

CHAIRMAN'S ADDRESS – 2010 ANNUAL GENERAL MEETING

Good morning Ladies and Gentlemen, and welcome to Gindalbie's 2010 Annual General Meeting.

I wrote at some length in the Annual Report about the tragic events of earlier this year which saw us lose our Chairman, Geoff Wedlock, and several other friends and colleagues who were highly respected members of the mining community both in Australia and overseas. Once again I would like to take this opportunity to pay tribute to Geoff and the others who were tragically lost on that day – and to extend our very best wishes to their families and friends.

Also today, I would like to acknowledge Tunku Abdullah, who resigned as a non-executive director of Gindalbie earlier this month after more than six years on the Board. As many of you would know, Tunku is the Principal of one of Gindalbie's original cornerstone investors in the Melewar Group, and as such has provided tremendous support, input and assistance, particularly in relation to our Ansteel Joint Venture.

As most of you will be aware, this is my second term as Chairman of Gindalbie. In my first term Gindalbie was transformed from a small WA gold company into a position where, together with our long-standing Chinese joint venture partner AnSteel, we are developing a world-scale iron ore project at Karara.

This development crystallized during the past year with a host of wonderful achievements which are described in detail in the Annual Report. These include commencement of construction at Karara, completing a US\$1.2 billion project debt facility a\$206 million capital raising, as well as signing a US\$65 billion off-take agreement with Ansteel – one of Australia's largest ever export deals.

Commitments have been made for a total of \$1.2 billion worth of work. The project site at Karara is a hive of activity plus work is underway on all parts of the associated infrastructure like rail, power, water and port. Our Managing Director Garret Dixon will provide more detail on this when he gives a project update at the conclusion of the formal part of the meeting.

What all this work means, though, is that we are set to produce our first iron ore by the middle of next year, when the first hematite production is scheduled to take place – and if we can make that happen sooner than mid-year, we will.

With magnetite concentrate production starting by the end of the year at an annual rate of 8 million tonnes, Karara will be producing at a rate of 10Mtpa. Based on current spot prices our high-grade magnetite concentrate would fetch more than \$150 a tonne. With cash costs, before royalties, of around \$42 a tonne, that is an operating cash margin of more than \$100a tonne or more than \$800 million a year – and Gindalbie owns half of Karara.

It is important to note, that our growth plan is to potentially double magnetite production to 16 million tonnes and then double it again to more than 30 million tonnes per annum.

Now, just to finish this point, we now have no fewer than 11 national and international broking houses generating research on our Company. These analysts have a consensus 12-month share price target of \$1.58.

As Chairman, I'm not meant to forecast the share price, so I won't. But I will make this point: these analysts are, understandably, very conservative in their forecasts about iron ore prices. It is my personal view that iron ore prices will prove to be far more resilient than many of those forecasts and therefore I believe Gindalbie's earnings outlook will be even stronger than they are forecasting.

I have recently spent a great deal of time in China, and it's clear that their economy is very strong, and there are a number of significant new developments over there which bode very well for the future of iron ore demand. These include the development of the Western Provinces and the less advanced rural areas, the continued growth of the construction sector and the ongoing rise in domestic consumption.

The Karara Project, in my view couldn't be looking better, from either an operating or financial perspective.

As I mentioned at the outset, this is now my second term as Gindalbie Chairman, and, just as the establishment of Karara was the key feature of my first term, so I am determined to make the next phase of Gindalbie's growth the key feature of my second term.

I believe strongly that Karara will provide an ideal foundation on which Gindalbie can acquire and develop other world-class resource projects. Our major shareholder and Karara partner, Ansteel, has given us its full support to look for and acquire other projects and opportunities, together with development opportunities within Gindalbie's own Mid West tenement position.

We have placed a few simple and clear parameters on this process. Essentially, preference will be given to those projects and acquisitions which involve a steel feedstock, such as iron ore, coking coal, manganese, chromite and nickel.

With the Company's next phase of growth and development in mind, we have also continued to strengthen and enhance our Board and we recently announced the appointment of senior international mining executive Tim Netscher as an Independent Non-Executive Director.

Tim is currently Regional Senior Vice President Asia Pacific for Newmont Mining Corporation, the world's second largest gold producer. His appointment further enhances our Board by providing additional independence and experience in corporate governance, corporate strategy in the resource sector as well as project development and management. I take this opportunity to welcome Tim to the Board and look forward to working with him in the years ahead. I continue to look for talented directors that can join the Gindalbie team and help us to implement our vision.

In conclusion, I would like to thank Garret Dixon and our senior management team for their efforts and hard work during the year, as well as the many people across the rapidly growing Gindalbie and Karara organisations who are working tirelessly towards achieving our goals.

I would also like to extend my sincere thanks to our joint venture partners, AnSteel; they have been supportive partners over the past four years and we are very much looking forward to sharing with them in the mutual benefits that will flow from the development of Karara.

Ladies and Gentlemen, you can look forward with a great deal of confidence for the year ahead.

Thank you,

George Jones
Chairman