



GINDALBIE
METALS LTD



Emerging Iron Ore Producer

Diggers and Dealers
August 2008

Disclaimer



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Competent Person Compliance Statement

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JORC - Exploration Targets

It is common practice for a company to comment on and discuss its exploration in terms of target size and type. The information relating to exploration targets should not be misunderstood or misconstrued as an estimate of Mineral Resources or Ore Reserves. Hence the terms Resource(s) or Reserve(s) have not been used in this context. The potential quantity and grade is conceptual in nature, since there has been insufficient work completed to define them beyond exploration targets and that it is uncertain if further exploration will result in the determination of a Mineral Resource.

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All dollar amounts shown in this presentation are in Australian dollars unless otherwise stated.



Demystifying the Mid West



A New Iron Ore Province

Australia's Mid West Region

- Strategic alternative supply source to Pilbara
- Proximity to major shipping lanes and customers
- Large reserves of hematite and magnetite
- Potential to produce 50–60 Mtpa by 2015
- Partnership approach to development opportunities
- Existing infrastructure/utilities
- Significant expansion plans underway
- Gindalbie holds 1,900 square kilometres of prospective tenements and iron ore rights in the Mid West Region both wholly owned and in Joint Venture.



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Current Value Drivers

Karara Iron Ore Project (GBG: 50%)

- **Magnetite**
World-class 522 Mt JORC Reserve and 1,853 Mt JORC Resource - production from 2010
- **Hematite**
10.9 Mt JORC Reserve and 16.2 Mt JORC Resource DSO - production from 2009

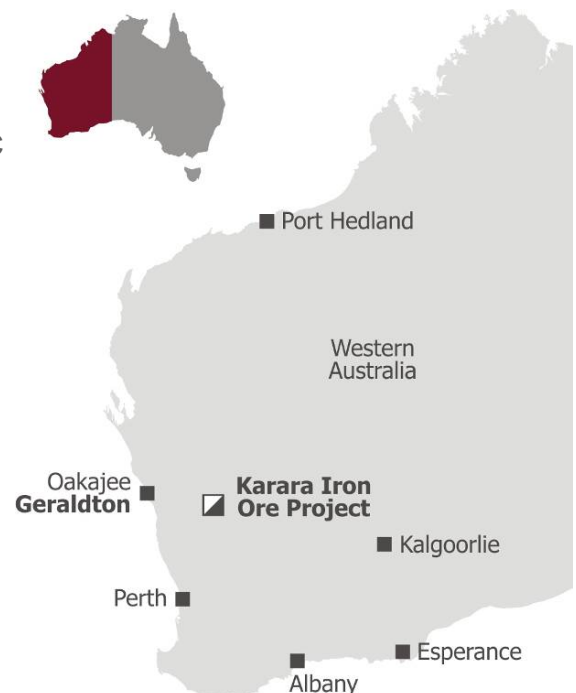
Lodestone Project (GBG: 100%)

- Another Karara?

Hematite (GBG: 100% and JVs)

- 1900 sq km tenement position
- Target 80 -100mt @ 55 - 66%Fe

...First production and cash flow in 2009



Myth Number 1

New Mid West Projects Will Not Get Finance

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Gindalbie – AnSteel Alliance

AnSteel

- China's oldest steel Company, established 1916
- Long term experience in magnetite mining and production
- China's biggest iron ore miner – 45 Mtpa
- One of China's biggest steel producers – 22 Mtpa – growing to 50 Mtpa by 2011
- Publicly listed in Hong Kong
- Strategic shareholder in Gindalbie
- Aligned with Gindalbie shareholders
- Strong commitment to Karara Project
- Off-take agreement in place for 100% of Karara production - min 11 Mtpa



