

2015

Annual General Meeting

27 NOVEMBER 2015

ASX: FMS



Corporate Summary

Board & Management

Robert Kennedy

*Non-Executive
Chairman*



A Chartered Accountant and a Director since 14 December 2001. Bob is the Non-Executive Chairman of Ramelius Resources Limited (Director since 1995, Chairman since 2004), Non-Executive Chairman of Maximus Resources Limited (since 2004), Monax Mining Limited (since 2004) and Tychean Resources Limited (since 2006).

Ian Gordon

*Managing
Director*



Over 25 years of experience in the Australian mining industry in a variety of roles with small, medium and large organisations. Ian was previously the Managing Director/CEO of Australian gold producer, Ramelius Resources Limited.

Ewan Vickery

*Non-Executive
Director*



A corporate and business lawyer with more than 40 years experience. Ewan is a consultant at Minter Ellison and a Director of Maximus Resources Limited (since 2004) and is a member of the Exploration Committee of the South Australian Chamber of Mines and Energy Inc, the International Bar Association Energy and Resources Law Section, and the Australian Institute of Company Directors. Ewan is a past national president of the Australian Mining and Petroleum Law Association.

Kevin Malaxos

*Non-Executive
Director*



Over 27 years experience in the resources sector in senior management and executive roles across a suite of commodities including gold, nickel, iron ore, silver, lead, zinc and chromium. Kevin has managed surface and underground mining operations and brings a wealth of experience in project evaluation and development, project approval and Government liaison. Kevin is also Managing Director of ASX listed Maximus Resources Limited.

Capital Structure

Shares on Issue **2,769M**

Market cap (as at 23/11/15) **A\$33.2M**

Cash at hand (as at 30/09/15) **A\$3.0M**

Enterprise Value **A\$30.2M**

Shareholders (as at 23/11/15)

