

28 October 2016

Quarterly Report

For the period ending 30 September 2016

Corporate

On 31 August 2016 the TIO (NZ) Limited (**TIO**) takeover bid closed, at which point TIO's voting power in Flinders' shares, was approximately 52.6 per cent.

Subsequent to the end of the quarter the Company announced significant changes to the Board with the appointment of Mr Neil Warburton and Mr David McAdam as independent non-executive directors and Mr Michael Wolley and Mr Evan Davies as non-executive directors. In addition, Mr Kevin Malaxos and Mr Ewan Vickery retired as non-executive directors of the Company. The Board acknowledges and thanks Kevin and Ewan for their contribution to the Board.

Funding

As announced on 29 July 2016, Flinders entered into a A\$2,000,000 loan facility agreement with PIO Mines Pty Limited (a subsidiary of TIO) to assist the Company meet its short term capital requirements. The loan facility was subsequently fully drawn down in August.

A Research & Development refund of \$753,035 was received in August 2016.

At the end of the quarter, Flinders held cash of \$1,730,000. Estimated cash outflows for the next quarter, excluding loan repayments, total \$1,230,000.

Subsequent to the end of the quarter, Flinders announced a non-renounceable entitlement offer at \$0.017 per share to raise approximately \$5 million (**Offer**). The Company will use the funds raised under the Offer to repay the loan of \$2,020,883 (including interest) from PIO Mines Pty Limited, meet minimum tenement expenditure commitments for the PIOP for the next 12 months, meet the costs of the reviews proposed by TIO in the original bidder's statement dated 17 March 2016 (if implemented) and provide working capital.

Projects Update

Pilbara Iron Ore Project (PIOP) - WA

There were no exploration and evaluation activities carried out on the Company's Pilbara Iron Ore Project tenements during the September 2016 quarter.

Canegrass Project – WA

There were no exploration and evaluation activities carried out on the Company's Canegrass Project tenements during the September 2016 quarter. Flinders has submitted an extension of term application for E58/282. A response to the application is pending.

For further information contact:

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Email: info@flindersmines.com

Tenement Schedule

For the Quarter ending 30 September 2016

Tenement No.	Status	Tenement Name	Grant/ Application Date	Expiry Date	Area (Sq Km)	Registered Holder /Applicant	Interest	Related Agreement
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WESTERN AUSTRALIA

Canegrass Project

E58/232	Granted	Boulder Well	29/07/2002	28/07/2016	16.1	Flinders Canegrass Pty Ltd	100%	
E58/236	Granted	Challa	22/03/2002	21/03/2017	16.1	Flinders Canegrass Pty Ltd	100%	
E58/282	Granted	Honey Pot	3/05/2007	2/05/2016	27.2	Flinders Canegrass Pty Ltd	100%	

Pilbara Iron Ore Project

E47/1560	Granted	Anvil	6/09/2007	5/09/2016	44.5	Flinders Mines Ltd	100%	Prenti Agreement
L47/728	Granted	PIOP Airstrip	29/05/2015	28/05/2036	3.0	Flinders Mines Ltd	100%	
L47/730	Granted	PIOP Village	29/05/2015	28/05/2036	0.1	Flinders Mines Ltd	100%	
L47/731	Application	Northern Road	1/09/2014		4.9	Flinders Mines Ltd	100%	
L47/734	Granted	Southern Road	29/05/2015	28/05/2036	4.2	Flinders Mines Ltd	100%	
M47/1451	Granted	Blacksmith ML	26/03/2012	25/03/2033	111.6	Flinders Mines Ltd	100%	Prenti Agreement

SOUTH AUSTRALIA

Curnamona Project

EL 5739	Granted	Wompine	12/02/2016	11/02/2017	96.00	Flinders Mines Ltd	100%	
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Gawler Ranges Project

EL 5761	Granted	Tin Hut	21/03/2016	20/03/2018	716.0	Flinders Mines Ltd	100%	
EL 5762	Granted	Siam	21/03/2016	20/03/2018	379.0	Flinders Mines Ltd	100%	

Jamestown Project

EL 5763	Granted	Caltowie	04/02/2016	9/11/2016	201.4	Flinders Mines Ltd	Diamonds and non-metals	Copper Range and Tarcowie Phosphate Agreements
EL 5557	Granted	Washpool	10/11/2009	9/11/2016	135.0	Phoenix Copper Ltd	Diamonds, barium, talc and phosphate	Phoenix Copper Agreement

Appendix 5B

Mining exploration entity and oil and gas exploration entity quarterly report

Introduced 01/07/96 Origin Appendix 8 Amended 01/07/97, 01/07/98, 30/09/01, 01/06/10, 17/12/10, 01/05/13, 01/09/16

Name of entity

Flinders Mines Limited

ABN

46 091 118 044

Quarter ended ("current quarter")

30 September 2016

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (3 months) \$A'000
1. Cash flows from operating activities		
1.1 Receipts from customers		
1.2 Payments for		
(a) exploration & evaluation	(116)	(116)
(b) development		
(c) production		
(d) staff costs		
(e) administration and corporate costs	(715)	(715)
1.3 Dividends received (see note 3)		
1.4 Interest received	9	9
1.5 Interest and other costs of finance paid		
1.6 Income taxes paid		
1.7 Research and development refunds		
1.8 Other (provide details if material)		
1.9 Net cash from / (used in) operating activities	(822)	(822)

