



Notice of Annual General Meeting

Annual General Meeting to be held at:

**Crowne Plaza, Ground Floor, Hindmarsh Room 1
16 Hindmarsh Square, Adelaide SA**

on Wednesday, 30 November 2016

at 10.00 am (Adelaide time)

FLINDERS MINES LIMITED

ABN 46 091 118 044

NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that the Annual General Meeting of the shareholders of Flinders Mines Limited (the **Company**) will be convened at 10.00 a.m. on Wednesday, 30 November 2016, at Crowne Plaza, Ground Floor, Hindmarsh Room 1, 16 Hindmarsh Square, Adelaide SA, to consider and, if thought fit, pass the following resolutions.

If you are unable to attend the meeting, we encourage you to complete and return the enclosed proxy form. The completed proxy form must be received by the Company at least 48 hours before the commencement of the meeting.

AGENDA

ORDINARY BUSINESS

Annual financial report

To receive and consider the Company's financial statements and reports of the directors and the independent auditor for the year ended 30 June 2016.

The annual report incorporating the financial statements is available at: www.flindersmines.com/Investors/reports.aspx

RESOLUTION 1 – Adoption of the remuneration report

To consider and, if thought fit, pass the following non binding resolution as an ordinary resolution:

“That the remuneration report required by section 300A of the Corporations Act 2001 (Cth), as contained in the Company's directors' report for the year ended 30 June 2016 be adopted.”

Voting exclusion

In accordance with the *Corporations Act 2001 (Cth)* (**Corporations Act**), a vote must not be cast on this resolution in any capacity (and will be taken not to have been cast if cast contrary to this restriction) by or on behalf of a member of the key management personnel, details of whose remuneration are included in the Remuneration Report, and any closely related party of such a member. However, such a member or any closely related party of such a member may cast a vote as a proxy if the vote is cast on behalf of a person entitled to vote on Resolution 1 and either:

- the person does so as a proxy appointed by writing that specifies how the proxy is to vote on the resolution; or
- the person is the chair of the meeting at which the resolution is voted on and the appointment of the chair as proxy does not specify the way the proxy is to vote on the resolution and expressly authorizes the chair to exercise the proxy even if the resolution is connected directly or indirectly with the remuneration of a member of the key management personnel.

Note: The vote on this resolution is advisory only and does not bind the directors or the Company.

RESOLUTION 2 – Election of Mr Neil Fredrick Warburton as a director

In accordance with the Company's Constitution, Mr Neil Fredrick Warburton being eligible, offers himself for election.

To consider and, if thought fit, pass the following resolution as an ordinary resolution:

“That Mr Neil Fredrick Warburton, who was appointed to the Board since the last annual general meeting of the Company and who ceases to hold office in accordance with rule 48 of the Company's Constitution, and being eligible, be elected as a Director of the Company.”

A summary of Mr Warburton's qualifications and experience are set out in the explanatory statement accompanying this Notice.

RESOLUTION 3 – Election of Mr David Kent McAdam as a director

In accordance with the Company's Constitution, Mr David Kent McAdam being eligible, offers himself for election.

To consider and, if thought fit, pass the following resolution as an ordinary resolution:

“That Mr David Kent McAdam, who was appointed to the Board since the last annual general meeting of the Company and who ceases to hold office in accordance with rule 48 of the Company's Constitution, and being eligible, be elected as a Director of the Company.”

A summary of Mr McAdam's qualifications and experience are set out in the explanatory statement accompanying this Notice.

RESOLUTION 4 – Election of Mr Michael Brian Wolley as a director

In accordance with the Company's Constitution, Mr Michael Brian Wolley being eligible, offers himself for election.

To consider and, if thought fit, pass the following resolution as an ordinary resolution:

“That Mr Michael Brian Wolley, who was appointed to the Board since the last annual general meeting of the Company and who ceases to hold office in accordance with rule 48 of the Company's Constitution, and being eligible, be elected as a Director of the Company.”

A summary of Mr Wolley's qualifications and experience are set out in the explanatory statement accompanying this Notice.

RESOLUTION 5 – Election of Mr Evan Welch Davies as a director

In accordance with the Company's Constitution, Mr Evan Welch Davies being eligible, offers himself for election.

To consider and, if thought fit, pass the following resolution as an ordinary resolution:

“That Mr Evan Welch Davies, who was appointed to the Board since the last annual general meeting of the Company and who ceases to hold office in accordance with rule 48 of the Company's Constitution, and being eligible, be elected as a Director of the Company.”

A summary of Mr Davies' qualifications and experience are set out in the explanatory statement accompanying this Notice.