TIO (NZ) Ltd **19.5%**

OCJ Investment (Australia) Pty Ltd **14.5%**

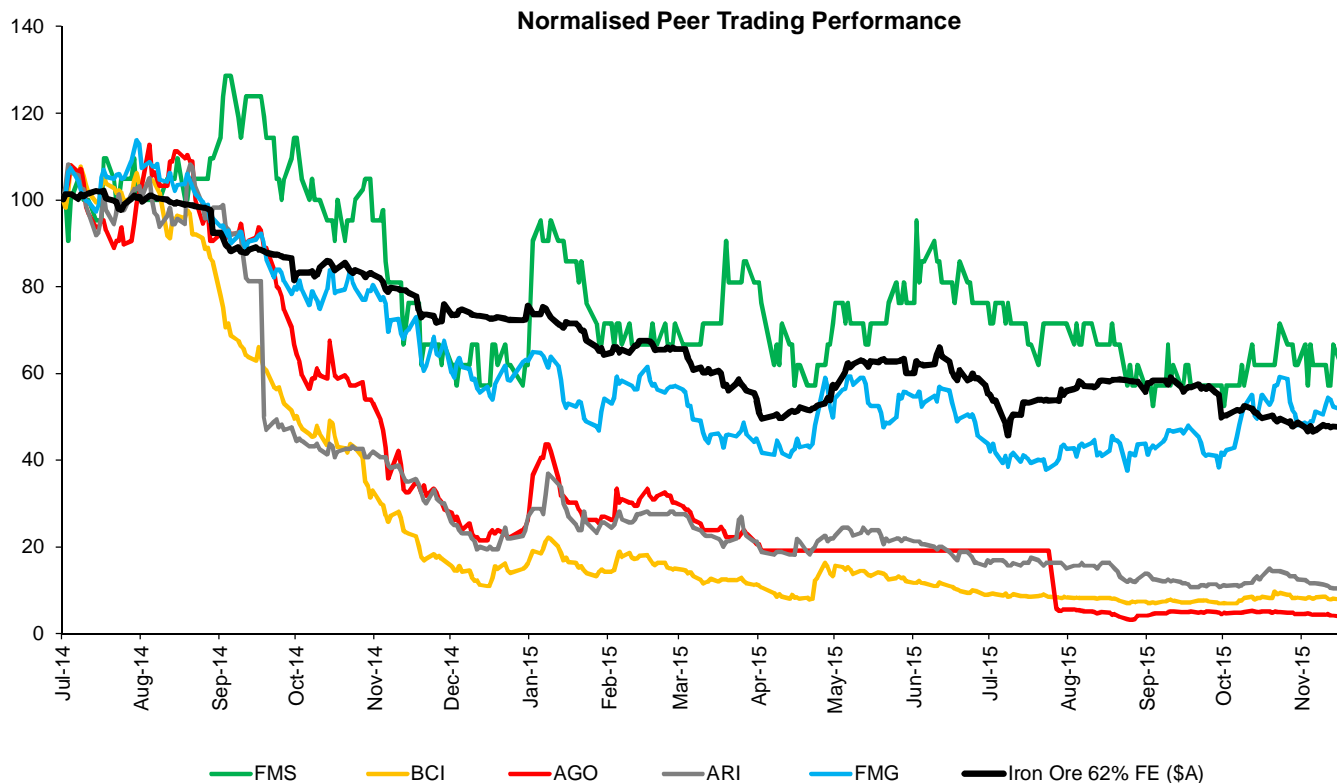
Citicorp Nominees Pty Ltd **3.4%**

JP Morgan Nominees Australia Ltd **1.8%**

Mr Kenneth Martin Keane **1.6%**

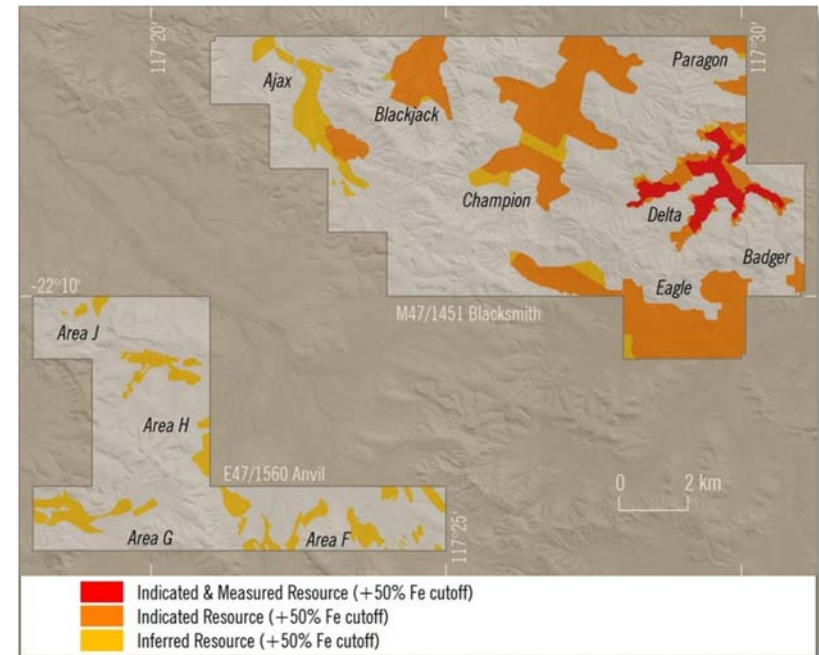
Share Price Performance

- Iron ore prices continued to fall significantly during the year – currently trading at almost a 10 year low;
- Flinders share price has broadly tracked movements in the \$A Iron Ore Price;
- Since July 2014, Flinders share price has outperformed other Pilbara-focussed Iron Ore companies – producers are more exposed to negative price movement.