2. Cash flows from investing activities		
2.1 Payments to acquire:		
(a) property, plant and equipment		
(b) tenements (see item 10)		
(c) investments		
(d) other non-current assets		

Mining exploration entity and oil and gas exploration entity quarterly report

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (3 months) \$A'000
2.2	Proceeds from the disposal of:		
	(a) property, plant and equipment	1	1
	(b) tenements (see item 10)		
	(c) investments		
	(d) other non-current assets		
2.3	Cash flows from loans to other entities		
2.4	Dividends received (see note 3)		
2.5	Other (provide details if material)		
2.6	Net cash from / (used in) investing activities	1	1

3.	Cash flows from financing activities		
3.1	Proceeds from issues of shares		
3.2	Proceeds from issue of convertible notes		
3.3	Proceeds from exercise of share options		
3.4	Transaction costs related to issues of shares, convertible notes or options		
3.5	Proceeds from borrowings	2,000	2,000
3.6	Repayment of borrowings		
3.7	Transaction costs related to loans and borrowings		
3.8	Dividends paid		
3.9	Other (provide details if material)		
3.10	Net cash from / (used in) financing activities	2,000	2,000

4.	Net increase / (decrease) in cash and cash equivalents for the period		
4.1	Cash and cash equivalents at beginning of period	551	551
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(822)	(822)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	1	1
4.4	Net cash from / (used in) financing activities (item 3.10 above)	2,000	2,000
4.5	Effect of movement in exchange rates on cash held		
4.6	Cash and cash equivalents at end of period	1,730	1,730

5. Reconciliation of cash and cash equivalents at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts	Current quarter \$A'000	Previous quarter \$A'000
5.1 Bank balances	1,580	1,580
5.2 Call deposits	150	150
5.3 Bank overdrafts		
5.4 Other (provide details)		
5.5 Cash and cash equivalents at end of quarter (should equal item 4.6 above)	1,730	1,730

6. Payments to directors of the entity and their associates	Current quarter \$A'000
6.1 Aggregate amount of payments to these parties included in item 1.2	78
6.2 Aggregate amount of cash flow from loans to these parties included in item 2.3	
6.3 Include below any explanation necessary to understand the transactions included in items 6.1 and 6.2	

7. Payments to related entities of the entity and their associates	Current quarter \$A'000
7.1 Aggregate amount of payments to these parties included in item 1.2	
7.2 Aggregate amount of cash flow from loans to these parties included in item 2.3	
7.3 Include below any explanation necessary to understand the transactions included in items 7.1 and 7.2	

Mining exploration entity and oil and gas exploration entity quarterly report

8. Financing facilities available <i>Add notes as necessary for an understanding of the position</i>	Total facility amount at quarter end \$A'000	Amount drawn at quarter end \$A'000
8.1 Loan facilities	2,000	2,000
8.2 Credit standby arrangements		
8.3 Other (please specify)		
8.4 Include below a description of each facility above, including the lender, interest rate and whether it is secured or unsecured. If any additional facilities have been entered into or are proposed to be entered into after quarter end, include details of those facilities as well.		

The Company announced on 29 July 2016 that it has entered into a loan facility agreement with PIO Mines Pty Limited (a subsidiary of TIO (NZ) Limited) to assist Flinders to meet its short term capital requirements. The A\$2,000,000 loan is available for drawing in a single lump sum from the Loan Agreement until 19 August 2016. The key terms of the loan include an interest rate equivalent to the 6-Month Bank Bill Swap Rate (BBSW) Mid-Rate plus 2% per annum with the repayment of the principal outstanding to occur on 31 December 2016.

On 5 August 2016 loan funds to the aggregate amount of A\$2,000,000 were received by the Company from PIO Mines Pty Limited.

9. Estimated cash outflows for next quarter	\$A'000
9.1 Exploration and evaluation	(650)
9.2 Development	
9.3 Production	
9.4 Staff costs	
9.5 Administration and corporate costs	(580)
9.6 Other (provide details if material)	
9.7 Total estimated cash outflows	(1,230)

10. Changes in tenements (items 2.1(b) and 2.2(b) above)	Tenement reference and location	Nature of interest	Interest at beginning of quarter	Interest at end of quarter
10.1 Interests in mining tenements and petroleum tenements lapsed, relinquished or reduced				
10.2 Interests in mining tenements and petroleum tenements acquired or increased				

Compliance statement

- 1 This statement has been prepared in accordance with accounting standards and policies which comply with Listing Rule 19.11A.
- 2 This statement gives a true and fair view of the matters disclosed.



Sign here:

(Director/Company secretary)

Date: 28 October 2016

Print name: Justin Nelson

Notes

1. The quarterly report provides a basis for informing the market how the entity's activities have been financed for the past quarter and the effect on its cash position. An entity that wishes to disclose additional information is encouraged to do so, in a note or notes included in or attached to this report.
2. If this quarterly report has been prepared in accordance with Australian Accounting Standards, the definitions in, and provisions of, AASB 6: Exploration for and Evaluation of Mineral Resources and AASB 107: Statement of Cash Flows apply to this report. If this quarterly report has been prepared in accordance with other accounting standards agreed by ASX pursuant to Listing Rule 19.11A, the corresponding equivalent standards apply to this report.
3. Dividends received may be classified either as cash flows from operating activities or cash flows from investing activities, depending on the accounting policy of the entity.