

29 July 2016

# Quarterly Report

For the period ending 30 June 2016

## Corporate

On 9 May 2016 Flinders Mines Limited (ASX: FMS) (**Flinders**) announced that it had entered into a bid implementation agreement with TIO (NZ) Limited (**TIO**), a wholly owned subsidiary of Todd Corporation, under which TIO agreed to vary its offer, increasing the cash consideration initially offered on 17 March 2016 (**Initial Offer**) from \$0.013 to \$0.025 per Flinders' share (**Improved Offer**), 92% higher than the Initial Offer and a premium of 213% to the closing price and VWAP of Flinders shares before the Initial Offer was announced.

The Directors of Flinders have all accepted the Improved Offer in respect of the shares they owned or controlled and continue to recommend that shareholders accept the Improved Offer from TIO.

Presently the closing date for the Improved Offer is 8 August 2016 (unless extended or withdrawn).

As a result of changing operational requirements, on 28 June 2016 Flinders Managing Director, Mr Ian Gordon was made redundant. The Board acknowledges and thanks Ian for his significant contribution to the Company.

## Funding

At the end of the quarter, Flinders held cash of \$551,000. Estimated cash outflows for next quarter total \$1,207,000. Flinders anticipates receipt of a Research & Development refund of approximately \$750,000 during the quarter ending 30 September 2016.

Subsequent to the end of the quarter, as announced on 29 July 2016, Flinders has entered into a loan facility agreement (**Loan Agreement**) with PIO Mines Pty Limited (a subsidiary of TIO) to assist Flinders meet its short term capital requirements. The key terms of the Loan Agreement are set out in the 29 July 2016 announcement.

## Projects Update

All tenements are being maintained and kept in good standing.

### *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 June 2016 quarter. During the quarter the Company was granted an exemption from expenditure for Anvil E47/1560.

### *Canegrass Project – WA*

There were no exploration and evaluation activities carried out on the Company's Canegrass Project tenements during the June 2016 quarter. During the quarter the Company received an extension of term for a further year in respect of E58/236 (Challa). Further, 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](mailto:info@flindersmines.com)

## Tenement Schedule

For the quarter ending 30 June 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

Name of entity

Flinders Mines Limited

ABN

46 091 118 044

Quarter ended ("current quarter")

30 June 2016

#### Consolidated statement of cash flows

Cash flows related to operating activities	Current quarter \$A'000	Year to date (12 months) \$A'000
1.1 Receipts from product sales and related debtors	-	25
1.2 Payments for:		
(a) exploration & evaluation	(355)	(1,637)
(b) development		
(c) production		
(d) administration	(835)	(2,521)
1.3 Dividends received		
1.4 Interest and other items of a similar nature received	14	45
1.5 Interest and other costs of finance paid		
1.6 Income taxes paid		
1.7 Other (R&D rebates)		
<b>Net operating cash flows</b>	<b>(1,176)</b>	<b>(4,088)</b>
<b>Cash flows related to investing activities</b>		
1.8 Payment for purchases of:		
(a) prospects		
(b) equity investments		
(c) other fixed assets		
1.9 Proceeds from sale of:		
(a) prospects		
(b) equity investments	-	41
(c) other fixed assets	-	3
1.10 Loans to other entities		
1.11 Loans repaid by other entities		
1.12 Other (provide details if material)		
<b>Net investing cash flows</b>	<b>-</b>	<b>44</b>
1.13 Total operating and investing cash flows (carried forward)	<b>(1,176)</b>	<b>(4,088)</b>

+ See chapter 19 for defined terms.

**Appendix 5B**  
**Mining exploration entity and oil and gas exploration entity quarterly report**

1.13	Total operating and investing cash flows (brought forward)	<b>(1,176)</b>	<b>(4,044)</b>
	<b>Cash flows related to financing activities</b>		
1.14	Proceeds from issues of shares, options, etc.	-	825
1.15	Proceeds from sale of forfeited shares		
1.16	Proceeds from borrowings		
1.17	Repayment of borrowings		
1.18	Dividends paid		
1.19	Other (provide details if material)		
	<b>Net financing cash flows</b>	<b>-</b>	<b>825</b>
	<b>Net increase (decrease) in cash held</b>	<b>(1,176)</b>	<b>(3,219)</b>
1.20	Cash at beginning of quarter/year to date	<b>1,727</b>	<b>3,770</b>
1.21	Exchange rate adjustments to item 1.20		
1.22	<b>Cash at end of quarter</b>	<b>551</b>	<b>551</b>