RESOLUTION 6 – Re-election of Mr Robert Michael Kennedy as a director

In accordance with the Company's Constitution, Mr Robert Michael Kennedy being eligible, offers himself for re-election.

To consider and, if thought fit, pass the following resolution as an ordinary resolution:

“That, for the purposes of the Constitution, Mr Robert Michael Kennedy retires and being eligible, is re-elected as a Director of the Company.”

A summary of Mr Kennedy's qualifications and experience is set out in the explanatory statement accompanying this Notice.

RESOLUTION 7 – Election of Mr James William Robinson as a director

In accordance with the Company's Constitution, Mr James William Robinson being eligible, offers himself for election.

To consider and, if thought fit, pass the following resolution as an ordinary resolution:

“That Mr James William Robinson, is elected as a Director of the Company.”

A summary of Mr Robinson's qualifications and experience and the circumstances of his election are set out in the explanatory statement accompanying this Notice.

RESOLUTION 8 – Conditional Spill Resolution

The following resolution is conditional on at least 25% of the votes cast on resolution 1 in this Notice of Meeting being **AGAINST** the adoption of the remuneration report. A vote “for” Resolution 8 is a vote for a spill meeting.

To consider and, if thought fit, pass the following resolution as an ordinary resolution:

“That, subject to and conditional on at least 25% of the votes cast on resolution 1 (Remuneration Report) being cast against the adoption of the Remuneration Report:

- (a) a general meeting (Spill Meeting) be held within 90 days after the passing of this resolution;*
- (b) all the Company’s Directors who were Directors of the Company when the resolution to make the Director’s Report for the financial year ended 30 June 2016 was passed (other than the Managing Director), and who remain directors at the time of the Spill Meeting, cease to hold office immediately before the end of the Spill Meeting; and*
- (c) resolutions to appoint persons to offices that will be vacated immediately before the end of the Spill Meeting pursuant to paragraph (b) above must be put to the vote of shareholders at the Spill Meeting.”*

Voting exclusion

In accordance with the *Corporations Act 2001* (Cth) (**Corporations Act**), a vote must not be cast on this resolution in any capacity (and will be taken not to have been cast if cast contrary to this restriction) by or on behalf of a member of the key management personnel, details of whose remuneration are included in the Remuneration Report, and any closely related party of such a member. However, such a member or any closely related party of such a member may cast a vote as a proxy if the vote is cast on behalf of a person entitled to vote on Resolution 8 and either:

- the person does so as a proxy appointed by writing that specifies how the proxy is to vote on the resolution; or
- the person is the chair of the meeting at which the resolution is voted on and the appointment of the chair as proxy does not specify the way the proxy is to vote on the resolution and expressly authorizes the chair to exercise the proxy even if the resolution is connected directly or indirectly with the remuneration of a member of the key management personnel.

Further information regarding the business to be transacted at the Annual General Meeting is set out in the accompanying explanatory statement.

Dated this 28th day of October 2016.

BY ORDER OF THE BOARD



Justin Nelson

Company Secretary

FLINDERS MINES LIMITED
ABN 46 091 118 044

EXPLANATORY STATEMENT

This explanatory statement accompanies and forms part of the Notice of Meeting and has been prepared to provide shareholders with material information to enable them to make an informed decision on the business to be conducted at the Annual General Meeting of the Company. Amongst other things, this explanatory statement provides shareholders with the information required to be provided to shareholders by the Corporations Act and the ASX Listing Rules.

The explanatory statement sets out an explanation of each of the resolutions to be put to shareholders. Shareholders should read this explanatory statement carefully before determining how to vote in respect of the resolutions.

ANNUAL FINANCIAL REPORT

The first item of the Notice is to receive and consider the annual financial report for the Company for the year ended 30 June 2016, comprising the financial statements and notes, together with the directors' report and the auditor's report. No resolution is required in respect of this agenda item. However, it provides shareholders with the opportunity to ask questions of the Company's management and auditors in relation to the Company's results and operations for that financial year. The annual financial report may be found on the Company's website at: <http://www.flindersmines.com/Investors/reports.aspx>

RESOLUTION 1 – ADOPTION OF THE REMUNERATION REPORT

In accordance with section 250R of the Corporations Act the Company submits to shareholders for consideration and adoption by way of a non-binding resolution its remuneration report for the year ended 30 June 2016. The remuneration report is a distinct section of the directors' report that deals with the remuneration of directors and KMP of the Company and can be located in the 2016 annual report and also on the Company's website.

Shareholders will be given reasonable opportunity at the meeting to discuss the report.

Voting on the adoption of the remuneration report is for advisory purposes only and will not bind the directors or the Company.

At last year's Annual General Meeting, 51.8 per cent of the votes cast on the resolution to adopt the 2015 remuneration report were against the resolution. Accordingly, the Company received a 'first strike'.

