

2013 ANNUAL GENERAL MEETING – CHAIRMAN’S ADDRESS

Welcome to Gindalbie’s 2013 Annual General Meeting.

As I said in our Annual Report, since being appointed as Chairman in April I have experienced first-hand both the highs and the lows that come with commissioning a resource project of the scale and complexity of Karara.

Having received much feedback from shareholders in recent months, I have also gained a clear understanding of the sense of frustration and disappointment which many of you feel about our performance, and the fact that the ramp-up of production has been slower than forecast.

During 2013 we completed construction of the Karara plant and supporting infrastructure. This was a major achievement in a difficult construction environment. We have, however, encountered significant, frustrating and costly delays in the commissioning of the plant and the ramp-up of production.

As a Board we understand and share your disappointment.

It is important to note that, while there have been delays and disappointments, there have also been significant achievements over the past two years. These include:

- Completion of a \$3 billion construction project which involved over 2,500 people at its peak with an exemplary safety record.
- Construction, commissioning and ramp-up from a standing start to full commercial operation of the Rail and Port infrastructure.
- To date a total of more than 5Mt of hematite DSO and 2Mt of magnetite concentrate have been exported in over 120 shipments since we began commissioning the project in October last year; and
- The implementation of successful, effective community engagement programs which are innovative, sophisticated, productive and extremely cost effective.

There is no doubt in my mind that, while it has been at times a difficult and frustrating journey, we have created a world-class magnetite project at Karara that will generate significant value for its shareholders for decades to come.

We as a Board acknowledge that, with the benefit of hindsight, the time required to achieve certain milestones at Karara were underestimated. The ramp-up process has identified a number of design issues which have limited capacity and will need further time to resolve.

Our new Managing Director, Dale Harris, will shortly update you on the Karara Project. Karara, Gindalbie and Ansteel are operating jointly on developing a clear pathway and program of work to optimize the performance of the Karara Project.

In his presentation, Dale will outline our focus areas for the next 12 months, as well as provide guidance on production levels for the 6 months to June 2014. This information released in a separate comprehensive announcement to the Australian Securities Exchange On Wednesday and will provide a benchmark by which shareholders can measure our performance and progress over the coming months.

As Chairman and on behalf of the Board, I can assure you that we will continue to work to deliver the Karara Project and maximize shareholder value in 2014 and beyond.

I take this opportunity to formally welcome Dale Harris to the Company and to acknowledge the energy and enthusiasm he has already imparted to Gindalbie and the KML team. On behalf of the Board, I also express my sincere thanks to Tim Netscher for the effort he put in over the past three years in guiding Gindalbie and Karara to this point.

Karara has been a challenging project, however, Gindalbie is now close realizing the vision which my predecessor, George Jones AM, first set out for this Company back in 2005.

George remains a significant supporter and shareholder of Gindalbie, and I take this opportunity to recognize his contribution and thank him sincerely for his enormous effort over the past eight years.

Finally, it would be remiss of me not to conclude without making special mention of the extraordinary role played by Ansteel, our long-standing joint venture partner and major shareholder.

As I said in the Annual Report, we decided after extensive deliberations to accept Ansteel's offer to provide additional financial support for the Karara Project to cover the working capital shortfall arising from the delays in ramping up production. This decision resulted in a dilution of our equity ownership of the Karara Project.

For a junior company like Gindalbie, it has however enabled us to maintain a significant equity ownership of a very large project.

Ansteel's willingness to continue to support the Karara Project through this difficult time is testament to the strength of our partnership.

Ladies and Gentlemen we have a major project that will deliver value back to shareholders, we have a team of dedicated and hard-working people who want to succeed; and we have a sensible and measured plan to resolve the production bottlenecks and enable Karara to deliver growth and success as we move forward.

Thank you for your attention.

Keith Jones
Chairman

ENDS

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