

30 April 2018

Quarterly Report

For the period ending 31 March 2018

PIOP Maturation Work

During the quarter ending 31 March 2018, Flinders Mines Limited (**Flinders Mines** or the **Company**) continued to work towards completing its planned maturation work at the Pilbara Iron Ore Project (**PIOP**), located 70km from Tom Price in Western Australia. The work in the period resulted in the announcement of a revised Mineral Resource estimate for the PIOP on 1 March 2018.

PIOP Mineral Resource Estimate @ 1 March 2018

Area	CLASS	Tonnes (Mt)	Fe %	SiO ₂ %	Al ₂ O ₃ %	P %	LOI %
Blacksmith	Measured	54.1	59.8	6.24	4.28	0.064	2.98
	Indicated	1,148.0	52.6	14.06	4.81	0.067	4.93
	Inferred	105.2	51.6	15.71	5.13	0.057	4.40
Blacksmith Total		1,307.3	52.8	13.87	4.81	0.066	4.81
Anvil	Inferred	176.9	47.0	21.38	6.04	0.045	4.15
Anvil Total		176.9	47.0	21.38	6.04	0.045	4.15
PIOP (Blacksmith & Anvil)	Measured	54.1	59.8	6.24	4.28	0.064	2.98
	Indicated	1,148.0	52.6	14.06	4.81	0.067	4.93
	Inferred	282.1	48.7	19.26	5.70	0.049	4.24
Grand Total		1,484.2	52.2	14.76	4.96	0.064	4.73

Small discrepancies may occur due to rounding. Cut Off: Ore types DID1, DID2, DID3 reported using Fe>40% and Al₂O₃<8%; ore types DID4, CID, BID reported using Fe>50% and Al₂O₃<6%

Coordination of the range of data analyses continued in the reporting period with the objective of finalising the maturation report in Q4 FY18. The PIOP work streams progressed include:

1. Hydrogeological monitoring
2. Metallurgical upgrade testwork
3. Tailings testwork
4. Geological database update
5. JORC Mineral Resource Estimate
6. Geotechnical analysis
7. Material handling testwork
8. High-level mine planning
9. Process engineering preliminary documentation
10. Approvals reviews

The Company proposes to work towards completion of the maturation work, subject to funding availability at which time it expects to be in a position to determine the options in the potential development of the PIOP. These steps may include the commencement of infrastructure negotiations, further exploration work at PIOP to increase the known Fe resources and additional associated engineering studies.

Other Tenements

On 30 January 2018, the Company announced an updated vanadium Mineral Resource estimate for the Canegrass Project, located 60km south-east of Mt Magnet in Western Australia, and is currently finalising an additional exploration drilling program for the coming year.

The exploration program is being designed to explore for additional vanadium resources within the constraints of the Company's available but limited funds.

Corporate

On 14 March 2018, the Company advised it had extended the term of interim Executive Director, Mr David McAdam's appointment from 30 April 2018 to 30 September 2018. All other terms of Mr McAdam's appointment remain the same as previously announced.

On 20 March 2018, the Company sadly advised the market of the passing of our long-standing director Mr Robert (Bob) Kennedy, after 17 years of dedicated and invaluable service to the Company.

Subsequent to the end of the Quarter, the Company commenced a search for an independent, non-executive Director with suitable skills to ensure the Board continues to operate effectively and efficiently within the Board Charter.

Financial

As at 31 March 2018, the Company had \$4.95 million in cash and \$5 million in debt.

As announced on 6 November 2017, the Company executed a loan facility agreement with PIO Mines Pty Limited, a subsidiary of the Company's major shareholder TIO (NZ) Limited, for a total of \$5 million to assist Flinders in completing the maturation phase of the PIOP and to meet short term capital requirements. \$3 million was drawn down in November 2017 and the remaining \$2 million was drawn down in January 2018.

For further information please contact:

Shareholders

David McAdam
Interim Executive Director
(08) 9389 4483

Media

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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 its large, high quality hematite resource - the Pilbara Iron Ore Project (PIOP).

The PIOP is located approximately 70km from Tom Price in Western Australia's iron ore-rich Pilbara region. The project consists of two 100% owned tenements – M47/1451 (Blacksmith) and E47/1560 (Anvil) – and has a total (Inferred, Indicated and Measured) JORC-compliant resource of 1,484 million tonnes. The Company is currently determining the optimal development path.