If the votes cast against this year's resolution to adopt the 2016 remuneration report are again at least 25% of the total votes cast, the Company will receive a 'second strike' (Second Strike). If a company receives two strikes, it is required to put a resolution to the meeting to determine whether the Company's directors (who were directors of the company when the resolution to make the director's report considered at the later AGM was passed) will need to stand for re-election at a special meeting.

As a result, this Notice of Meeting includes a 'conditional' resolution (Resolution 8). This resolution will only be put to the Annual General Meeting if there is a Second Strike. Further detail is included in the explanatory notes to Resolution 8.

The directors recommend shareholders vote in favour of adopting the remuneration report.

The chairman of the meeting intends to vote all available proxies in favour of resolution 1.

RESOLUTIONS 2, 3, 4 and 5 – ELECTION OF DIRECTORS

Each election will be conducted as a separate resolution.

Rule 47.2 of the Company's Constitution allows the Directors to appoint a director. A Director appointed under this clause will hold office only until the next annual general meeting of the Company, when the Director may be elected.

Mr Warburton, Mr McAdam, Mr Wolley and Mr Davies were appointed pursuant to rule 47.2 on 19 October 2016 and therefore must retire as directors at the conclusion of this Annual General Meeting. Mr Warburton, Mr McAdam, Mr Wolley and Mr Davies are eligible for election and are seeking election as directors at this Annual General Meeting.

The board has endorsed Mr Warburton, Mr McAdam, Mr Wolley and Mr Davies as candidates for election. Further information in relation to each candidate is set out below.

RESOLUTIONS 2, 3, 4 and 5 – ELECTION OF DIRECTORS (cont.)

Neil Fredrick Warburton, Assoc. MinEng WASM, MAusIMM, FAICD

Mr Warburton has worked within the mining industry his entire career in roles ranging from underground miner through to senior mining engineer to executive directorships managing large mining and contracting companies. He has over 35 years of experience in all areas of mining operations. Over the period 2000-2012, Mr Warburton held senior positions with Barminto Limited culminating in being the Chief Executive Officer from August 2007 to March 2012. He successfully grew Barminto into Australia and West Africa's largest underground hard rock mining contractor with annual revenues of more than Aus\$800m. Prior to joining Barminto, Mr Warburton held several senior corporate positions. This included serving as Managing Director of Coolgardie Gold NL from 1990 to 1995. Mr Warburton started his career with Western Mining Corporation as a graduate mining engineer and progressed to Manager of Open Pit and Underground Operations.

Mr Warburton is a graduate from the Western Australia School of Mines with an Associate Degree in Mining Engineering. He is a Fellow of the Australian Institute of Company Directors (FAICD), Member of the Australian Institute of Mining and Metallurgy (MAusIMM), Chairman of the Australian Mining and Prospectors Hall of Fame Foundation, Councillor of the Western Australian School of Mines Alumni association and serves as a director on a number of smaller private companies. He currently serves as a Non-Executive Director of ASX listed Australian Mines Limited, Independence Group Limited and Namibian Copper NL.

David Kent McAdam, BE (Chemical, 1st Class Hons), MBA (Exec), FAICD, FIEAust

Mr McAdam commenced his professional engineering career in the early 1980s working in operations roles in the oil & gas industry. In the late 1980s he moved into the project design and construction arena and since then has created and delivered projects, and managed contracting and service organisations throughout Australasia and South East Asia. These projects have typically been complex multi discipline developments in industries including oil & gas, petrochemical, minerals and metals, food, infrastructure, power, and water.

Having operated in a broad range of project roles, business management and leadership roles Mr McAdam brings a deep understanding of what it takes to establish and deliver engineering construction projects from inception through to commercial maturity. Over the past 30 years his experience includes a number of substantial projects ranging in capital value from \$50M to in excess of \$4BN.

In the past 20 years Mr McAdam has been focused on senior management leadership roles in design and construction organisations that focus on the resource and infrastructure industries. In these roles he has lead the creation and re-establishment of a series of highly successful engineering companies across a range of industries in a variety of locations. These roles have included directorship responsibilities in listed and private organisations.

Results to date demonstrate a highly adaptable style and the ability to understand the specific issues associated with leading and delivering major capital works for a wide range of clients in a diverse industry set. This success has been displayed in the achievement of sound financial performance and values based energetic leadership that has underpinned continued success for all stakeholders.

Michael Brian Wolley, BE (Chemical and Materials, 1st Class Hons), Masters of Management

Mr Wolley holds a first class honours degree in Chemical and Materials Engineering (University of Auckland) and a Masters of Management (Macquarie Graduate School of Management).