**Payments to directors of the entity and associates of the directors**

**Payments to related entities of the entity and associates of the related entities**

		Current quarter \$A'000
1.23	Aggregate amount of payments to the parties included in item 1.2	78
1.24	Aggregate amount of loans to the parties included in item 1.10	-

1.25 Explanation necessary for an understanding of the transactions

**Non-cash financing and investing activities**

2.1 Details of financing and investing transactions which have had a material effect on consolidated assets and liabilities but did not involve cash flows

2.2 Details of outlays made by other entities to establish or increase their share in projects in which the reporting entity has an interest

+ See chapter 19 for defined terms.

**Financing facilities available**

*Add notes as necessary for an understanding of the position.*

	Amount available \$A'000	Amount used \$A'000
3.1 Loan facilities		
3.2 Credit standby arrangements		

**Estimated cash outflows for next quarter**

	\$A'000
4.1 Exploration and evaluation	155
4.2 Development	-
4.3 Production	-
4.4 Administration	1,052
<b>Total</b>	<b>1,207</b>

**Reconciliation of cash**

Reconciliation of cash at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts is as follows.

	Current quarter \$A'000	Previous quarter \$A'000
5.1 Cash on hand and at bank	401	977
5.2 Deposits at call	150	750
5.3 Bank overdraft		
5.4 Other (provide details)		
<b>Total: cash at end of quarter (item 1.22)</b>	<b>551</b>	<b>1,727</b>

**Changes in interests in mining tenements**

	Tenement reference	Nature of interest (note (2))	Interest at beginning of quarter	Interest at end of quarter
6.1	Interests in mining tenements and petroleum tenements relinquished, reduced or lapsed			

+ See chapter 19 for defined terms.

**Appendix 5B**  
**Mining exploration entity and oil and gas exploration entity quarterly report**

6.2 Interests in mining tenements and petroleum tenements acquired or increased

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**Issued and quoted securities at end of current quarter**

*Description includes rate of interest and any redemption or conversion rights together with prices and dates.*

	Total number	Number quoted	Issue price per security (see note 3) (cents)	Amount paid up per security (see note 3) (cents)
7.1 <b>Preference +securities</b> <i>(description)</i>				
7.2 Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs, redemptions				
7.3 <b>+Ordinary securities</b>	2,947,152,568	2,947,152,568		
7.4 Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs	12,503,814	12,503,814	Nil	Fully Paid
7.5 <b>+Convertible debt securities</b> <i>(description)</i>				
7.6 Changes during quarter (a) Increases through issues (b) Decreases through securities matured, converted				
7.7 <b>Options</b> <i>(description and conversion factor)</i>			<i>Exercise price</i>	<i>Expiry date</i>
7.8 Issued during quarter				
7.9 Exercised during quarter				

+ See chapter 19 for defined terms.

**Appendix 5B**

**Mining exploration entity and oil and gas exploration entity quarterly report**

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			<i>Exercise price</i>	<i>Expiry date</i>
7.10	Expired during quarter			
7.11	<b>Debentures</b> <i>(totals only)</i>			
7.12	<b>Unsecured notes</b> <i>(totals only)</i>			

## Compliance statement

- 1 This statement has been prepared under accounting policies which comply with accounting standards as defined in the Corporations Act or other standards acceptable to ASX (see note 5).
- 2 This statement does give a true and fair view of the matters disclosed.

Sign here:   
(Company secretary)

Date: 29 July 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 wanting to disclose additional information is encouraged to do so, in a note or notes attached to this report.
- 2 The "Nature of interest" (items 6.1 and 6.2) includes options in respect of interests in mining tenements acquired, exercised or lapsed during the reporting period. If the entity is involved in a joint venture agreement and there are conditions precedent which will change its percentage interest in a mining tenement, it should disclose the change of percentage interest and conditions precedent in the list required for items 6.1 and 6.2.
- 3 **Issued and quoted securities** The issue price and amount paid up is not required in items 7.1 and 7.3 for fully paid securities.
- 4 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.
- 5 **Accounting Standards** ASX will accept, for example, the use of International Financial Reporting Standards for foreign entities. If the standards used do not address a topic, the Australian standard on that topic (if any) must be complied with.

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