

# Flinders Mines Limited - Annual General Meeting

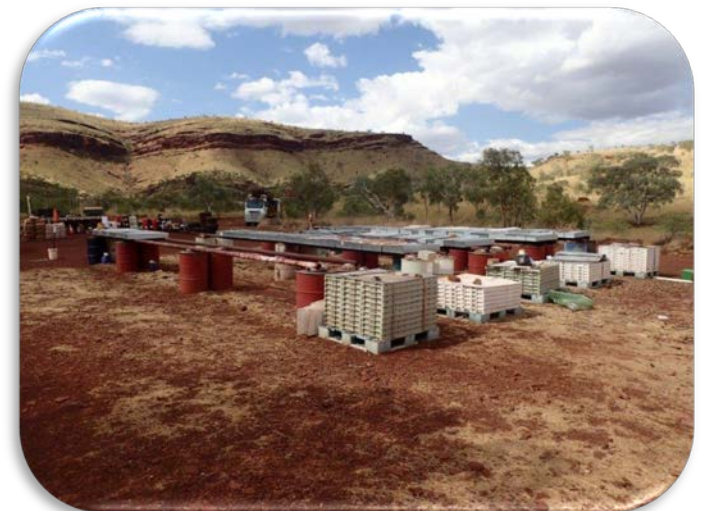
## Executive Director's Presentation

### November 21st 2017

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- Restructure and relocation
- Strategic review
- PIOP asset maturation phase
- Other tenement activity
- Next steps



# RESTRUCTURE & RELOCATION

- Board Renewal post TIO bid in 2016
- Corporate refocus and restructure
- Relocated Head Office to Perth
- Renewal of management team
- Implementation of cost reduction
- Focus on development pathways



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- Purpose of the Strategic Review
- Strategic Review Process
- Strategic Review Findings



**Advisian**

WorleyParsons Group



**SNOWDEN**

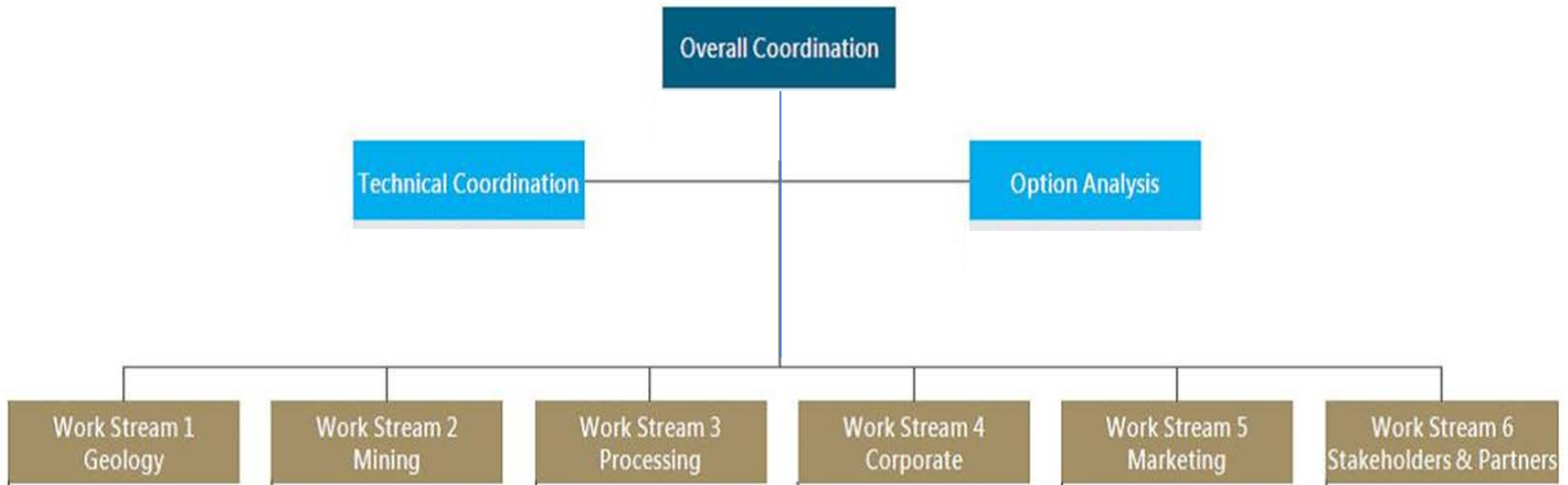
The purpose of the strategic review was to assess the status of the assets of FMS and to define and assess the range of options for maximising shareholder value.