Mr Wolley had a 15 year career with Mobil Oil Australia in a range of roles including engineering, operations, strategic planning and business development in Australia and New Zealand. In 1995 he left Mobil to pursue opportunities in Asia Pacific and worked in a number of senior executive roles in the manufacturing and industrial sectors including a period as President BlueScope Steel China.

In 2007 Mr Wolley returned to the resources sector as Chief Operating Officer for Lynas Corporation, an ASX 100 business, and subsequently into the gold sector in ASX listed gold development businesses.

He was appointed Vice President Corporate Development for the Todd Corporation in 2011. In February 2013 he was appointed to the role of Vice President Minerals based in Sydney.

Mr Wolley is a Director of Wolf Minerals, an ASX listed resources businesses. He is a member of the AICD and the NZICD. He holds dual Australian and New Zealand citizenship.

RESOLUTIONS 2, 3, 4 and 5 – ELECTION OF DIRECTORS *(cont.)*

Evan Welch Davies, Bachelor of Town Planning, Master of Science (Tourism Management) and Master of Philosophy (Urban and Regional Planning)

Mr Davies holds a Bachelor of Town Planning (University of Auckland), a Master of Science (Tourism Management) (University of Surrey) and a Master of Philosophy (Urban and Regional Planning) (University of Birmingham).

On returning to New Zealand he acted as a Planning Consultant to a number of major New Zealand developers. In 1986 Mr Davies joined Rainbow Corporation and subsidiaries and was responsible for significant commercial developments in New Zealand and Australia. In 1991 he joined Brierley Investments as General Manager of Brierley Properties. After disposal of Brierley's property portfolio Mr Davies led the licensing and development processes for the Sky City project in Auckland and joined Sky City on its public listing in 1996.

During Mr Davies 11 years as Managing Director of Sky City the company grew from a single site to have business operations throughout New Zealand and in South Australia and the Northern Territory, with an enterprise value in excess of \$3 billion and more than 6,000 staff.

Mr Davies joined Todd Property as Managing Director in 2008.

Mr Davies is a Trustee for several substantial charitable organisations and a Director of several public sector enterprises.

The board considers Mr Warburton to be an independent director.

The board considers Mr McAdam to be an independent director.

The directors (with each director abstaining in respect of his own election) recommend shareholders vote in favour of the election of Mr Warburton, Mr McAdam, Mr Wolley and Mr Davies.

The Chairman of the meeting intends to vote all available proxies in favour of resolutions 2, 3, 4 and 5.

RESOLUTION 6 – RE-ELECTION OF DIRECTOR

Under the Company's Constitution, one third of the Directors (excluding the Managing Director) must retire at the Annual General Meeting. The Director will be eligible for re-election. The director required to retire under the above framework is Mr Robert Kennedy. Mr Kennedy has indicated that he will offer himself for re-election by members at the meeting.

In accordance with clause 48 of the Company's Constitution, Mr Kennedy retires and being eligible, has offered himself for re-election. A brief summary of Mr Kennedy's qualifications and experience follows.

Robert Michael Kennedy, KSJ, ASAIT, Grad Dip (Systems Analysis), Dip Financial Planning, Dip Financial Services, FCA, AGIA, Life Member AIM, FAICD, FTI

With the exception of Mr Kennedy's temporary role of Executive Chairman from mid-April 2013 to mid-June 2014 and since the redundancy of the former Managing Director on 28 June 2016 to the present, he has been an independent non-executive Chairman of Flinders Mines Ltd, since December 2001. Mr Kennedy is a Chartered Accountant. Mr Kennedy brings to the Board his expertise and extensive experience as Chairman and non-executive Director of a range of listed public companies in the resources sector.

He conducts the review of the Board including the Managing Director in his executive role (prior to redundancy). Mr Kennedy leads the development of strategies for the development and future growth of the Company. Apart from his attendance at Board and committee meetings, Mr Kennedy leads the Board's external engagement of the Company, meeting with the Government, investors and is engaged with the media. He is a regular attendee of audit committee functions of the major accounting firms.

Mr Kennedy is also a Director of ASX listed companies Ramelius Resources Limited (since 2003), Maximus Resources Limited (since 2004), Tychean Resources Limited (since 2006) and Monax Mining Limited (since 2004).

The board considers Mr Kennedy to be an independent Director.

The directors (except Mr Kennedy, who abstains) recommend shareholders vote in favour of the re-election of Mr Kennedy.

The Chairman of the meeting intends to vote all available proxies in favour of resolution 6.

RESOLUTION 7 – ELECTION OF DIRECTOR

Mr James William Robinson is an external candidate in respect of whom the Board has exercised its discretion to submit to shareholders for election as a Director pursuant to rule 47 of the Company's Constitution and ASX Listing Rule 14.3 (notwithstanding an apparent irregularity in the nomination of Mr Robinson).