Pilbara Iron Ore Project

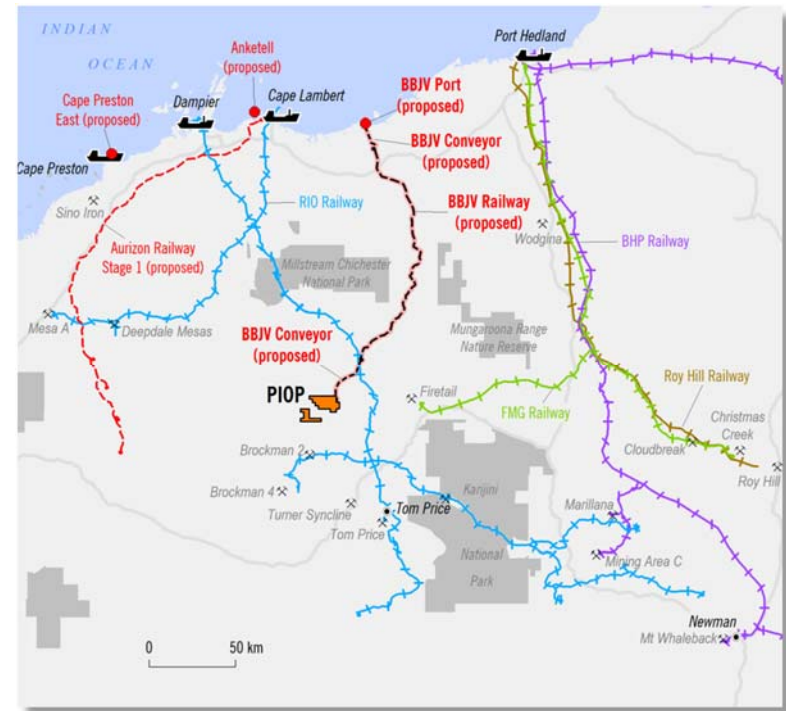
- PIOP wholly owned by FMS
- Located ~60km NW of Tom Price township;
- Contains a Mineral Resource of 1,042Mt @ 55.6% Fe;
Details of which were most recently published in the 2015 Annual Report
- Current Iron Ore pricing makes development of a large 25Mtpa project unfeasible for the foreseeable future;
- Low levels of funding for new Iron Ore projects reflects the current price environment – the market will not support new projects until there is a turn around in price;
- Flinders will actively seek potential development opportunities for PIOP but these will need to have a cost base well below the Alliance Agreement.



Alliance Agreement

The Alliance Agreement was entered into at a time when the Iron Ore price was US\$120 per tonne

- The dramatic change in the Iron Ore price has un-wound the commercial premise of the Alliance Agreement for both Flinders and Todd Corporation;
- The proposed Option Agreement sought to combine the projects to lower the operating cost to a level where it would be economic to develop at lower iron ore prices;
- The Alliance Agreement exclusivity obligations continue until the end of December 2015 at which time Flinders and Todd Corporation may examine other options for their respective projects;
- At the time of this meeting neither Todd Corporation or Flinders has made any commercial propositions regarding the Alliance Agreement.



Alliance Agreement Costs

Only at an Iron Ore price of US\$70-80t can PIOP repay capital and provide a return for shareholders

Estimated Alliance Agreement Cost Base at 25Mtpa

Pricing:					
60% US\$ Fe Price Per tonne	47.00	50.00	60.00	70.00	80.00
Less:					
Product quality discount US\$t	- 7.05	- 7.50	- 9.00	- 10.50	- 12.00
Moisture US\$t	- 3.29	- 3.50	- 4.20	- 4.90	- 5.60
Received Price US\$t	36.66	39.00	46.80	54.60	62.40
Received Price in A\$t @ 71c					
	51.63	54.93	65.92	76.90	87.89
Costs:					
Mining A\$t	9.00	9.00	9.00	9.00	9.00
Processing A\$t	6.00	6.00	6.00	6.00	6.00
Alliance Port & Rail A\$t	30.00	30.00	31.77	35.07	38.37
Royalty A\$t	3.87	4.12	4.94	5.77	6.59
General & Admin A\$t	2.00	2.00	2.00	2.00	2.00
Freight A\$t	10.00	10.00	10.00	10.00	10.00
Interest A\$t	1.44	1.44	1.44	1.44	1.44
Total Operating Cost A\$t	62.31	62.56	65.16	69.28	73.40
Potential Annual Operating Profit (Loss) @ 25Mtpa A\$M					
	- 266.97	- 190.75	18.93	190.58	362.24

Note: All costs are estimates and have been developed from Pre-Feasibility and Feasibility Study work completed by Flinders and from recent reporting by existing Pilbara producers. Port and rail costs assume a net service fee of \$20 per tonne and an operating cost of \$10 per tonne.

