	2016 $'000
Interest receivable	10	230	172
Cash security for performance bonds (current and non-current)	10	50	25
Trade receivables	10	132	4
Other receivables	10	74	486
Term deposits over 3 months in maturity	10	33,600	25,000
Cash and cash equivalents	9	3,757	13,913

The Company's cash and cash equivalents of $3,757,000 at 30 June 2017 (2016: $13,913,000), and term deposits over 3 months of $33,600,000 represent its maximum credit exposure on these assets. The cash and cash equivalents are held with bank and financial institution counterparties, which are rated at between A2 and A1+ from Standard & Poor's and A from Moody's.

None of the Company's receivables are past due (2016: nil).

Refer to Note 24 for disclosure of the Company's guarantees.

(b) Liquidity risk

The following are the contractual maturities of the Company's financial liabilities, including estimated interest payments and excluding the impact of netting agreements:

Non-derivative financial liabilities	2017		2016	
	Carrying amount $'000	6 months or less $'000	Carrying amount $'000	6 months or less $'000
Trade and other payables	1,283	(1,283)	1,342	(1,342)

(c) Interest rate risk

Exposure to interest rate risk

The Company's exposure to interest rate risk at balance date was as follows, based on notional amounts:

Variable rate instruments	2017 $'000	2016 $'000
Cash performance bonds	50	25
Cash	3,757	13,913
	3,807	13,938
Financial Assets		
Term Deposits - total	33,600	25,000
	33,600	25,000

The Company invests cash in term deposits and in doing so exposes itself to the fluctuations in interest rates that are inherent in such a market. As at 30 June 2017, the Company invested $33,600,000 into term deposits (2016: $25,000,000) at a weighted average interest rate of 2.54% (2016: 2.84%)

Notes to the Financial Statements

For the year ended 30 June 2017

20. Financial Instruments *(continued)*

(c) Interest rate risk *(continued)*

Sensitivity analysis

The following table summarises the sensitivity of the Company's financial assets and liabilities to interest rate risk:

			Interest Rate Risk			
		Carrying	-100bps		-100bps	
		amount	Equity	Profit or loss	Equity	Profit or loss
		$'000	$'000	$'000	$'000	$'000
30 June 2017						
Cash performance bonds	Note 10	50	-	(1)	-	1
Cash	Note 9	457	-	(5)	-	5
Total increase/(Decrease)			-	(5)	-	5
30 June 2016						
Cash performance bonds		25	-	(0)	-	0
Cash		1,413	-	(14)	-	14
Total increase/(Decrease)			-	(14)	-	14

(d) Fair values

Fair values versus carrying amounts

The estimated fair value of financial instruments has been determined by the Company using available market information and appropriate valuation methods. The estimates presented are not necessarily indicative of the amounts that will ultimately be realized by the Company upon maturity or disposal. The use of different market assumptions and/or estimation methods may have a material effect on the estimated fair value amounts. For all financial assets and liabilities the carrying value approximates fair value.

21. Notes to the Statements of Cash Flows

	2017 $'000	2016 $'000
Reconciliation of cash flows from operating activities		
Loss for the period after income tax	(1,244)	(6,260)
Adjustments for:		
Depreciation	16	35
Impairment of assets	112	4,422
Other expenses	26	-
Loss on sale of assets	-	158
Operating loss before changes in working capital and provisions	(1,090)	(1,645)
Decrease / (increase) in receivables	232	39
Decrease / (increase) in inventory	-	4
Decrease / (increase) in prepayments	2	(36)
Increase / (decrease) in payables	(139)	(1)
Increase / (decrease) in provisions	(49)	(176)
Increase / (decrease) in other creditors	153	95
Net cash (used in) operating activities	(891)	(1,720)

22. Employee Benefits

	2017 $'000	2016 $'000
Current		
Liability for annual leave	9	4
Liability for superannuation	6	-
Liability for employee bonuses	-	20
	15	24
Non-Current		
Liability for long service leave	26	25
Liability for annual leave	9	4
	35	29
	50	53

(a) Defined contribution superannuation funds

The Company makes contributions to defined contribution superannuation funds. The Company has a legally enforceable obligation to contribute to these plans and contributes at the statutory rate of 9.5% of gross earnings. The amount recognised as expense or capitalised was $85,595 for the financial year ended 30 June 2017 (2016: $78,151).