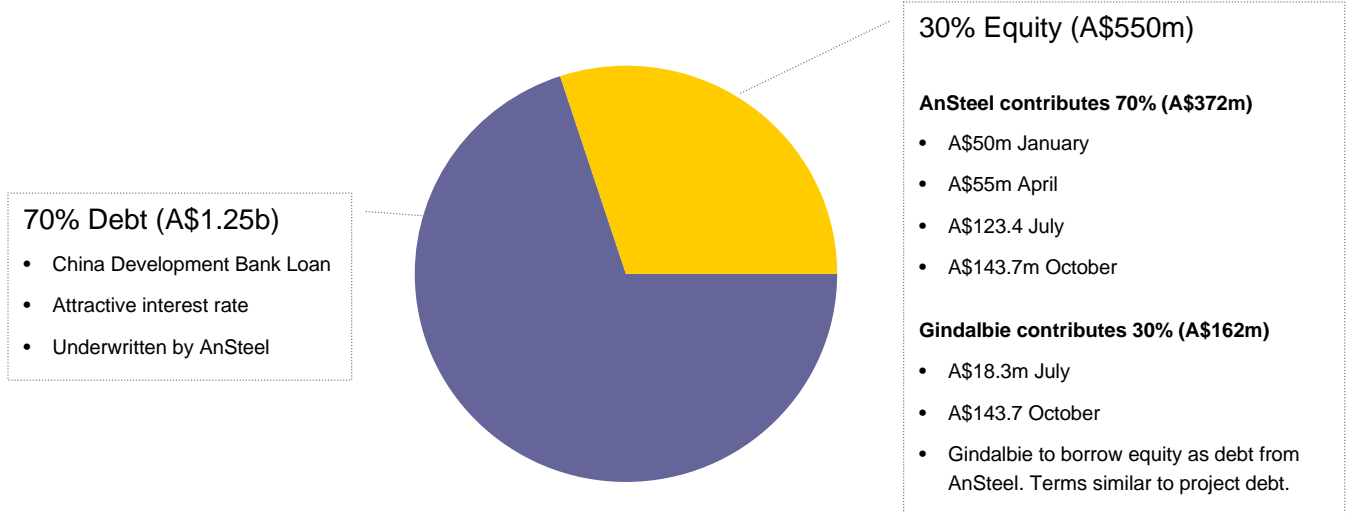
AnSteel Mining Operation - Hujiamiao Open Pit, Anshan, Liaoning China

...A powerful partner

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Karara Iron Ore Project - Funding

A\$1.8b Project Financing in Place



The Karara Iron Ore Project is Effectively Fully Funded

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Myth Number 2

The Chinese Bubble Will Burst

China's Amazing Growth

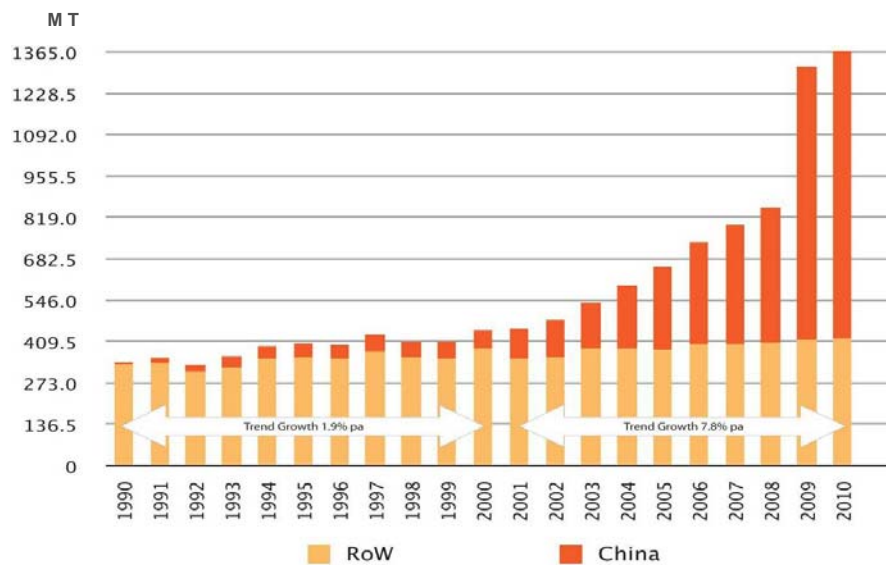
	2006	Potential
Cities > 1.5m	45	147
Expressways	45,000km	>450,000km
Railways	75,500km	92,500km
Subways	602km	>2,300km
Airports	486	40 new, 121 expansions
Ports	3 billion tonne capacity	>5 billion tonne capacity
Oil Pipelines	15,256km	23,250km
Gas Pipelines	22,664km	57,650km
Power	-500GW	>900GW