Further information in relation to Mr Robinson is set out below.

Mr James William Robinson

The following biography was provided by Mr Robinson.

"Jim was born in Forbes in 1951, and raised on the family farm on the Lachlan River. He attended Forbes High School, and Sydney University, graduating in arts (1972) and law (1975).

Jim has been in legal practice since 1975. He became a partner in the firm of lawyers now known as Best Hooper in 1982. His practice has included advising private and publicly listed companies, the best known being Oliver J Nilsen (Australia) Limited. He rewrote the Nilsen constitution twice; once before the company delisted, and once after it was delisted. He has also acted in the drafting or amending of constitutions for other companies, and of the rules for incorporated associations.

Jim has acted for several statutory authorities, most notably the Melbourne and Metropolitan Board of Works, the Metropolitan Fire and Emergency Services Board, and the Nurses Board of Victoria. He has acted for liquidators and bankruptcy trustees, including Robert Ramsey and Stirling Homes.

Jim was an employer appointed board member of the trustee of the Legal Industry Superannuation Scheme, established by the Law Institute, from 1994 until 2005, when the Fund merged with its New South Wales equivalent. He was a member of the LISS team which negotiated that merger. During his time on the Board, the funds under management grew from about \$34M to \$250M.

Professional Associations

Jim was a member of the Law Society of New South Wales (1975 – 1981). He has been a member of the Law Institute of Victoria since 1977, and has served on the Court Rules Committee and the Legal Aid Committee.

Jim was a member of the Chartered Institute of Arbitrators (based in London) from 1998 to 2015. In that capacity, he has presided over mediations and mediator, and acted as an adjudicator under the Building and Construction Industry Security of Payment Act 2002 of Victoria.

Jim has been a member of the International Association of Lawyers (UIA), based in Paris, since 1998. He was a member of the Governing Board (2000-2008), and was again appointed to the Board in 2014."

The board has not endorsed Mr Robinson as a candidate for election.

The directors recommend shareholders vote against the election of Mr Robinson.

The Chairman of the meeting intends to vote all available proxies against resolution 7.

RESOLUTION 8 – SPILL RESOLUTION (IF REQUIRED)

This resolution is a 'conditional' resolution. It will only be put to the Annual General Meeting if the Company receives a Second Strike.

This resolution will be considered as an ordinary resolution, which means that, to be passed, the resolution requires the approval of a simple majority of the votes cast by or on behalf of the shareholders entitled to vote on the matter.

If the resolution is passed, then the Company is required to hold a further general meeting (Spill Meeting) within 90 days after the Annual General Meeting to consider the composition of the board.

If a Spill Meeting is held, the following director will automatically vacate office at the conclusion of the Spill Meeting unless he is willing to stand for re-election and is re-elected at that meeting:

- Mr Robert Kennedy – if he is re-elected at this Annual General Meeting

None of Mr Warburton, Mr McAdam, Mr Wolley or Mr Davies are included in the above list as their appointment as Directors took effect after the date the Board approved the 2016 Director's Report (which included the 2016 Remuneration Report).

RESOLUTION 8 – SPILL RESOLUTION (IF REQUIRED) (cont.)

Mr Robinson is not included in the above list because if he is elected, his election would have taken effect after the date the Board approved the 2016 Director's Report (which included the 2016 Remuneration Report).

The explanatory statement relevant to resolution 1 contains further information relevant to resolution 8.

If a Spill Meeting is required, the date of the meeting will be notified to shareholders in due course.

The directors unanimously recommend shareholders vote against this resolution, if it is put to the meeting.

The Chairman of the meeting intends to vote all available proxies against resolution 8.

DEFINITIONS:

ASX means ASX Limited (ABN 98 008 624 691) or the securities market conducted by it (as the context requires).

ASX Listing Rules means the official listing rules of ASX, as amended and waived by ASX from time to time.

Board means the board of directors of the Company.

Constitution means the constitution of the Company.

Corporations Act means the Corporations Act, 2001 (Cth).

Closely related parties of the Company's KMP include certain family members, dependents and companies they control.

Key Management Personnel/KMP of the Company are, as adopted from the Australian Accounting Standards Board, those persons having authority and responsibility for planning, directing and controlling the activities of the Company, directly or indirectly, including any director (whether executive or otherwise) of the Company.

Notice of Meeting or **Notice** means this notice of annual general meeting dated 28 October 2016 and includes the Explanatory Statement.

VOTING INFORMATION AND NOTES

1. Voting entitlement on a poll

On a poll, each shareholder present (in person, by proxy, attorney or representative) has one vote for each fully paid share they hold.

