

CHAIRMAN'S ADDRESS – 2007 ANNUAL GENERAL MEETING

10.00am – Wednesday, 28 November 2007

Good morning Ladies and Gentlemen: I'm very pleased to welcome you to Gindalbie's 2007 Annual General Meeting.

While not without its challenges, the past year has been an exceptionally productive and rewarding period for everyone involved with Gindalbie.

Our strategic repositioning just over two years ago as an iron ore company focused on Western Australia's Mid West region has proved to be a timely move, enabling us to participate in one of the most solid growth periods in the history of the iron ore sector in this country.

During the past 12 months, we have put in place several of the key building blocks which I believe are required to underpin our successful transformation into a substantial iron ore producer, namely:

- a substantial increase in our resource base in both magnetite and hematite at the Karara Project;
- the completion of a high-quality Bankable Feasibility Study which confirmed the excellent returns which will be generated for shareholders from the Project; and
- the signing of a wide-ranging Joint Venture Development Agreement with our partner, Ansteel, which effectively marks a development go-ahead for the Project.

These achievements were reflected in a substantial increase in our market capitalisation during the year, from around \$200 million at the time of last year's AGM to around \$650 million.

In September, the Company was admitted to the S&P ASX 300 Index of the Australian Securities Exchange, and I believe now has a greatly enhanced profile in investment and capital markets around the world.

With the iron ore industry continuing to expand, I am very confident that Gindalbie is only just beginning to realise its growth potential. As we move ahead with the development of our high-quality Mid West iron ore assets, I expect to see further significant increases in our market capitalisation in the months and years ahead as we move ahead with the construction and development phase at Karara.

Year in Review

At last year's AGM, I outlined what I saw as some of the key milestones ahead for the Company.

They included:

- completion of the first resource estimate for the hematite deposits at Karara;

- completion of the Karara Bankable Feasibility Study, including the complex array of activities involved with this Study;
- commencement of the environmental approvals process for both our hematite and magnetite projects; and
- commencement of an expanded regional exploration effort targeting exciting new prospects such as Lodestone.

In each case, we have either achieved or exceeded our objectives; Garret will shortly discuss in more detail the outcomes of the Karara Bankable Feasibility Study and our progress during the year. To date, Gindalbie and Ansteel between them have spent more than \$65 million on the exploration, development and feasibility of the Karara Project.

The Karara Bankable Feasibility Study – which confirmed the technical and economic viability of a \$1.8 billion combined development of both the hematite and magnetite projects – is a very high quality document which underpins the value of the Company.

An important milestone of the year was the signing of the Karara Joint Venture Development Agreement with Ansteel for both projects in Sydney in September. This agreement was signed before the Chinese President, Mr Hu Jintao, and the former Australian Prime Minister, John Howard, during APEC Leaders Week in Sydney.

This signing ceremony – which effectively marked a development go-ahead for the Karara Project – was a very significant occasion for both Ansteel and Gindalbie. It was preceded by the announcement that Ansteel had decided to take up a strategic \$39 million share placement in the Company, which proved to be the catalyst for a re-rating in our market valuation.

Once again, I would like take this opportunity to thank Ansteel for their support and partnership. They bring a wealth of technical expertise in large-scale magnetite projects; they bring financial strength and backing which will underpin the financing of the Project; they bring market intelligence; most importantly, they bring a strong will to see the Karara Project brought into production as rapidly as possible.

During the year, we considered one corporate opportunity in the shape of the proposed merger with fellow iron ore company, Sundance Resources Limited. While in this instance both companies made the decision not to proceed, Gindalbie remains on the lookout for opportunities to facilitate growth.

Iron Ore Market

It is well known that the global iron ore sector is experiencing growth of proportions not seen for many decades.

After three successive price increases of 71.5%, 19% and 9.5%, several major broking houses were predicting at the start of this year that prices had peaked and would begin a steady decline from next year onwards. However, by the end of the first quarter, sentiment was already shifting with several analysts forecasting another price increase of 5-10%; by mid-year, we saw the forecasts upgraded to 20-25%.

Since then, we've seen analysts at Morgan Stanley factoring in a 30% price increase, to be followed by a further 5% increase in 2009, and Merrill Lynch predicting a 30-40% increase in contract prices as the global market enters its tightest ever supply phase. Merrill Lynch even suggested that iron ore prices could rise by 100% next year if BHP Billiton and Rio Tinto could achieve a "landed cost" agreement.

The underlying themes to all of this commentary are very much the same, namely record demand from Chinese steel mills and tight global supply due to escalating costs and delays in bringing on new mining operations. More recently, we've seen BHP announce its long-awaited merger proposal with Rio Tinto, prompting further speculation of supply side tightness.

It's not my place to comment on these developments with the iron ore majors, except to say that, at Gindalbie, we are very confident that our business plan is underpinned by solid market fundamentals and that the Mid West region clearly offers a strategic supply source of high-quality ore.

It is our intention to position Gindalbie to take advantage of these exceptional market conditions to move into production as rapidly as possible.

Board Changes

Turning now to corporate and board matters, I am very pleased to announce that, later today the Board will formally appoint Mr Wang Heng, the General Manager of the Ansteel Group International Trade Company, to Gindalbie's Board as a Non-Executive Director.

Mr Wang's appointment as Ansteel's representative on the Gindalbie Board follows the completion of the share placement to Ansteel earlier this year and, I believe, further reinforces the strong relationship between our companies.

Mr Wang has more than 20 years experience in the steel-making industry in China and first joined the Angang Iron and Steel Group Corporation in 1998. He has extensive experience in international trade and logistics and was responsible for planning and managing Ansteel's overseas business development and logistics strategies, including establishing its alliance with COSCO China.

Effective from today I will step down from my executive position on the Board to become Non-Executive Chairman of Gindalbie. I made it clear when I assumed the Executive Chairmanship at the Board's request a little over a year ago, that I saw this as a temporary move designed to ensure that the transition in our senior management team, including Garret Dixon's appointment, was handled smoothly and effectively.

It was also important for me to have more of a hands-on role to ensure that our relationship with Ansteel continued to develop strongly during the important Bankable Feasibility Study phase leading up to the signing of the Joint Venture Development Agreement in September.

The management transition is of course now well and truly complete – with Garret heading up a very accomplished management and technical team at Gindalbie. With our move now into a development phase at the Karara Project, it is no longer necessary for me to remain in an executive role; however, I will continue to be a very active and hands-on Non-Executive Chairman.

Summary and Outlook

During the next 12 months Gindalbie's development activities will move into full swing as we commence construction of a major new integrated iron ore project for the Mid West region. The key milestones ahead for the Company include:

- finalising the subscription agreements with our joint venture partner, Ansteel;
- completion of project financing for the broader A\$1.8 billion project;
- placing orders for long-lead items to ensure that we can move into production as rapidly as possible; and
- securing all outstanding environmental approvals to enable project development to proceed.

In addition, we intend to continue our aggressive regional exploration programs to unlock the exploration upside within Gindalbie's broader land holding in the Mid West region.

We look forward to reporting further positive news from these activities in the months ahead, and to providing regular updates on the development progress with our hematite and magnetite projects.

I would like to conclude by thanking all our staff, employees and contractors – a significantly expanded team – for their effort, dedication and commitment over the past 12 months.

In particular, I would like to thank Garret Dixon and his team for their efforts in managing the completion and delivery of the Karara BFS.

Next year will undoubtedly be a strong year for Gindalbie and a major turning point in our growth. I wish everyone well and look forward to participating with you in the continued development of our Company.

Thank you for your attention.

George Jones
Chairman