Source: National Development Reform Commission, China

...All this requires a SIGNIFICANT increase in steel production

Demand Growth – China leads the way

Seabourne Trade in Iron Ore



Source: GSJBW, TEX Report

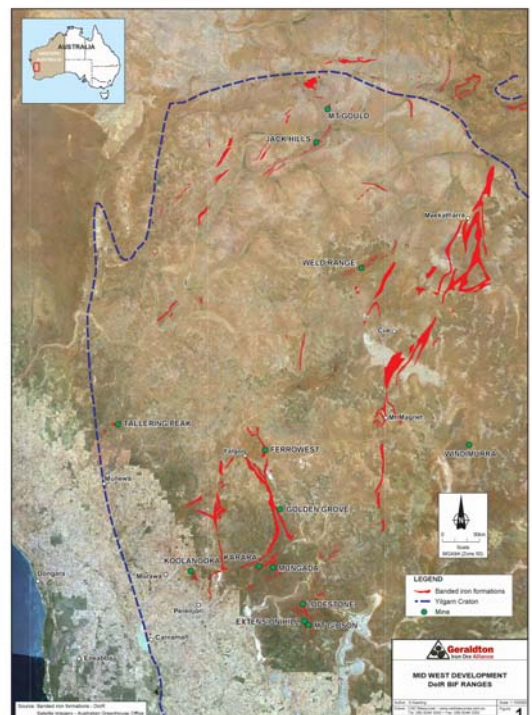
Myth Number 3

The Mid West And The Environment

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Karara Iron Ore Project - Environment

- Gindalbie is working with the Western Australia EPA toward securing environmental approval for both the hematite and magnetite projects
- WA Government’s Mid West Strategic Review concluded the Government was “pre-disposed” to supporting the development of iron ore mining on the Karara tenements which host the main magnetite deposit and several smaller hematite deposits



Karara Iron Ore Project – State Benefits

The long life (+40 years) Karara Iron Ore Project will provide significant benefits to WA and Mid West:

- Annual wages bill of A\$50m, 500 new longer term jobs, plus indirect Mid West Jobs
- Opportunities for Mid West businesses and indigenous groups
- Annual tax payment A\$63M (A\$2,500m life of mine)
- Annual export revenue of A\$1000m
- Capital contributions of A\$630m to upgrade existing infrastructure

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Myth Number 4

*Magnetite Projects
Will Not Get Up*

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Magnetite – A Premium Product

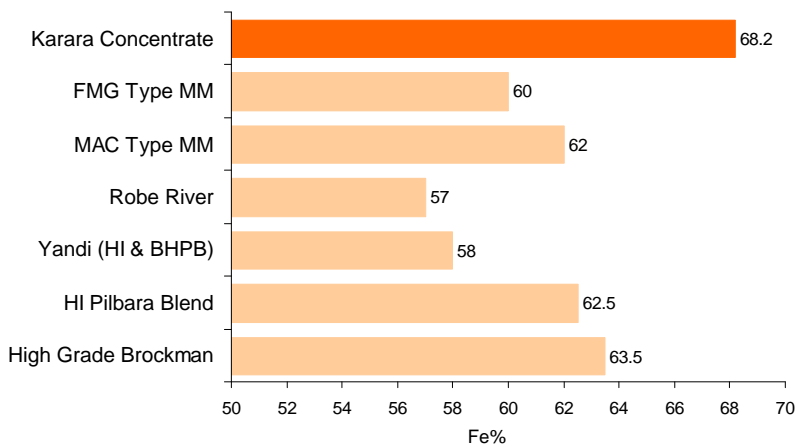
- Magnetite makes up 50%+ of global iron ore production
- But in Australia 96% of iron ore production is from Hematite
- Hematite grades are falling
- Steel mills need high grade feed to make quality steel

Lower hematite quality makes high grade magnetite concentrate a sought after premium product