2. Proxies

A shareholder entitled to attend and vote at this meeting is entitled to appoint a proxy to attend and vote on the shareholder's behalf. If the shareholder is entitled to cast two or more votes at the meeting, the shareholder may appoint up to two proxies to attend and vote on the shareholder's behalf.

If a shareholder appoints two proxies, each proxy may be appointed to represent a specified proportion or number of the shareholder's votes. Absent this specification, on a poll, each proxy may exercise half the votes.

A proxy can be either an individual or a body corporate and need not be a shareholder of the Company. If a shareholder appoints a body corporate as proxy, the body corporate will need to appoint an individual as its corporate representative and provide satisfactory evidence of this appointment.

If a shareholder's instruction is to abstain from voting for a particular item of business, the shareholders' votes will not be counted in computing the required majority on a poll.

VOTING INFORMATION AND NOTES (cont.)

2. Proxies (cont.)

To appoint a proxy, a proxy form must be signed by the shareholder or the shareholder's attorney duly authorised in writing. If the shareholder is a corporation, the proxy form must be signed in accordance with section 127 of the Corporations Act. To be effective, a proxy form (and, if it is signed by an attorney, the authority under which it is signed or a certified copy of the authority) must be received by the Company not later than 48 hours prior to the commencement of the meeting. Proxy form and authorities may be lodged:

- by post to Computershare Investor Services Pty Ltd, GPO Box 242, Melbourne VIC 3001, or;
- by facsimile to Computershare on (within Australia) 1800 783 447 (outside Australia) +61 3 9473 2555 or the Company on +61 8 8132 7999; or
- electronically by casting votes online at www.investorvote.com.au and follow the prompts. To use this facility you will need your holder number (SRN or HIN), postcode and control number as shown on the proxy form. You will have been taken to have signed the proxy form if you lodge it in accordance with the instructions on the website.

Custodian voting - For Intermediary Online subscribers only (custodians), please visit www.intermediaryonline.com to submit your voting intentions.

Shareholders who forward their proxy forms by fax must make available the original executed form of the proxy for production at the meeting, if called upon to do so.

Chairman acting as proxy

Shareholders may appoint the chairman of the meeting as their proxy.

Where the chairman is appointed as a proxy by a shareholder entitled to cast a vote on a particular resolution and the proxy form specifies how the chairman is to vote on the resolution (that is, a directed proxy), the chairman must vote in accordance with that direction.

In respect of proxies where no voting direction has been given (undirected proxies), the chairman intends to vote all available proxies in favour of the resolutions other than in respect of resolutions 7 and 8. The chairman intends to vote all available proxies against resolutions 7 and 8.

In relation to resolutions 1 and 8, if the shareholder has appointed the chairman as their proxy and no voting direction has been given, the shareholder will be expressly authorising the chairman to exercise the undirected proxy in respect of resolutions 1 and 8 even though the resolutions are connected with the remuneration of members of the KMP of the Company. Please read the directions on the proxy form carefully, especially if you intend to appoint the chairman of the meeting as your proxy.

3. Entitlement to vote at the meeting

For the purpose of the meeting, shares in the Company will be taken to be held by those persons who are registered holders at 7.00 pm (Adelaide time) on 28 November, 2016. Accordingly, transactions registered after that time will be disregarded in determining entitlements to attend and vote at the meeting.

4. Quorum

The constitution of the Company provides that 10 shareholders present in person, by proxy, attorney or body corporate representative shall be a quorum for a general meeting of the Company.

5. Appointment of a corporate representative

Corporate representatives are requested to bring appropriate evidence of appointments as a representative. Proof of identity will be required for corporate representatives.

6. Appointment of an attorney

Attorneys are requested to bring a power of attorney pursuant to which they are appointed. Proof of identity will also be required for attorneys.

Statement by a concerned FMS shareholder

Dear Fellow FMS Shareholders.

By now you will have received the Notice of Meeting from FMS regarding the upcoming AGM.

At the upcoming AGM to be held on 30 November 2016, shareholders of FMS will have the opportunity to vote to elect Mr Jim Robinson to the Board of FMS.

Currently Todd owns about ~52% of FMS. Despite the aggressive campaigning and soliciting phone calls from Todd, a resounding ~48% of shareholders decided not to accept the takeover offer by Todd, and wish to remain shareholders in FMS.

A number of individual shareholders have independently requested FMS to include this Statement of Concerns with the Notice of Meeting.

Importantly, these individual shareholders are free to deal with their shares and vote as they see fit. These shareholders have no agreement to act or vote in any preconceived manner.

