

Ladies and Gentlemen,

I would like to welcome you all to this General Meeting of Gindalbie Metals.

It is always a pleasure to stand before shareholders to update you as we continue the journey of developing this Company.

Today we are seeking the support of shareholders on an important matter as Gindalbie moves closer to production from our flagship Karara Iron Ore Project.

The development of Karara is going well and our Managing Director, Tim Netscher, will provide a more detailed update at the conclusion of the formal part of the meeting. But briefly, Direct Shipping Ore mining is underway and we are targeting June 2012 for the first shipment of magnetite concentrate.

However, the revised construction cost estimate of A\$2.57 billion which was announced in June has resulted in the requirement for Gindalbie and its Karara joint venture partner Ansteel to jointly contribute a further A\$600 million in equity towards the Karara development.

Gindalbie is seeking to fund its portion (A\$300 million) through proceeds from the recently-completed rights issue of A\$134 million, the placement to Ansteel raising A\$75 million the subject of this General Meeting, plus accessing existing cash reserves which stood at A\$149 million at June 30, 2011.

Ansteel wanted to support any equity raising to continue its long-standing support of the Karara Project development. However, Ansteel was unable to participate in the rights issue under the accelerated timetable approved by the ASX because of the time required in securing the necessary regulatory approvals from both the Australian and Chinese Governments.

Therefore, under the structure that was adopted Gindalbie undertook the rights issue allowing all shareholders to participate on an equitable basis. But with Ansteel unable to take up its entitlement because of the time required to secure necessary regulatory approvals, we are today seeking shareholder approval for a separate placement to Ansteel. It is important to understand that the placement to Ansteel is for the same number of shares, and at the same price, as it would have been entitled to under the rights issue. This simply allows Ansteel to maintain their existing 35.886% shareholding in Gindalbie, but the deferred settlement period of the placement provides Ansteel the opportunity to meet the regulatory processes.

If the Resolution is not passed, or the regulatory approvals not granted, then the Board will need to consider other financing alternatives, including a potential further equity raising.

The independent Directors believe that AnSteel's support of Gindalbie has been critical to its success and believe that maintaining AnSteel's ownership position results in Gindalbie remaining a strong company.

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.

Thank you for your continued support.

George Jones
Chairman