

ASX ANNOUNCEMENT**20 November 2018****Chairman's Address to the 2018 Annual General Meeting**

Good morning, ladies and gentlemen. My name is Neil Warburton and I am the Non-Executive Chairman of Flinders Mines Limited. It is my pleasure to welcome you to the Company's 2018 Annual General Meeting.

During the 2018 financial year, Flinders' completed its planned maturation work at its key asset, the Pilbara Iron Ore Project (**PIOP**), located near Tom Price in Western Australia. The maturation phase was intended to confirm a number of technical assumptions and uncertainties and to form a solid basis for progression to a feasibility study. Geotechnical, hydrological and metallurgical test work was completed and the potential for lower-grade detrital material to contribute to the PIOP Mineral Resource confirmed. The Company released a revised JORC Mineral Resource Statement for the PIOP in March 2018.

As we have announced previously, base case metallurgical processing test work indicated that the PIOP detrital resource material, whilst being upgradeable to a circa 59% iron product, experiences significantly lower yields than non-detrital ores. Key metallurgical, geotechnical and geohydrological risks identified during the strategic review were better understood and able to be resolved as a result of the maturation work.

Whilst the maturation programme achieved the majority of its goals and progressed the PIOP project towards development, it also highlighted areas of future work, which include progressing discussions on provision of a logistics solution for transportation and shipping, considering further exploration programs at PIOP to identify additional "higher grade" iron Mineral Resources and optimising product quality and processing plant development.

The widening of the iron market discounts and penalties associated with lower than 62% iron product and high alumina and silica impurities appear to be of a structural nature and it is the view of the Company that such discounts and penalties could have a material effect on the pricing of the probable PIOP iron product. Due to this concern, the Company has started work on the options to upgrade the potential PIOP iron product grade and to add to the existing JORC Mineral Resources available for mining at PIOP. This work is continuing, and the Company notes that significant costs will be incurred to complete this work and its progress will be subject to the availability of significant funding.

During the year we have also continued to work on further exploration of our Canegrass tenements in Western Australia, which are prospective for vanadium, iron and gold with the focus being on extending knowledge of the Vanadium, Titanium, Magnetite (VTM) Resource and the ongoing assessment of the potential for gold in the various tenement holdings.

During the year, we were extremely saddened by the passing of longstanding Non-Executive Director, Bob Kennedy, in March 2018. Bob worked tirelessly in his role as Director and as Chair of the Audit and Risk Committee for over 17 years. Following Bob's passing, Ms Shannon Coates was appointed as Non-Executive Director and Chair of the Audit and Risk Committee, on 20 June 2018.

Following the end of the financial year, we undertook a non-renounceable entitlement issue, raising \$8.275 million (before costs). The funds were used to repay a \$5 million unsecured loan (plus interest) from PIO Mines Pty Ltd, a subsidiary of our major shareholder, TIO (NZ) Limited and the costs of the offer and will also be applied towards future tenement expenditure and working capital.

I would like to thank our Executive Director, Mr David McAdam, and his technical team for their valuable contribution to the Company over the last financial year and all shareholders for their continued support. I look forward to reporting further progress on our projects during the 2019 financial year.

The Board looks forward to completion of the asset maturation work and being better positioned to progress the PIOP as quickly as possible and in a way that provides best value for shareholders.

For further information please contact:

Shareholders

David McAdam
Interim Executive Director
(08) 9389 4483

About Flinders Mines Limited

Flinders Mines Limited is an ASX-listed (ASX: FMS) exploration and development company focused on the commercialisation of its large, high quality hematite resource - the Pilbara Iron Ore Project (PIOP).