

2014 ANNUAL GENERAL MEETING – CHAIRMAN’S ADDRESS

Welcome to today’s Annual General Meeting of the Shareholders of Gindalbie Metals Ltd.

As I said in our Annual Report the past twelve months has been a confronting period for Gindalbie. We have an investment in a long term project which is operating in a very challenging environment of falling iron ore prices and a strong Australian dollar.

During the past year Gindalbie has focussed on assisting Karara Mining Ltd (“KML”) manage the consequences of the capacity constraints identified during the ramp-up of the Karara Project and the fact that the Karara Project is still not cash flow positive.

The operational difficulties at the Karara Project have coincided with a period of significantly lower iron ore prices due to increased supply and a persistently high Australian Dollar. These factors have helped create what must be as close to the perfect storm as one can get.

The combined impact of these issues meant that, in accordance with Australian accounting standards, the Gindalbie Board made the decision to write-off the investment in KML and this was incorporated into the 2014 financial statements. Gindalbie continues to own its KML shares and the investment in KML remains a key asset. The write-down, however, reflects our value assessment of its value based upon the current underlying performance and current market fundamentals impacting upon KML.

On a positive note, KML is making progress with the debottlenecking of the Karara Project and improvements in production are being achieved. Production for the September 2014 quarter saw an increase of 35.5% over the previous June 2014 quarter. KML has advised it has made record shipments of magnetite concentrate in October 2014, shipping at an annualised rate of 6.4 million wet metric tonnes per annum.

During the year Ansteel injected fresh cash into KML through a series of new shareholder loans and three prepayment or forward sale agreements. Ansteel also arranged three important new bank debt facilities as well as a new bank guarantee facility for KML. This financial support has been crucial to enable KML to meet both its ongoing financial requirements and to debottleneck the plant and increase production levels at the Karara Project.

Ansteel also converted two of its previous shareholder loans into new shares in KML which reduced Gindalbie’s shareholding in KML from 50% to 47.84% and shifted control of the entity to Ansteel with a shareholding of 52.16%. Ansteel has the right to subscribe for new equity in KML and if this right was exercised it would increase Ansteel’s stake in KML to approximately 62%.

While the Gindalbie Board does not make such decisions lightly, the Directors have no doubt that this combined debt and equity adjustment represented the best outcome for Gindalbie shareholders. Ultimately, the interests of Gindalbie shareholders are best-served by maximising KML’s performance. The decisions your Board has taken in respect to the funding and ownership of KML are entirely consistent with that objective.

The ongoing support of Ansteel as our long-term joint venture partner in KML has been outstanding. Not only has Ansteel been a source of immense financial strength, but its determination to overcome the obstacles and realise the potential of the Karara Project has been relentless.

KML has been making significant progress in improving its performance, however many challenges remain to be overcome before the operation is self-sustaining.

During the year, Gindalbie rationalised its corporate head office to reduce overheads and costs to an appropriate level considering the status of the Company's investment in KML and the delays in achieving full production levels at the Project.

I would like to take this opportunity to thank Mr Michael O'Neill for stepping into the position of Acting Managing Director following Dale Harris's move into the CEO role at KML. I also thank the other Gindalbie Directors and the management team for their efforts throughout this difficult year.

I would also like to thank our Ansteel nominee directors: Mr Tang Fuping, Mr Yu Wanyuan and Mr Chen Ping for their continued support. They have helped with the survival of KML in difficult circumstances.

In conclusion, and most importantly, I take this opportunity to thank you, our shareholders, for your forbearance and assure you that we are continuing to work hard on your behalf.

ENDS

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