There are four potential ways forward for PIOP

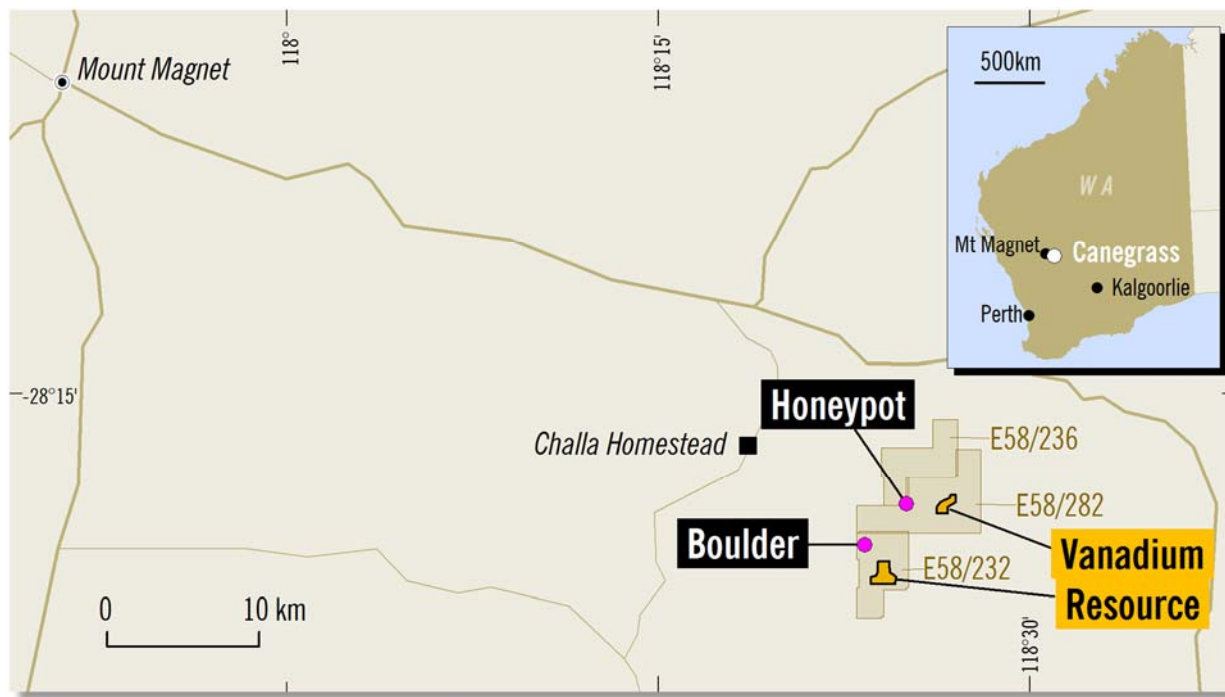
- Flinders can again attempt to monetise the project through a sale process or corporate transaction;
- Flinders and Todd Corporation can agree to extend the Alliance Agreement;
- Development of the project at a smaller scale / higher grade in conjunction with existing infrastructure owners;
- Finally, Flinders can effectively put the project on care and maintenance until the iron ore price improves.

What is the Board doing ?

- The Board is currently reviewing all other options available to the Company to develop the project in the future;
- The Board will consider any new proposal from Todd to add value to the project through infrastructure or new capital where FMS shareholders share the benefits;
- If no new suitable arrangements are achieved with Todd prior to 31 December 2015 the Board will pursue all other options for developing the project.

Canegrass Project

- Existing Vanadium Resource of 107Mt @ 0.62% V_2O_5
Details of which were most recently published in the 2015 Annual Report
- Gold targets at Honeypot and Boulder drilled in 2015
- Potential for Ni/Cu/Au/V targets
- Low key approach planned to keep tenements in good standing



The Company has completed a number of cost reduction measures during the year

- Activities on the Bankable Feasibility Study were suspended as the dramatic fall in the iron ore price makes the proposed 25Mtpa project unfeasible;
- A significant reduction in administration overheads has been achieved;
- A significant reduction in full time employee numbers;
- Directors fees and salary reduced by 20% from 1 Nov 2015;
- Cash on hand (30 Sept 2015) of \$A3M