(b) Share based payments

The Company has an employee share option plan which was approved at the 2006 Annual General Meeting held on 22 November 2006.

Each option is convertible to one ordinary share. The exercise price of the options, determined in accordance with the rules of the plan, is based on the weighted average price of the Company's shares traded during the five business days preceding the date of granting the option.

All employee options expire on the earlier of their expiry date or three months after the termination of the employee's employment. Option issues generally contain a vesting period and exercise is solely at the discretion of the holder. All options are unlisted and cannot be sold or transferred.

There are no voting rights attached to the options or to the unissued ordinary shares. Voting rights will be attached to the issued ordinary shares when the options have been exercised.

Summary of options over unissued ordinary shares

Details of options over unissued ordinary shares as at the beginning and end of the reporting period and movements during the year are set out below.

The fair value of shares issued as a result of exercising options during the reporting period is the market price of the shares of the Company on the Australian Securities Exchange as at close of trading on the date of issue.

There were 889,120 options exercised during the year (2016: 174,915).

Terms and conditions of share-options program:

Grant date/employees entitled	Number of instruments in thousands	Vesting conditions	Contractual life of options
Options granted to senior employees on 16 Nov 2012	1,801	1 years' service	4 years
	1,801	2 years' service	
	1,801	3 years' service	
Options granted to senior employees on 31 Oct 2013	779	1 years' service	4 years
	779	2 years' service	
	779	3 years' service	
	7,740		

22. Employee Benefits *(continued)*

Reconciliation of outstanding share options:

Expiry date	Exercise price $	Number of options at beginning of year	Options granted	Options expired	Options lapsed	Options exercised	Options forfeited	Number of options on issue at end of year	Proceeds received $	Number of shares issued	Share price at date of exercise $
30-Jun-17											
15-Nov-16	$0.00	546,280	-	(143,264)	-	(403,016)	-	-	-	403,016	0.02
31-Oct-17	$0.00	848,214	-	-	-	(486,104)	-	362,110	-	486,104	0.02
		1,394,494	-	(143,264)	-	(889,120)	-	362,110	-	889,120	-
30-Jun-16											
15-Nov-16	$0.00	870,397	-	-	-	(174,915)	(149,202)	546,280	-	174,915	0.02
31-Oct-17	$0.00	1,089,245	-	-	-	-	(241,031)	848,214	-	-	-
		1,959,642	-	-	-	(174,915)	(390,233)	1,394,494	-	174,915	-

The market value of shares under these options at 30 June 2017 was $0.02 each (30 June 2016: $0.01).

23. Related Parties Disclosures

(a) Key management personnel compensation

The key management personnel compensation included in 'personnel expenses' (see Note 6(e)), or capitalised under exploration and evaluation assets per accounting policy Note 3(n) are as follows:

	2017 $	2016 $
Short-term employee benefits	1,034,141	896,636
Long-term employee benefits	7,723	3,335
Post-employment benefits	76,268	83,873
Termination benefits	-	131,000
	1,118,132	1,114,844

(b) Individual Director's and executives' compensation disclosures

Information regarding individual Director's and executive's compensation and some equity instruments disclosures as permitted by Corporations Regulations 2M.3.03 is provided in the Remuneration Report section of the Directors' Report.

Apart from the details disclosed in this Note, no Director has entered into a material contract with the Company, or the Company since the end of the previous financial year, and there were no material contracts involving Directors' interests existing at year-end.

(c) Other related party transactions

Investments

An office cost recovery fee was charged by the Company to KML totalling $nil (2016: $40,264) representing recharge of administrative costs to KML.

A labour cost recovery fee was charged by the Company to KML totalling $nil (2016: $27,504) representing recharge at market rates of employees seconded to the Karara project.

An office cost recovery fee cost recovery fee was charged by KML to the Company totalling $22,044 (2016: nil) representing recharge of administrative costs by KML.

There is a balance of $22,044 outstanding as at 30 June 2017 (2016: $3,405 owing from) due to KML.

