

CHAIRMAN'S ADDRESS TO FLINDERS MINES LIMITED
ANNUAL GENERAL MEETING
29 November 2013

Dear Fellow Shareholders,

Welcome to our Twelfth Annual General Meeting as a listed company.

It has been a year dominated by hard work, tough market conditions and steady progress since our last AGM.

Flinders has made significant advances in the long road towards commercialisation of its Pilbara Iron Ore Project or "PIOP".

What sets this project apart from its peers is what always has – we believe it is the *only* independently held, easily mineable Direct Shipping Ore (DSO) resource of strategic size to be sitting outside the hands of the established iron ore industry players in Australia. At Flinders, we retain all of the optionality in terms of maximising value over this resource, together with strategic partners, and it is this very optionality that has meant we are not hurrying to do 'a' deal just for the sake of it – we are focussed as a board to ensure it's the 'right' deal.

Our presentation today will cover some of the more recent exciting PIOP developments in exploration, marketing and approvals processes.

Markets – both in iron ore and listed equity - have proved challenging for Flinders this year. Whilst many might assume that a strong iron ore price is a positive for an aspiring developer such as your company, perversely this is almost the opposite in reality. The key beneficiaries of this stronger iron ore pricing have been those groups with established infrastructure or access arrangements. For the likes of Flinders, even with 100% ownership of an exceptional ore body, we have had to work hard in arranging similar access at a time when the production of those established operators is generating such strong margins.

Equity markets have remained soft, with only that similar select few reaping the rewards of an investment community that has gravitated towards cash flow generation, as opposed to recognising the upside potential of an in-ground resource base. Of course, the cyclical nature of markets means we won't be out of favour forever.

We believe our value is underwritten by the strategic nature of our PIOP resource as a development that can massively improve the project economics of our peers. Consolidation processes may well be the catalyst for Flinders to successfully monetise our asset base at a time when 'going it alone' is difficult and costly. We note in the past few days the emergence once again among analysts and commentators of speculation about possible merger and acquisition activity in Australia's Pilbara region.

Regardless of the various "seasonal" market moods, forecasts and speculation, there has been no change in our stated delivery outcome preferred for Flinders Mines – "a company-defining

transaction, that is deliverable and that achieves a measureable and excellent outcome for shareholders”.

Whilst I was expecting to bring to you, our shareholders, that defining transaction at today’s AGM, I can tell you one thing – delivering that company-defining transaction is our sole aim, and we do not anticipate that your patience will go unrewarded.

Once again, my thanks to shareholders for their support, to the Board and Management for their continuing efforts and we look forward to bringing you some exciting developments in the weeks ahead.

Thank you Ladies and Gentlemen.

R M Kennedy
Executive Chairman