

23 NOVEMBER 2021

Chairman's Address to 2021 AGM

I'm pleased to present to you today my review of 2021.

It was just over 12 months ago (4 September 2020) that we formally entered into the farm-in incorporated joint venture with BBIG to develop the Pilbara Iron Ore Project (**PIOP**).

Since that time a range of preliminary work has been undertaken by our JV Partner including further resource definition and orebody understanding, advancing the mine plan and processing facility layout and metallurgical work. Also, a significant upgrade was completed on the PIOP Mine Camp. Importantly a range of necessary rehabilitation programs at PIOP have been undertaken.

While the work undertaken has been positive, it has been restricted by COVID-19 which has impacted many activities including the necessary rehabilitation activities on the ground. Under the terms of the Farm-in Agreement, which dictates that BBIG must spend \$15 million per annum on feasibility work, any shortfall in feasibility spend is to be paid to Flinders. Earlier in the year Flinders received a shortfall advance of \$2.0 million and a further shortfall payment of \$5.48 million from BBIG is due by the end of November 2021. These payments demonstrate that the agreement is working as intended and that any shortfall in feasibility spend is paid to Flinders.

With much of the preliminary work completed and the restrictions caused by COVID-19 easing, we are hopeful that work in the current year will step-up. Having said that, we did have a further set-back in October with a bushfire in the area that caused the suspension of rehabilitation work and evacuation of the Blacksmith Camp as a precautionary measure. Importantly, there were no injuries to BBIG personnel or contractors and no damage to equipment or facilities. Planned rehabilitation work will recommence in April 2022 following the cyclone and bushfire seasons.

In December 2020, FMS received a Non-Binding Indicative Offer (**NBIO**) from BBIG proposing Flinders purchase 100% of the port, rail and infrastructure assets, including the State Rail Agreement for a nominal sum of \$1 from BBIG and a 5% royalty.

Another option being explored by the parties is to amend the current farm in joint venture agreement between BBIG and FMS to allow for a trucking option on a private haul road prior to commencing rail. Undertaking a staged development, with an initial trucking option, presents a potentially lower capex cost and accelerated start-up than the current arrangement.

Negotiations have been extensive, are ongoing and there is no certainty that an agreement will be reached. While we recognise this is taking considerable time the independent directors are focused on ensuring that any agreement is in the best interests of all shareholders. Further updates will be released should the various sensitive commercial matters mature.

The NBIO and trucking option are currently being considered by a Board negotiating team made up of myself, Independent Directors Cheryl Edwardes and James Gurry and the General Manager Dr Andrew Whitehead together with independent external advisers.

In conclusion, I would like to thank my fellow directors, including our newest member Ms Amy Jiang, who joined us during the year as a nominee of our second biggest shareholder OCJ Investment (Australia) Pty Ltd for their ongoing support and work during the year.

I would also like to thank the team, headed by Andrew Whitehead, for their ongoing diligent hard work.

And finally thank you to our shareholders for your ongoing support. Our journey has been a frustrating one at times, but we are convinced that there is considerable value to be unlocked from PIOP and we are determined to take the right pathway to development.

Thank you.

Neil Warburton
Non-Executive Chairman

Authorised by:
Board of Flinders Mines Limited

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About Flinders Mines Limited

Flinders Mines Limited is an ASX-listed (ASX: FMS) exploration and development company focused on the commercialisation of the Pilbara Iron Ore Project (PIOP). The PIOP is located approximately 70km from Tom Price in Western Australia's iron ore-rich Pilbara region.