A number of individual yet like-minded shareholders, are concerned that the current Board of FMS consists of Directors who recommended the recent takeover offer by Todd. Furthermore, they also recommended the proposed sale of PIOP under Option Agreement with Todd. That Option proposal was resoundingly defeated by **shareholders**.

As such, there are no directors currently on the board of FMS, who have not been associated with the various attempts by Todd to gain control of FMS or its principle asset, PIOP.

I believe non-Todd shareholders need a transparently independent director, sourced by the non-Todd shareholders, who is non-Todd, and not associated with any past Todd proposals to gain control of FMS or its assets.

Mr Jim Robinson is just the ticket in my view.

I am sure that the current Board of FMS are working in the best interests of FMS and all its shareholders.

The concerns of these individual shareholders include but are not limited to:

1. That it is important for non-Todd shareholders to have a representative on the Board of FMS who is there because he was elected by these same non-Todd shareholders.
2. That the ASX good governance guidelines seeks to ensure that adequate independent board representation is available to ALL shareholders.
3. Whilst it is clear that Todd's ~52% shareholding provides Todd with the ability to determine the composition of the Board, it is clear that good corporate Governance dictates that non-Todd shareholders are properly represented by an independent director of their own choosing.
4. It is important that "new blood" is injected into the FMS Board, given the change in Control of FMS as a result of the Todd takeover.
5. Jim Robinson is clearly a good candidate who has the corporate experience at Board level, and the legal experience to look after the interests of all shareholders, with the ability to investigate all options available for PIOP and FMS.

There is also growing concern around the recent Todd Bidders Statement Clause 7, “Intentions in relation to Flinders”, which states:

- ❖ Todd may appoint two nominees to FMS Board – whilst that has not yet occurred, that could possibly give Todd two seats out of the current 3 seats on the FMS board.
- ❖ Todd states that if Rules permit, it will seek to delist FMS from the ASX.
(Clause 7.3 (c) (4) of Bidders Statement)
- ❖ Todd states that it intends to “request” that FMS “... undertake a strategic review of PIOP to assess the various possible future development options for PIOP;”

Todd also states “...Depending on the outcome of this detailed review, TIO may be in a position to determine:

- ❖ What the most appropriate development option for PIOP is (including whether or not it should be integrated with the Balla Balla Infrastructure Project);
(Clause 7.2 (d) of Bidders Statement)

Whilst shareholders have not received any results from the Todd initiated “Review”, it is of concern for non-Todd shareholders to ensure that ALL options available to FMS for the development of PIOP are fully and properly explored. Non-Todd shareholders need a process which is transparent to ensure options such as the sale of PIOP iron ore to parties outside the proposed Balla Balla Infrastructure project are fully investigated. Particularly in light of the improving prices for iron ore.

Having a director on the FMS board who was nominated by the remaining non-Todd shareholders, would assist these FMS shareholders in the consideration of any future proposals regarding options for FMS or PIOP.

Of course, shareholders should obtain their own advice on the merits of all information available to them.

This Statement is not intended to offer any advice, and is just my personal view.

Accordingly, these are the reasons why I intend to vote **FOR** the election of Jim Robinson to the board of FMS, and vote **NO** to the re-election of any of the existing members of the FMS board.

In addition, based on the details in the Annual Report, I also intend to vote **NO** to the resolution “Adoption of the Remuneration Report”.



Matthew Hester

Shareholder

fmsunited@outlook.com

12th October 2016



Flinders Mines Limited
ABN 46 091 118 044

Lodge your vote:



Online:
www.investorvote.com.au



By Mail:
Computershare Investor Services Pty Limited
GPO Box 242 Melbourne
Victoria 3001 Australia

Alternatively you can fax your form to
(within Australia) 1800 783 447
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Proxy Form



Vote and view the annual report online

- Go to www.investorvote.com.au or scan the QR Code with your mobile device.
- Follow the instructions on the secure website to vote.

Your access information that you will need to vote:

Control Number:

SRN/HIN:

PLEASE NOTE: For security reasons it is important that you keep your SRN/HIN confidential.



For your vote to be effective it must be received by 10:00am (Adelaide time) Monday 28 November 2016

How to Vote on Items of Business

All your securities will be voted in accordance with your directions.

Appointment of Proxy

Voting 100% of your holding: Direct your proxy how to vote by marking one of the boxes opposite each item of business. If you do not mark a box your proxy may vote or abstain as they choose (to the extent permitted by law). If you mark more than one box on an item your vote will be invalid on that item.

Voting a portion of your holding: Indicate a portion of your voting rights by inserting the percentage or number of securities you wish to vote in the For, Against or Abstain box or boxes. The sum of the votes cast must not exceed your voting entitlement or 100%.