Summary

- PIOP is a robust iron ore resource that is now well drilled and well understood
- Development of a large 25Mtpa project is not feasible for the foreseeable future because:
 - Alliance cost structures result in a cash operating cost above the current Iron Ore price;
 - The capital contributions required by Flinders are not available in the current market;
 - The Iron Ore market needs new demand outside of China to stimulate price growth.
- Flinders will continue its discussions with Todd Corporation in light of shareholder feedback received from the Option Agreement process;
- Flinders will also pursue other options for the project to ensure the best outcome for shareholders is achieved, with a focus on project development.
- Flinders will continue to focus on cost reduction in the current iron ore pricing environment

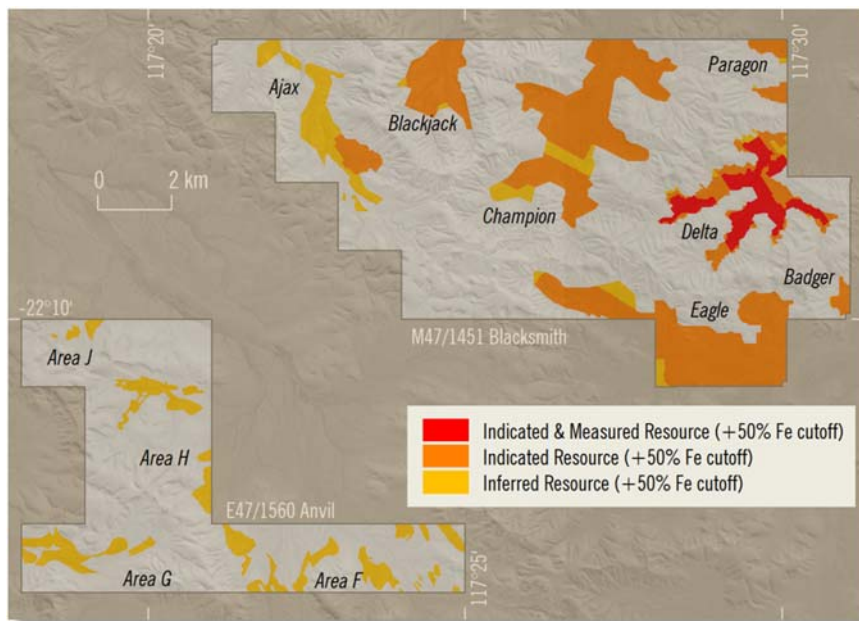
Appendix – PIOP Resource

*** Global Mineral Resource for Fe > 50% (30/6/2015)**

JORC Classification	Tonnage Mt	Fe %	SiO ₂ %	Al ₂ O ₃ %	P %	LOI %
Total Inferred	144.4	54.40	10.80	5.30	0.06	5.00
Total Indicated	792.2	55.70	8.90	4.50	0.07	6.00
Total Measured	105.3	56.40	10.50	5.10	0.05	2.80
TOTAL	1,042.0	55.60	9.30	4.70	0.07	5.50

** Details of which were most recently published in the 2015 Annual Report.*

Note: Tonnage figures have been rounded and as a result may not add up to the totals quoted.



PIOP Global Measured, Indicated and Inferred Resource

This presentation contains forward looking statements that are subject to risk factors associated with the exploration and mining industry. It is believed that the expectations reflected in these statements are reasonable, but they may be affected by a variety of variables which could cause actual results or trends to differ materially.

Competent Person

The information in this presentation that relates to Exploration Results, Mineral Resources and Ore Reserves is based on information compiled Dr G McDonald (who is a member of the Australian Institute of Mining and Metallurgy). Dr McDonald is an employee of Flinders Mines Limited and has sufficient experience that is relevant to the style of mineralisation and types of deposit under consideration and consents to the inclusion of the information in this presentation in the form and context in which it appears. Dr McDonald qualifies as a Competent Person as defined in the 2012 Edition of the “Australasian Code for reporting of Exploration Results, Mineral Resources and Ore Reserves”.

Additional Information

Any references to resource estimations should be read in conjunction with the Flinders Mines Ore Reserves and Mineral Resources statement contained within the Annual Report published on 26 October 2015. Flinders confirms that it is not aware of any new information or data that materially affects the information included in this presentation and in the case of estimates of mineral resources, that all material assumptions and technical parameters underpinning the estimates continue to apply and have not materially changed.

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