Notes to the Financial Statements

For the year ended 30 June 2017

24. Contingent Liabilities

Under the Agreement for the Joint Development of the Karara Iron Ore Project between Ansteel and Gindalbie ("the Joint Development Agreement"), Gindalbie has provided a shareholder guarantee to Ansteel whereby, with prior consent of Gindalbie, any guarantees given by Ansteel to third party in respect of any liabilities or obligations of KML will be guaranteed by Gindalbie for its proportionate participating interest.

During the year, in April 2017, KML renewed the US$300 million Fixed Term Loan Facility with China Merchants Bank (CMB) which was due for repayment in April 2017, for another 12 months to April 2018. However, Gindalbie did not provide consent to extend its shareholder guarantee over the renewal period and accordingly no longer provides any shareholder guarantee to Ansteel in respect of this loan. Consequently, Gindalbie no longer has a contingent liability with respect to this loan and this results in a material reduction to Gindalbie's contingent liabilities since 30 June 2016.

As at 30 June 2017, Gindalbie has provided shareholder guarantees totalling $473 million in relation to term loans that have been provided to KML by various banks and bank guarantees provided to a supplier of KML. Gindalbie has accepted its proportionate share of the liability under the guarantees, which at the date of this report has not been triggered.

Subsequent to year end, contingent liabilities relating to these guarantees have reduced further (refer note 25).

Gindalbie has also provided parent company performance guarantees to a combined value of $20 million (2016- $20 million), in terms of KML contract for rail haulage facility and tailings management facility.

25. Events subsequent to Reporting Date

In August 2017, KML renewed the US$400 million Fixed Term Loan Facility with China Development Bank and Bank of China which was due for repayment in August 2017, for another 12 months to August 2018. However, Gindalbie did not provide consent to extend its shareholder guarantee over the renewal period and accordingly no longer provides any shareholder guarantee to Ansteel in respect of this loan. Consequently, Gindalbie no longer has a contingent liability with respect to this loan and this results in a material reduction to Gindalbie's contingent liabilities since 30 June 2017.

Corporate Governance Statement

The Company's Board is committed to protecting and enhancing shareholder value and conducting the Company's business ethically and in accordance with high standards of corporate governance. In determining those standards the Company has had reference to the ASX Corporate Governance Council's Corporate Governance Principles and Recommendations recently released 3rd Edition ("ASX Recommendations"). The Company believes that its practices are substantially consistent with the ASX Recommendations and will continue to adapt its governance practices to be consistent with them and make changes as appropriate, having regard to the nature and scale of the Company's business.

A description of the Company's main corporate governance practices is set out in its Corporate Governance Statement available online at **www.gindablie.com.au**. The practices reflect the Company's existing corporate governance policies and are current as at 12 September 2017. The Corporate Governance Statement has been approved by the Board.

Shareholder Information

1. Shareholder Information at 12 September 2017

(a) Distribution of Shareholders

Size of Holding	Number of Holders	Shares Held
1 - 1,000	1,684	957,509
1,000 - 5,000	3,685	11,100,498
5,001 - 10,000	2,207	17,705,808
10,001 - 100,000	4,586	160,457,654
100,001 and over	1,179	1,306,290,591
Total	13,341	1,496,512,060

There are 10,350 shareholders who hold less than a marketable parcel of 7,958 shares.

(b) The twenty largest shareholders hold 59.07 % of the issued fully paid capital of the Company.

(c) Substantial Shareholders

Shareholder	Number of Shares	%
Angang Group Hong Kong (Holdings) Limited	535,492,521	35.78

2. Voting Rights

The voting rights attaching to ordinary shares are:

(a) at meetings of members each member entitled to vote may vote in person or by proxy or attorney or in the case of a member which is a body corporate, by a representative, duly appointed; and

(b) on a show of hands every person present who is a member has one vote, and on a poll every person present in person or by proxy has one vote for each ordinary share held.

