



CHAIRMAN'S ADDRESS

ANNUAL GENERAL MEETING - 25 NOVEMBER 2011

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Dear Shareholder

I wish to take this opportunity to briefly review the company's past activities and comment on the outlook for the future.

As you are all aware, Flinders Exploration Ltd ("FEX") was established to provide a listed vehicle for the non-iron ore commodities/assets of Flinders Mines Ltd ("FMS") which included diamonds, phosphate, copper and other commodities. FEX entered into Joint Venture and Subscription Agreements with FMS as part of this process.

The IPO (Initial Public Offering) for FEX was launched on 15 October 2010 and it became apparent that, from the level of subscription acceptances and our marketing efforts, that the company required a more attractive package of assets. This was achieved by the addition of two new gold projects, Black Cat (WA) and Porters Mount (NSW) and by enhancing an existing copper project, Copper Claim, in the Southern Flinders region.

Despite the attractiveness of the assets, the investment market turned late in the first quarter of 2011 with the effect that investing in small mineral explorers proved to be very difficult.

FEX continued its efforts to raise the minimum capital by extending the IPO period, securing a new sponsoring broker and marketing to potential investors and brokers.

Unfortunately the adverse market conditions have continued and, in the Directors' opinion, the minimum subscription was unlikely to be achieved within the last extension of the allowed time period.

On 13 October 2011, FMS terminated the Joint Venture and Subscription Agreements. The Directors withdrew the IPO Prospectus on 13 October 2011.

The Directors have been searching for a means to become listed and secure sufficient funding to carry on with its exploration. A number of options have been considered and the Directors will make an announcement in due course as to the company's future.

I take this opportunity to thank all of the 290 subscribers who were patient for so long, we are hopeful that the Directors will be able to welcome them back as part successful corporate listing.

ANDREW J ANDREJEWSKIS
Chairman