

**CHAIRMAN'S ADDRESS TO FLINDERS MINES LIMITED**  
**ANNUAL GENERAL MEETING**  
**22 November 2011**

Fellow Shareholders

Welcome to the Flinders Mines Limited (“Flinders” or “FMS”) Tenth Annual General Meeting.

Since the last FMS Annual General Meeting the changes in your company have been transformational. As an ‘iron ore developer’ in the world renowned Pilbara iron ore province in Western Australia we have commenced the Definitive Feasibility Study (DFS), which is scheduled for completion mid next year, and are moving inexorably towards production as early as 2014 .

It has been another successful year where we have continued with outstanding achievements with respect to building a world-class iron ore resource base. This financial year has seen a 23% increase in Inferred Resources, from 748Mt @ 55.4% to 917Mt @ 55.2%. We have announced a Maiden Measured Mineral Resource of 101 Mt @ 56.4%Fe with balance of the resource comprising 472.6 Mt of Inferred and 343 Mt of Indicated resource. We believe this resource is now recognised as the only independent high quality, strategically located resource in the Pilbara region. We have not finished yet either, as we believe there is further upside in the resource, particularly in the Brockman Iron Deposit (BID) which is of Direct Shipping Ore (DSO) quality. This morning we announced an Exploration Target of between 110Mt and 160Mt of BID material. An increase in the global resource will allow us to consider ramping up production soon after commencing production at the 15 Mt project level.

We have announced that we have reached agreement with Prenti Exploration Pty Ltd to terminate the Joint Venture Agreement (“JVA”) between the parties in respect of the Company’s interests in its key Pilbara Iron Ore Project tenements. This resolution has given us 100% ownership of the Pilbara Iron Ore Project.

Also, we have announced the entering in to a non-binding Heads of Agreement with an independent rail provider who has significant experience in large, bulk commodity transport in Australia.

We are now in a position where we have a variety of options with respect to future development.

In order to ensure our success as a developer we have maintained an experienced, talented executive team, led by Gary Sutherland who was appointed as Managing Director in April this year by the Board. Gary has taken to his role as Managing Director and together with the management team is professionally working towards the inevitable development of the company's resource in the PIOP. The team has maintained its focus on value improvement projects including the development of an infrastructure solution.

At our Canegrass magnetite project in the Midwest of WA a maiden Inferred Resource has revealed both magnetite iron mineralisation and significant high grade vanadium mineralisation. Both resources are contained within the same geological units. Flinders' Mineral Resource for the iron mineralisation at Canegrass is 216Mt @ 25.4% Fe.

The imposition of the Carbon Tax which has already been passed and the MRRT which is going before Parliament this week, weakens the ability to raise capital in a global context as it makes our markets less competitive. The presented slide, sourced from the Mining Council of Australia's website, illustrates the effect of the Carbon Tax. The promised flow through of exploration expenditure deductions to shareholders has been abandoned, making exploration companies less attractive in the financial markets.

Since our capital raising in 2009, we have not had the need to raise capital. At present we have \$25.3m in hand and by carefully managing our cash whilst we transition from the PFS to development it is sufficient to continue down the same path till at least the middle of 2012. Your Board is hopeful that by that time we will have resolved the path forward for the development of PIOP.

On any metric our share price is undervalued. With a greater realization of the potential of the project and with its inevitable move towards production your board expects a rerating of the share price.

As I have said for the last three years (and I quote), “The underlying long term demand for commodities still exists. We recognise that there is a short term adjustment, but we also recognise that the emerging economies of China, India and other nations increasingly will require minerals and energy to effect their modernisation and that the first world economies still have underlying demand to service their economies. In effect then, there has been a change in the short term level of demand, but little change to the long term demand, which has simply been delayed.”

All of our projects have been advanced by our hardworking technical teams and support staff both in the field and at head office. Our people remain a significant resource for the company and are very greatly appreciated.

Again, I thank shareholders for their ongoing support. I take this opportunity to again thank management and all staff for their enthusiasm and for their professional approach to the discovery of minerals for the benefit of our shareholders.

I would also like to record my thanks to all those who have in any way contributed to our success – particularly my fellow directors.

Thank you, Ladies and Gentlemen.

R M Kennedy  
Chairman