Magnetite – A Premium Product

Iron Grade Comparison



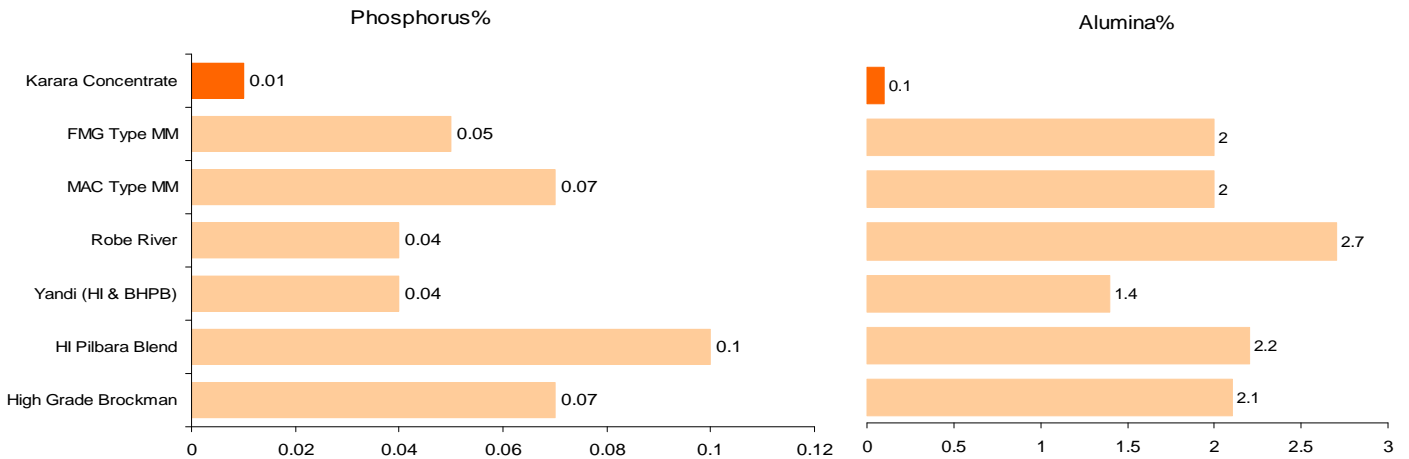
Karara Concentrate Specification

Fe % (Iron)	68.2
SiO ₂ % (Silica)	4.75
Al ₂ O ₃ % (Alumina)	0.10
P% (Phosphorus)	0.01
S% (Sulphur)	0.05

Karara concentrate is a high grade, low impurity premium product

Magnetite – A Premium Product

Impurity Level Comparison



Karara concentrate is a high grade, low impurity premium product

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Karara Iron Ore Project - A Hematite Equivalent Comparison

To compare Magnetite and Hematite adjust for:

- Concentrating: Karara 2.5 tonne ore produces 1 tonne concentrate
- Magnetite concentrate costs \$10 - \$15 extra to process into concentrate
- High grade concentrate 68 – 69% Fe delivers 10% more revenue for every tonne
- Strip Ratio: Karara has waste:ore ratio of 0.34:1
 - Mine 27mt to produce 8mt of concentrate. Equivalent 2.4:1 waste:ore ratio
 - “Low strip ratio” mine

Karara as an “Equivalent Hematite Mine”:

- Karara magnetite orebody of 2.4 billion tonnes is equivalent to a DSO hematite orebody of 950 million tonnes grading 68.3%Fe
- World-class large tonnage high grade resource



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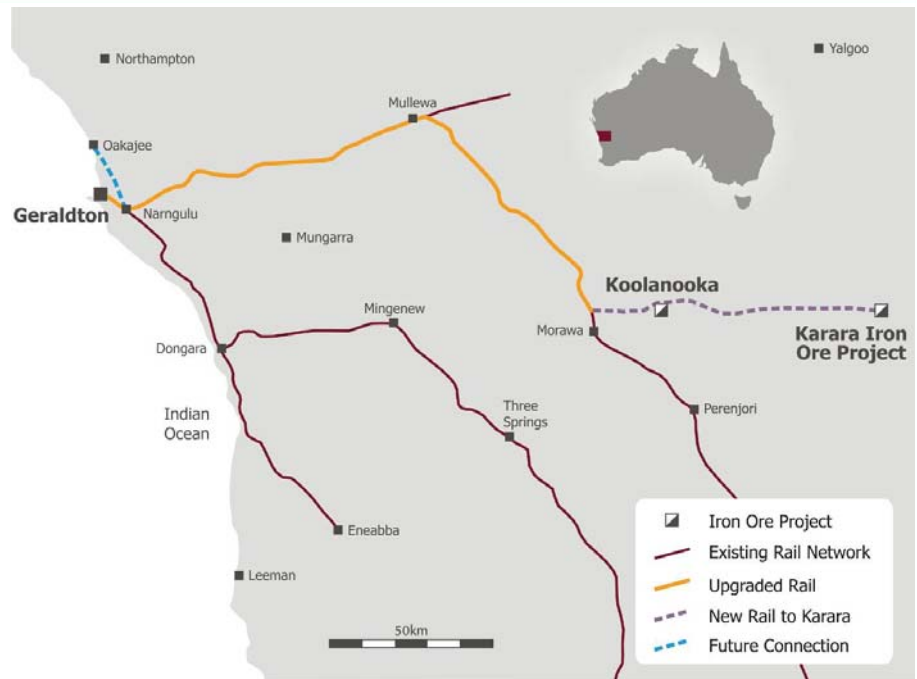
Myth Number 5

*Mid West Infrastructure
Will Not Support New Projects*

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Karara Iron Ore Project - Rail