3. Twenty Largest Shareholders as at 12 September 2017

Rank	Name	15 Sep 2017	%IC
1	ANGANG GROUP HONG KONG (HOLDINGS) LIMITED	535,492,521	35.78
2	MS LINLIN LI	94,346,132	6.30
3	MS AIPING ZHANG	61,000,000	4.08
4	CITICORP NOMINEES PTY LIMITED	50,683,929	3.39
5	HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	42,317,649	2.83
6	MR PEDRAM MIRKAZEMI	12,000,000	0.80
7	J P MORGAN NOMINEES AUSTRALIA LIMITED	10,859,108	0.73
8	JF APEX SECURITIES BERHAD	8,555,394	0.57
9	MONNA MIRKAZEMI SUPERANNUATION PTY LTD	8,500,000	0.57
10	SUN PHOONG CORPORATION PTY LTD	7,370,851	0.49
11	MR GREGORY JOHN BAILEY & MRS JEANETTE MARGARET BAILEY	6,000,000	0.40
12	BNP PARIBAS NOMINEES PTY LTD	5,980,079	0.40
13	D & T INVESTMENTS PTY LTD	5,806,667	0.39
14	S C F I PTY LTD	5,000,000	0.33
15	MR UMBERTO CONDO	4,000,000	0.27
15	MR KAH CHOON WAI	4,000,000	0.27
15	MR IAN JAMES CAMERON	4,000,000	0.27
16	LOONG PHOONG PTY LTD	3,870,950	0.26
17	MR RUNDE XUE	3,783,521	0.25
18	TERINA PTY LTD	3,604,945	0.24
19	MRS MARIA PIEKOS	3,400,000	0.23
20	RHB SECURITIES SINGAPORE PTE LTD	3,137,739	0.21
Total		**883,709,485**	**59.05**
Balance of register		**612,802,575**	**40.95**
Grand total		**1,496,512,060**	**100.00**

Summary Resources Statements

For the year ended 30 June 2017

Lodestone Magnetite Resources inclusive of Reserves as at 30 June 2017

In situ BIF (Inferred)							
Oxidation	**Tonnes (Mt)**	**% Fe Head**	**% SiO_2 Head**	**% Al_2O_3 Head**	**% P Head**	**% LOI Head**	**% S Head**
Oxide	6	35.9	43.0	1.80	0.05	2.47	0.03
Fresh	638	30.2	43.8	3.91	0.06	2.63	1.29
Total	644	30.2	43.8	3.89	0.06	2.63	1.28

Recovered concentrate (Inferred)								
Oxidation	**Tonnes (Mt)**	**% DTR weight recovery**	**% Fe Con**	**% SiO_2 Con**	**% Al_3O_2 Con**	**% P Con**	**% LOI Con**	**% S Con**
Oxide	2	30.5	63.6	11.2	0.18	0.02	-0.38	0.10
Fresh	202	31.7	64.3	9.5	0.32	0.02	-2.22	0.38
Total	204	31.7	64.3	9.5	0.32	0.02	-2.20	0.37

The Lodestone Mineral Resource (Resource) was prepared and first disclosed under the JORC Code 2004. It has been updated since to comply with the JORC Code 2012 and the information has not materially changed since it was last reported to the ASX on 27 October 2016.

The Resource, reported above a 20% DTR weight recovery, is presented in the above table. The Resource is limited to within the optimised pit shell.

Small discrepancies may occur due to the effects of rounding, estimates of recovered magnetite concentrate are based on DTR results using a P80 25um grind size.

Competent Person's Statement

The information in this report that relates to the Lodestone Mineral Resource estimate is based upon information compiled by John Graindorge who is a Chartered Professional (Geology) and a member of the Australasian Institute of Mining and Metallurgy (MAusIMM) and has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity to which he is undertaking to qualify as a competent person as defined in the 2012 edition of the "Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves". John Graindorge is a full-time employee of Snowden Mining Industry Consultants Pty Ltd and consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.

Summary Resources Statements

For the year ended 30 June 2017

Lease	Status	Holder	Ownership
Gindalbie Metals Ltd 100%			
L59/115	Granted	Gindalbie Metals Ltd	100%
L59/120	Granted	Gindalbie Metals Ltd	100%
E59/1955	Granted	Gindalbie Metals Ltd	100%

Lease	Status	Holder	Ownership
Minjar Gold JV **Gindalbie 100% Fe; Minjar Gold 100% Gold and Base Metals**			
E59/1002	Granted	Gindalbie Metals Ltd	100%

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