

29 May 2016

Hayley Pratt
Adviser, ASX Listings Compliance
ASX Compliance Pty Limited
Level 40, Central Park
152 - 158 St Georges Terrace
PERTH WA 6000

By email: Hayley.Pratt@asx.com.au

Dear Hayley,

Gindalbie Metals Ltd (the “Company”)

I refer to your letter dated 26 May 2016 which requests responses to questions outlined in the ASX aware query. I have used the same defined terms as you used in your letter.

Our responses (in **bold**) are as follows:

1. Does the Company consider the information that KML has extended the facility agreement with China Merchants Bank for another 12 months to April 2018 (“Loan Facility Extension”) to be information that a reasonable person would expect to have a material effect on the price or value of its securities?

No.

2. If the answer to question 1 is “no”, please advise the basis for that view.

The Company wrote off its investment in KML in 2014 as a result of the Company’s assessment of the underlying performance and market fundamentals that impact upon KML. The Company reviews the holding value of the asset each reporting period and holds the value of the asset at nil on the financial statements.

On that basis, the consequences are neither material nor significant to the Company or its share price.

3. When did the Company first become aware of the Loan Facility Extension? In answering this question, please specify the date and time the Company first became aware of the Loan Facility Extension.

Tuesday 23 May 2017 at 10:00 am (AWST)

4. If the Company first became aware of the Loan Facility Extension before the Relevant Date, did the Company make any announcement prior to the Relevant Date which disclosed the Loan Facility Extension? If so, please provide details. If not, please explain why this information was not released to the market at an earlier time, commenting specifically on when you believe the Company was obliged to release the information under Listing Rules 3.1 and 3.1A and what steps the

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Company took to ensure that the information was released promptly and without delay.

Not applicable given the Company's response to question 1.

5. Does the Company consider the information that the Company no longer has a contingent liability with respect to the shareholder guarantee provided by the Company to Ansteel Group Corporation ("Cessation of Contingent Liability") to be information that a reasonable person would expect to have a material effect on the price or value of its securities?

No.

6. If the answer to question 5 is "no", please advise the basis for that view.

The release was made to inform the market and confirm the approach taken in line with the shareholder vote in November 2015 that the Company will no longer provide parent company guarantees for loans made to KML by any third party.

The shareholder guarantees provided by the Company in place after the release of the US\$300m will equate to approximately AUD\$500m.

Although the announcement relates to a reduction in total contingent liabilities, the remaining contingent liabilities remain significant. As such, no reasonable person would regard the reduction in the level of the contingent liabilities noted in the announcement as a material reduction in company risk.

On that basis, the consequences are neither material nor significant to the Company or its share price.

7. When did the Company first become aware of the Cessation of Contingent Liability? In answering this question, please specify the date and time the Company first became aware of the Cessation of Contingent Liability.

Tuesday 23 May 2017 at 10.00 am at 10:00 am (AWST)

8. If the Company first became aware of the Cessation of the Contingent Liability before the Relevant Date, did the Company make any announcement prior to the Relevant Date which disclosed the Cessation of the Contingent Liability? If so, please provide details. If not, please explain why this information was not released to the market at an earlier time, commenting specifically on when you believe the Company was obliged to release the information under Listing Rules 3.1 and 3.1A and what steps the Company took to ensure that the information was released promptly and without delay.

Not applicable given the Company's response to question 5.

9. Please advise of the reporting processes that the Company has in place with KML as the operator of the Joint Venture and comment as to whether the Company considers that these processes are appropriate to ensure that information which is potentially market sensitive is promptly brought to the attention of the Company's officers.

The Company receives regular management reports and accounts from KML consistent with the Company's investment status.

The Company confirms the long-established reporting procedures that are in place have been, and continue to be, appropriate to ensure that KML and

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Ansteel Group Corporation promptly inform the Company of any information that would directly involve or impact the Company, which includes information that is potentially market sensitive being promptly brought to the attention of the Company's officers.

10. Please confirm that the Company is in compliance with the Listing Rules and, in particular, Listing Rule 3.1. In making the confirmation, please set out whether the Company has reporting procedures that the Board considers to be appropriate for a listed entity.

The Company confirms that it is in compliance with the Listing Rules and, in particular, Listing Rule 3.1. The Company has reporting procedures that the Board considers to be appropriate for a listed entity.

11. Please confirm that the Company's responses to the questions above have been authorised and approved in accordance with its published continuous disclosure policy or otherwise by the Board or an officer of Company with delegated authority from the Board to respond to ASX on disclosure matters.

The Company's responses to the questions above have been authorised and approved in accordance with its published continuous disclosure policy.

