

Dear Gindalbie Shareholder,

It is with pleasure that I write to you on behalf of Gindalbie's Board of Directors to outline the next phase of your Company's growth. The Board is seeking support of shareholders on an important matter as Gindalbie moves further towards production.

As you will be aware, Gindalbie and its partner AnSteel are set to produce the first iron ore at the Karara Iron Ore Project in 2011.

Shareholder Resolution - Approval of Share Mortgage and Cross Charge

China Development Bank and Bank of China have been mandated and have provided a very competitive term sheet for a debt facility for the construction of the Karara Project (announced April 9, 2010). As part of these debt financing arrangements, AnSteel is providing a 100% parent company guarantee to the banks, which extends to Gindalbie's 50% responsibility to the banks. In recognition of this, Gindalbie has agreed to grant AnSteel security over its 50% interest in Karara.

These additional security arrangements are necessary in order to obtain the necessary Chinese regulatory approval for AnSteel to provide the parent company guarantee and allow drawdown of the Project Loan Facility.

The shareholders in Karara Mining Limited (KML) have also entered into cross charges to secure their respective obligations under the joint venture arrangements.

The security arrangements entered into with AnSteel are standard arrangements between joint venture partners in such project debt arrangements. Further details are provided in the attached Notice of Meeting and specifically in the Independent Expert's Report prepared by Deloitte Corporate Finance, which has concluded the arrangements are Fair and Reasonable to shareholders.

To assist in obtaining the necessary debt financing for the Karara Project, the Board of Directors unanimously urge you to vote in favour of the resolution related to the security arrangements.

Your Board and I believe that the approval of the resolution is in shareholders' best interests. A lack of shareholder support for the resolution will affect the proposed funding arrangements for the Karara Project and could have serious ramifications for your Company and the timely and successful development of Karara.

Please read the enclosed information which includes the Notice of Meeting and Independent Expert's Report. Most importantly, please fill out the proxy form and send that back through to Advanced Share Registry.

Thank you for your continued support.

Yours sincerely,

Geoff Wedlock