- Feasibility Studies show rail is an attractive transport solution for the Karara Iron Ore Project
- Existing narrow gauge rail line
- New rail line along existing easement to Koolanooka
- Upgrade rail network with standard gauge to capacity of 40 Mtpa



Karara Iron Ore Project - Power

- Karara Iron Ore Project will connect to existing State Power Grid
- 15 year Power Supply contract signed with Verve Energy - November 2007
- Government commitment to 330kV SWIS upgrade assures power supply



- Port berths 5 and 7 secured
- Gindalbie – 10 Mtpa through Berths 5 and 7
- Berth 5 – 2 Mtpa DSO growing to 4 Mtpa
- Berth 7 – 8 Mtpa Magnetite Concentrate
- Port capacity approx 24 Mtpa
- Gindalbie available capacity ~14 Mtpa



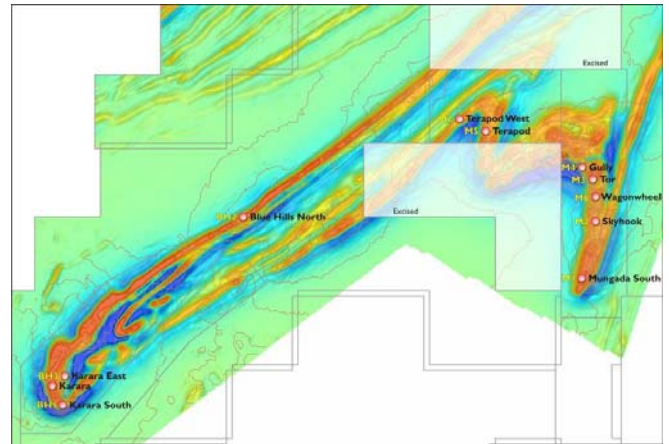
Myth Number 6

*Gindalbie Will Only Be
A Magnetite Producer*

Karara Iron Ore Project – Hematite

Hematite Phase

- 10.9 Mt JORC Reserve @ 61.7% Fe
- 16.2 Mt JORC Resource @ 62.0% Fe
- Lump : Fines Ratio = 60 : 40
- First production: 2009
- Producing Direct Shipping Ore (DSO)
- 6 year project on current Reserves
- Offtake guaranteed by Ansteel
- Capex A\$108.1M
- LOM free cash flow A\$184M
- NPV_{10%} A\$79.6M
- **(GBG Share A\$39.8M)[^]**
- IRR 27.5%



Hematite (BFS)

Production: 2- 3 Mtpa
 FOB Costs* (pre-2010, Road/Rail): A\$52/tonne
 (post-2010, Rail only): A\$41/tonne

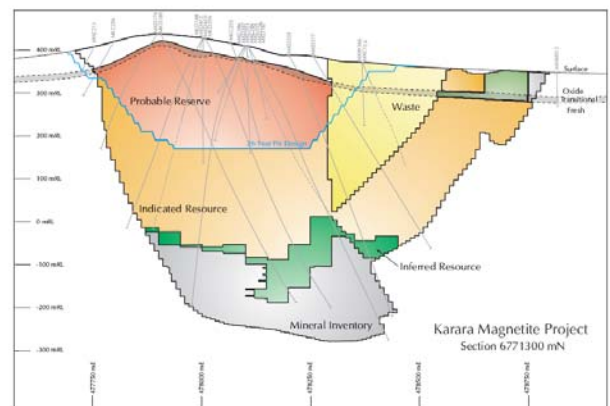
*Includes Royalty

[^] Based on Karara Bankable Feasibility Study, September 2007 and 2007 Iron Ore prices

Karara Iron Ore Project – Magnetite Concentrate

Magnetite Phase

- 522 Mt JORC Reserve @ 36.3% Fe
- 1,853 Mt JORC Resource @ 35.4% Fe
- First production: 2010 @ 8 Mtpa
- Feasibility underway on 12 Mtpa start-up
- Pellets produced in China (Yingkou)
- 25 year project on current Reserves
- Offtake guaranteed by Ansteel
- Capex A\$1,706M
- LOM annual free post tax cashflow A\$375M
- NPV_{9%} A\$2,252M
- **(GBG Share A\$1,136M)[^]**
- IRR 24.6%



Magnetite (BFS)

Production: 8 Mtpa
 Concentrate/Pellets: 4 Mtpa/4 Mtpa
 FOB Costs* (ex-Geraldton): A\$46/tonne