Yours sincerely,



R Moylan
Company Secretary

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26 May 2017

Ms Rebecca Moylan
Company Secretary
Gindalbie Metals Limited
Level 9
216 St Georges Terrace
PERTH WA 6000

By email: rebecca.moylan@gindalbie.com.au

Dear Ms Moylan

GINDALBIE METALS LIMITED (the "COMPANY"): ASX AWARE QUERY

ASX Limited ("ASX") refers to the following:

1. The Company's announcement entitled "Half Yearly Report and Accounts" lodged with the ASX Market Announcements Platform and released at 5:31 pm (AEDT) on 14 March 2017 which disclosed that:

"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 (2015: \$nil).

The Company has contingent liabilities with respect to shareholders' guarantees provided by the Company to Ansteel and KML contractors. Refer to note 8.

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 the 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

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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.” [Pages 12 and 13]

“8) CONTINGENT LIABILITIES

As at 31 December 2016, the Company has the following contingent liabilities with respect to potential shareholders’ guarantees provided by the Company in relation to certain liabilities and obligations of KML.

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. As at 31 December 2016, Gindalbie has provided shareholder guarantees totalling \$700 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.” [Page 15]

2. The Company’s announcement titled “Karara Project Funding Update” lodged with the ASX Market Announcements Platform and released at 11:00 am (AEST) on 24 May 2017 (“Relevant Date”) which disclosed that the Company had received the following update on the Karara Project from Karara Mining Limited (“KML”):

“KML has extended the Facility Agreement with China Merchants Bank (CMB) – US\$300 million Fixed Term Loan Facility (“Facility”). The loan facility was due for repayment in April 2017 and has been extended for another 12 months to April 2018.

The Deed of Amendment was executed on 12 April 2017. KML also executed a Tripartite Agreement (KML, CMB Anshan Branch and Anshan Iron and Steel Group Co Ltd) with regard to the bank guarantee charges related to the CMB loan extension on 12 April 2017.

Gindalbie no longer has a contingent liability with respect to the shareholder guarantee provided by the company to Ansteel for this term loan.”

3. Listing Rule 3.1, which requires a listed entity to give ASX immediately any information concerning it that a reasonable person would expect to have a material effect on the price or value of the entity’s securities.

4. The definition of “aware” in Chapter 19 of the Listing Rules, which states that:

“an entity becomes aware of information if, and as soon as, an officer of the entity (or, in the case of a trust, an officer of the responsible entity) has, or ought reasonably to have, come into possession of the information in the course of the performance of their duties as an officer of that entity”



and section 4.4 in Guidance Note 8 *Continuous Disclosure: Listing Rules 3.1 – 3.1B* “When does an entity become aware of information”.

5. Listing Rule 3.1A, which sets out exceptions from the requirement to make immediate disclosure, provided that each of the following are satisfied.

“3.1A Listing rule 3.1 does not apply to particular information while each of the following requirements is satisfied in relation to the information:

3.1A.1 One or more of the following applies:

- It would be a breach of a law to disclose the information;*
- The information concerns an incomplete proposal or negotiation;*
- The information comprises matters of supposition or is insufficiently definite to warrant disclosure;*
- The information is generated for the internal management purposes of the entity; or*
- The information is a trade secret; and*

3.1A.2 The information is confidential and ASX has not formed the view that the information has ceased to be confidential; and

3.1A.3 A reasonable person would not expect the information to be disclosed.”

6. ASX’s policy position on the concept of “confidentiality”, which is detailed in section 5.8 of Guidance Note 8 *Continuous Disclosure: Listing Rules 3.1 – 3.1B*. In particular, the Guidance Note states that:

“Whether information has the quality of being confidential is a question of fact, not one of the intention or desire of the listed entity. Accordingly, even though an entity may consider information to be confidential and its disclosure to be a breach of confidence, if it is in fact disclosed by those who know it, then it ceases to be confidential information for the purposes of this rule.”

7. Listing Rule 5.45, which states that an entity must not, and must ensure that all its child entities do not, enter a joint venture agreement to investigate or explore a mining tenement or a petroleum tenement, unless the agreement provides that if the entity requires it, the operator of the joint venture will give the entity all the information the entity requires to comply with the Listing Rules; and that the information may be given to ASX for release to the market if necessary for the entity to comply with the Listing Rules.

