

## **STOCK EXCHANGE ANNOUNCEMENT**

**13 April 2006**

# **CHAIRMAN'S ADDRESS TO GENERAL MEETING OF SHAREHOLDERS**

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It is a great pleasure as the Chairman of Gindalbie Metals to address today's General Meeting of Shareholders.

This meeting comes at a significant time in the transformation of Gindalbie as we move towards the development of the Karara Iron Ore Project. I am pleased to report that as a result of recent developments, shareholders of Gindalbie are now well positioned to share in the benefits of the growing Karara Project. In fact this project is now of a scale that its development will also benefit the wider economy of Western Australia.

Today you will be asked to vote on a number of key share and option issues which will provide the funds and the mechanism for Gindalbie to move ahead with the completion of Definitive Feasibility Studies on the development of the Karara Iron Ore Project.

Since today's General Meeting was convened in February this year, events have moved ahead rapidly for Gindalbie and I am delighted to be in a position today to talk about our landmark 50:50 Joint Venture and funding agreement with China's AnSteel Group – the second largest steel producer in China – for the development of the Karara Iron Ore Project.

The Agreement signed by Gindalbie with AnSteel stands out amongst a number of announcements made by other West Australian iron ore companies in that it is a binding agreement, and addresses 100% of the financing arrangements for the Karara Iron Ore Project.

At the Company's Annual General Meeting held late last year I gave an address to shareholders having only recently accepted an invitation to join the Board of Gindalbie as Non-executive Chairman.

In this address, I flagged the Company's aim of outlining a resource of 400 million tonnes of magnetite ore at Karara on which to base a Concentrate/ Pellet Project, as well as progressing our nearer term Direct Shipping Ore project. I also indicated that we would be actively seeking participants to join Gindalbie in the development of the Karara Project and, in line with our focus on this project, we would seek to divest our non-core gold and base metals assets.

I am delighted that today – just six months later – I can report that we have not only achieved but exceeded these goals.

In March this year, a JORC compliant resource of 737 million tonnes at 37% iron was announced for the Karara magnetite deposit, exceeding our Pre-feasibility target by 84% and enabling us to upgrade our base case production scenario for the Concentrate/Pellet Project from 4 million tonnes per annum to 7 million tonnes per annum. We have since commenced a step out drilling program with the view of increasing the magnetite resource.

This was followed early this month by the announcement that we had successfully secured AnSteel as our joint venture partners for the Karara Project. Finally, today, we are also able to announce the sale of our gold and base metals assets for \$10 million, successfully achieving the goals set out at the Annual General Meeting.

That we were able to complete a joint venture and funding agreement with a company of the calibre of AnSteel is very pleasing to me, particularly in light of the previous relationship I developed with the group in my former role as Chairman of Portman Limited.

AnSteel has grown significantly since those days and is now leading the new generation of Chinese steel groups. In my view, we have secured an A grade joint venture partner, with AnSteel bringing a depth of technical expertise which will be of substantial benefit to the overall project.

AnSteel is currently China's second largest steel producer and the major steel producer in the North-East Region of China. The Group had crude steel production of 11.3 million tonnes in 2004 and sales revenue in excess of US\$8 billion.

Our aim is to work closely with AnSteel in a true spirit of cooperation and joint venture to complete the current Definitive Feasibility Studies on the Karara Project during 2006 under our existing Alliance with Thiess Pty Ltd. Given a positive outcome, it is our intention to commence first shipments of hematite ore in 2007 and, at the same time, start construction of Australia's largest Concentrate/Pellet Plant project.

To facilitate the necessary infrastructure for the Karara pellet project, particularly the Oakajee Port, we are pleased to have the cooperation and support, not only with the Thiess Alliance and Joint Venture partners, but of other companies operating in the Geraldton region and, most importantly, the Western Australian Government.

The proposed potential production from the Karara Pellet project of 7 million tonnes per annum will exceed the capacity of the Geraldton Port. It is for this reason and so that we can access the much larger Cape Size ships that we are keen to see the Oakajee Port development proceed.

We look forward to working closely with Government, the Geraldton community and other members of the Geraldton Iron Ore Alliance and any other interested parties to ensure that all the infrastructure requirements necessary for the development of a substantial new iron ore industry in Western Australia's mid-west are met.

As I stated earlier, this is a very exciting time for Gindalbie and I thank my fellow directors, particularly our Managing Director, David McSweeney, for their unwavering support during a period of rapid change.

I look forward to being able to continue report to you on our record of delivering on development milestones when next I address a meeting of Shareholders of Gindalbie Metals.

**Mr George Jones**  
**Chairman**