Appointing a second proxy: You are entitled to appoint up to two proxies to attend the meeting and vote on a poll. If you appoint two proxies you must specify the percentage of votes or number of securities for each proxy, otherwise each proxy may exercise half of the votes. When appointing a second proxy write both names and the percentage of votes or number of securities for each in Step 1 overleaf.

A proxy need not be a securityholder of the Company.

Signing Instructions for Postal Forms

Individual: Where the holding is in one name, the securityholder must sign.

Joint Holding: Where the holding is in more than one name, all of the securityholders should sign.

Power of Attorney: If you have not already lodged the Power of Attorney with the registry, please attach a certified photocopy of the Power of Attorney to this form when you return it.

Companies: Where the company has a Sole Director who is also the Sole Company Secretary, this form must be signed by that person. If the company (pursuant to section 204A of the Corporations Act 2001) does not have a Company Secretary, a Sole Director can also sign alone. Otherwise this form must be signed by a Director jointly with either another Director or a Company Secretary. Please sign in the appropriate place to indicate the office held. Delete titles as applicable.

Attending the Meeting

Bring this form to assist registration. If a representative of a corporate securityholder or proxy is to attend the meeting you will need to provide the appropriate "Certificate of Appointment of Corporate Representative" prior to admission. A form of the certificate may be obtained from Computershare or online at www.investorcentre.com under the help tab, "Printable Forms".

Comments & Questions: If you have any comments or questions for the company, please write them on a separate sheet of paper and return with this form.

**GO ONLINE TO VOTE,
or turn over to complete the form →**

☐ **Change of address.** If incorrect, mark this box and make the correction in the space to the left. Securityholders sponsored by a broker (reference number commences with 'X') should advise your broker of any changes.

Proxy Form

Please mark ☒ to indicate your directions

STEP 1 Appoint a Proxy to Vote on Your Behalf

I/We being a member/s of **Flinders Mines Limited** hereby appoint

☐ the Chairman of the Meeting **OR**

PLEASE NOTE: Leave this box blank if you have selected the Chairman of the Meeting. Do not insert your own name(s).

or failing the individual or body corporate named, or if no individual or body corporate is named, the Chairman of the Meeting, as my/our proxy to act generally at the Meeting on my/our behalf and to vote in accordance with the following directions (or if no directions have been given, and to the extent permitted by law, as the proxy sees fit) at the Annual General Meeting of Flinders Mines Limited to be held at Crowne Plaza, Ground Floor, Hindmarsh Room 1, 16 Hindmarsh Square, Adelaide SA 5000, on Wednesday, 30 November 2016 at 10.00 am (Adelaide time) and at any adjournment or postponement of that Meeting.

Chairman authorised to exercise undirected proxies on remuneration related resolutions: Where I/we have appointed the Chairman of the Meeting as my/our proxy (or the Chairman becomes my/our proxy by default), I/we expressly authorise the Chairman to exercise my/our proxy on **Items 1 & 8** (except where I/we have indicated a different voting intention below) even though **Items 1 & 8** are connected directly or indirectly with the remuneration of a member of key management personnel, which includes the Chairman.

The Chairman of the Meeting intends to vote undirected proxies in favour of each Item of business with the exception of Items 7 & 8 where the Chairman of the Meeting intends to vote against. In exceptional circumstances, the Chairman of the Meeting may change his/her voting intention on any resolution, in which case an ASX announcement will be made.

Important Note: If the Chairman of the Meeting is (or becomes) your proxy you can direct the Chairman to vote for or against or abstain from voting on **Items 1 & 8** by marking the appropriate box in step 2 below.

STEP 2 Items of Business

PLEASE NOTE: If you mark the **Abstain** box for an item, you are directing your proxy not to vote on your behalf on a show of hands or a poll and your votes will not be counted in computing the required majority.

The Chairman of the Meeting intends to vote all available proxies in favour of the following items of business:

For Against Abstain

ORDINARY BUSINESS

1	Adoption of the remuneration report	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
2	Election of Mr Neil Fredrick Warburton as a director	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
3	Election of Mr David Kent McAdam as a director	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
4	Election of Mr Michael Brian Wollmer as a director	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
5	Election of Mr Evan Welch Davies as a director	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
6	Re-election of Mr Robert Michael Kennedy as a director	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

The Chairman of the Meeting intends to vote all available proxies against the following items of business:

7	Election of Mr James William Robinson as a director	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
8	Conditional Spill Resolution	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

SIGN

Signature of Securityholder(s) *This section must be completed.*

Individual or Securityholder 1

Sole Director and Sole Company Secretary

Securityholder 2

Director

Securityholder 3

Director/Company Secretary

Contact
Name

Contact
Daytime
Telephone

_____ / _____ / _____

Date