The guiding principles for the strategic review were;

- Independent review process
  - Managed by Independent Director – David McAdam
- Report to be coordinated and collated by a well-recognised, independent and reputable third party.
  - Advisian - Consulting firm advising clients in the infrastructure, minerals and chemicals sectors ( A division of Worley Parsons )
- Engagement of independent parties with proven track record in their field of expertise.
  - Snowden (Mining & Geology) , CRU (Marketing) , Advisian/WP (Processing, Stakeholder)
- Based on existing documented data and information within the FMS systems and partners
  - FMS data room established

# STRATEGIC REVIEW PROCESS

- 6 discrete work streams assigned to industry experts
- Coordinated by Advisian
- Overview and leadership by independent directors
- Peer group challenge process implemented



- FMS is holding a geological asset (PIOP) which appears to be of significant quality and size
  - Quality JORC compliant Resource
  - Ore is upgradeable to marketable product
  - Key technical assumptions such as hydrology and geotechnical require confirmatory work to be conducted
  - Infrastructure access (at commercial price) is the critical issue that shapes a majority of PIOPs development
  - Infrastructure cost is a critical driver to PIOPs position on cost curve
  - Infrastructure solution shapes PIOPs development (annual tonnage rates, processing options, product quality)
  - Most likely infrastructure solutions requires ~45Mtpa to provide an economically viable solution
- FMS does not have the capacity to finance the project in its own right
  - FMS has a limited balance sheet with respect of financing a project of this magnitude
  - FMS may need to utilise the potential value of PIOP to financially engineer a solution

- A Maturation Phase has been developed to achieve the following tasks:
  - Commence planning for infrastructure access
  - Attain on-ground data to further define and de-risk technical assumptions which support higher tonnages
    - Metallurgical regressions for more confident plant flowsheet design
    - Geotechnical work to confirm mine planning assumptions
    - Hydrological and geohydrological parameters
  - Establish a base case to allow for commencement of PFS/BFS
- FMS's 'other tenements' appear to currently have limited value as they are only at early stage of evaluation
  - The South Australian projects are considered to be non core
  - Canegrass project may have prospectivity and further work required to assess



# MARKET –PIOP PRODUCT/S ARE SIMILAR TO CURRENT PRODUCTS



## Product Comparison

- Both of the product blends that PIOP can produce are comparable with products being sold out of the Pilbara.
- Further testing and analysis will be required to further confirm these indicative specifications. Especially Phosphorus and Aluminium which are at the higher band of comparable products.

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- Progress to Date
- Timing of Results
- Next Steps



- PIOP Camp has been fully re-established and operational – maintained for next campaign of work
- Work to date conducted within timeline and budget
- Safety tightly managed – 1 recordable incident

# PIOP ASSET MATURATION PHASE – PROGRESS TO DATE



## Sampling

### Metallurgical on-ground program

- 75 x metallurgical holes for bench-scale testwork
  - 3,902m drilled & logged
- 65t of bulk sample for pilot test work

### Geotechnical

- 37 x geotechnical holes
  - 1,925m drilled and logged
  - 135 x Geotech samples recovered

### Hydrogeological

- 17 x water monitoring bores drilled & installed

## Testing / Modelling

### Metallurgical on-ground program

- Bench & pilot scale test work
- Material handling
- Filtration & thickening
- Sinter testwork

### Geotechnical

- 124 x Geotech tests planned for selected samples

### Hydrogeological

- On-going water monitoring
- Project wide water table & dewatering model being developed

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- Tenement Review
- Tenement Obligation Rectification
- Canegrass Status
  - Rock Chip sampling for cobalt/nickel
  - Site drilling at three locations in progress

- Completion of PIOP Maturation Work
  - PIOP JORC status update by February 2018
  - Maturation test work completed first quarter to mid 2018
- Advancement of Infrastructure
  - Post finalisation of Maturation Work
- Engineering studies
  - Extent for next stage feasibility studies currently being assessed.