Having regard to the above, we ask that you answer the following questions in a format suitable for release to the market in accordance with Listing Rule 18.7A:



Loan Facility Extension

1. Does the Company consider the information that KML has extended the facility agreement with China Merchants Bank for another 12 months to April 2018 (“Loan Facility Extension”) to be information that a reasonable person would expect to have a material effect on the price or value of its securities?
2. If the answer to question 1 is “no”, please advise the basis for that view.
3. When did the Company first become aware of the Loan Facility Extension? In answering this question, please specify the date and time the Company first became aware of the Loan Facility Extension.
4. If the Company first became aware of the Loan Facility Extension before the Relevant Date, did the Company make any announcement prior to the Relevant Date which disclosed the Loan Facility Extension? If so, please provide details. If not, please explain why this information was not released to the market at an earlier time, commenting specifically on when you believe the Company was obliged to release the information under Listing Rules 3.1 and 3.1A and what steps the Company took to ensure that the information was released promptly and without delay.

Cessation of Contingent Liability

5. Does the Company consider the information that the Company no longer has a contingent liability with respect to the shareholder guarantee provided by the Company to Ansteel Group Corporation (“Cessation of Contingent Liability”) to be information that a reasonable person would expect to have a material effect on the price or value of its securities?
6. If the answer to question 5 is “no”, please advise the basis for that view.
7. When did the Company first become aware of the Cessation of Contingent Liability? In answering this question, please specify the date and time the Company first became aware of the Cessation of Contingent Liability.
8. If the Company first became aware of the Cessation of the Contingent Liability before the Relevant Date, did the Company make any announcement prior to the Relevant Date which disclosed the Cessation of the Contingent Liability? If so, please provide details. If not, please explain why this information was not released to the market at an earlier time, commenting specifically on when you believe the Company was obliged to release the information under Listing Rules 3.1 and 3.1A and what steps the Company took to ensure that the information was released promptly and without delay.

Joint Venture

9. Please advise of the reporting processes that the Company has in place with KML as the operator of the Joint Venture and comment as to whether the Company considers that these processes are



appropriate to ensure that information which is potentially market sensitive is promptly brought to the attention of the Company's officers.

10. Please confirm that the Company is in compliance with the Listing Rules and, in particular, Listing Rule 3.1. In making the confirmation, please set out whether the Company has reporting procedures that the Board considers to be appropriate for a listed entity.
11. Please confirm that the Company's responses to the questions above have been authorised and approved in accordance with its published continuous disclosure policy or otherwise by the Board or an officer of Company with delegated authority from the Board to respond to ASX on disclosure matters.

When and where to send your response

This request is made under, and in accordance with, Listing Rule 18.7. Your response is required as soon as reasonably possible and, in any event, by not later than **12:00 pm (WST), Wednesday 31 May 2017**. If we do not have your response by then, ASX will have no choice but to consider suspending trading in the Company's securities under Listing Rule 17.3.

You should note that if the information requested by this letter is information required to be given to ASX under Listing Rule 3.1 and it does not fall within the exceptions mentioned in Listing Rule 3.1A, the Company's obligation is to disclose the information "immediately". This may require the information to be disclosed before the deadline set out in the previous paragraph.

ASX reserves the right to release a copy of this letter and your response on the ASX Market Announcements Platform under Listing Rule 18.7A. Accordingly, your response should be in a form suitable for release to the market.

Your response should be sent to me by e-mail at Hayley.Pratt@asx.com.au and tradinghaltspert@asx.com.au. It should not be sent directly to the ASX Market Announcements Office. This is to allow me to review your response to confirm that it is in a form appropriate for release to the market, before it is published on the ASX Market Announcements Platform.

Listing Rule 3.1

Listing Rule 3.1 requires a listed entity to give ASX immediately any information concerning it that a reasonable person would expect to have a material effect on the price or value of the entity's securities. Exceptions to this requirement are set out in Listing Rule 3.1A.

The obligation of the Company to disclose information under Listing Rules 3.1 and 3.1A is not confined to, nor is it necessarily satisfied by, answering the questions set out in this letter.

In responding to this letter, you should have regard to the Company's obligations under Listing Rules 3.1 and 3.1A and also to Guidance Note 8 *Continuous Disclosure: Listing Rules 3.1 – 3.1B*.



Trading halt

If you are unable to respond to this letter by the time specified above, you should discuss with us whether it is appropriate to request a trading halt in the Company's securities under Listing Rule 17.1.

If you wish a trading halt, you must tell us:

- the reasons for the trading halt;
- how long you want the trading halt to last;
- the event you expect to happen that will end the trading halt;
- that you are not aware of any reason why the trading halt should not be granted; and
- any other information necessary to inform the market about the trading halt, or that we ask for.

We may require the request for a trading halt to be in writing. The trading halt cannot extend past the commencement of normal trading on the second day after the day on which it is granted.

You can find further information about trading halts in Guidance Note 16 *Trading Halts & Voluntary Suspensions*.

If you have any queries or concerns about any of the above, please contact me immediately.

Yours sincerely

[sent electronically without signature]

Hayley Pratt
Adviser, ASX Listings Compliance