*Includes State Government Royalty

[^] Based on Karara Bankable Feasibility Study, September 2007 and 2007 Iron Ore Prices

Karara Iron Ore Project – Magnetite Pellet Plant

Yingkou, China

- Within new 6.5 Mtpa AnSteel steel mill
- BFS estimated capital cost: A\$186M
- Competitive power and labour costs
- Proximity to existing power station, water, utilities
- Potential for close integration with AnSteel's operations
- Skilled workforce and experienced management in the region



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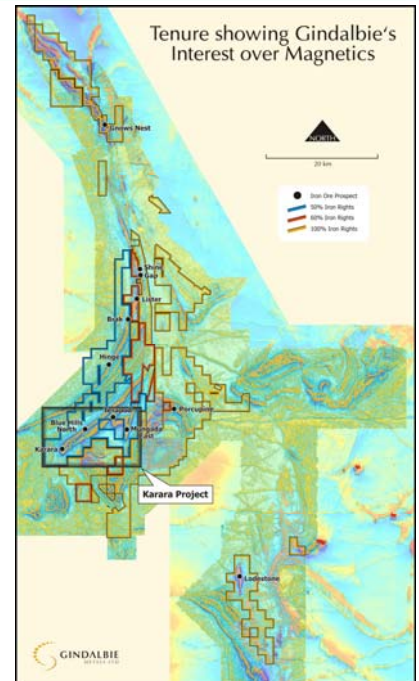
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Myth Number 7

*Gindalbie's Only Project Is
Karara*

Expansion and Exploration Opportunities

- Strong potential for resource expansions
 - Hematite – target 80 -100 Mt @ 55-66% Fe (DSO)^
 - Further magnetite resource expansion potential
- Excellent exploration opportunities over 1,900 square kilometres of GBG tenements in Mid West Region
- **Karara JV** (GBG: 50%) and **Warriedar JV** (GBG: 60%) cover less than 20% of this area
- 12 other potential hematite DSO deposits identified to date
- **Lodestone Project** (GBG: 100%), 50km south east of Karara identifies a 6km long Banded Iron Formation (BIF) with similar magnetic intensity to the Karara Magnetite Project – **Partnership Opportunities**

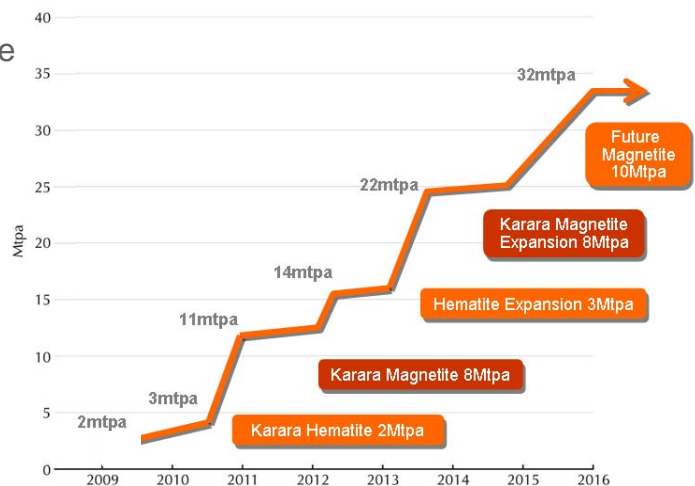


...Major iron producer potential

^ Please refer to Disclaimer on Page 2

High Growth Opportunity

- **BFS Stage 1 - Hematite**
 - 3 Mtpa 61.7% Fe Direct Shipping Ore
- **BFS Stage 2 - Magnetite**
 - 8 Mtpa 68.2% Fe Concentrate
 - including 4 Mtpa 66% Fe Pellets
- **Exploration Upside**
 - Resource addition/conversion
- **Karara Expansion Opportunities**
 - Hematite from 3 to 4 Mtpa @ 60-62% Fe
 - Magnetite from 8 to 12 Mtpa @ 68-69% Fe



...Strong production growth planned

Realising Value

- World-class resource
- Hematite production 2009 (NPV GBG share: A\$39.8M*)
- Magnetite production 2010 (NPV GBG share: A\$1,136M*)
- Production scalable, with reduced CAPEX
- Margins robust, potential to increase
- Infrastructure solutions in place
- **FULLY FUNDED**

* Based on Karara Project Bankable Feasibility Study, September 2007

...Profound value proposition

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Level 9, London House
216 St Georges Terrace
PERTH WA 6000
P: 61 8 9480 8700
F: 61 8 9480 8799