Tenement Schedule
For the Quarter ending
31 March 2018

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 Project¹

E58/232	Granted	Boulder Well	29/07/2002	28/07/2018	16.1	Flinders Canegrass Pty Ltd	100%	
E58/236	Granted	Challa	22/03/2002	28/09/2018	16.1	Flinders Canegrass Pty Ltd	100%	
E58/282	Granted	HoneyPot	3/05/2007	2/05/2018	27.2	Flinders Canegrass Pty Ltd	100%	

E58/520	Granted	Waramboo	14/09/2017	13/09/2022	3.1	Flinders Canegrass Pty Ltd	100%	
E58/521	Granted	Waramboo	14/09/2017	13/09/2022	15.1	Flinders Canegrass Pty Ltd	100%	
E58/522	Granted	Waramboo	14/09/2017	13/09/2022	24.1	Flinders Canegrass Pty Ltd	100%	

Pilbara Iron Ore Project²

E47/1560	Granted	Anvil	6/09/2007	5/09/2018	44.4	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

Jamestown Project

EL5557	Granted	Washpool	10/11/2014	9/11/2019	135.0	PNX Metals Limited	Gold, Copper	Phoenix Copper Agreement
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1. E58/232, E58/236 and E58/282 are the subject of a current granted extension of term. A further extension of term will be applied for prior to the expiry of the current term.
2. E47/1560 is the subject of a current granted extension of term. A further extension of term will be applied for prior to the expiry of the current term.

Competent Persons Statement

The information in this report that relates to the PIOP Mineral Resource estimate is based on information compiled by Mr Aaron Meakin. Mr Meakin is a full-time employee of CSA Global Pty Ltd and is a Member of the Australasian Institute of Mining and Metallurgy. Mr Meakin has sufficient experience relevant to the style of mineralisation and type of deposit under consideration and to the activity which he is undertaking to qualify as Competent Person as defined in the 2012 edition of the Australasian Code for the Reporting of Exploration Results, Mineral Resources and Ore Reserves (JORC Code). The Company confirms that it is not aware of any new information or data that materially affects the information included in the original market announcement. The Company confirms that the form and context in which the Competent Person's findings are presented have not been modified from the original announcement and, in the case of estimates of Mineral Resources, all material assumptions and technical parameters underpinning the estimates in the initial announcement continue to apply and have not materially changed.

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")

31 March 2018

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (9 months) \$A'000
1. Cash flows from operating activities		
1.1 Receipts from customers		
1.2 Payments for		
(a) exploration & evaluation	(1,407)	(9,083)
(b) development		
(c) production		
(d) staff costs		
(e) administration and corporate costs	(303)	(1,196)
1.3 Dividends received (see note 3)		
1.4 Interest received	22	87
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	(1,688)	(10,192)

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		

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (9 months) \$A'000
2.2	Proceeds from the disposal of:		
	(a) property, plant and equipment	14	14
	(b) tenements (see item 10)		
	(c) investments	-	73
	(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	14	87

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	(1)	(17)
3.5	Proceeds from borrowings	2,000	5,000
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	1,999	4,983

4.	Net increase / (decrease) in cash and cash equivalents for the period		
4.1	Cash and cash equivalents at beginning of period	4,620	10,067
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(1,688)	(10,192)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	14	87
4.4	Net cash from / (used in) financing activities (item 3.10 above)	1,999	4,983
4.5	Effect of movement in exchange rates on cash held	-	-
4.6	Cash and cash equivalents at end of period	4,945	4,945

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	4,945	4,620
5.2 Call deposits	-	-
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)	4,945	4,620

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	274
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	

Non-Executive and Executive Directors Fees for the March quarter.

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	83
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	

Non-Executive Directors fees paid to TIO (NZ) Limited) for the March 18 quarter, a major shareholder of Flinders Mines Limited (\$59k).
Tenement management and field services paid to BBI Group Pty Ltd for the March 18 quarter, a subsidiary of the major shareholder of Flinders Mines Limited (\$24k).

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	5,000	5,000
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.		

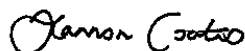
Unsecured A\$5m loan facility provided by PIO Mines Pty Limited, a subsidiary of the major shareholder, at an interest rate of 3.885%pa. A\$3m was drawn on 9 November 2017. A\$2m was drawn on 19 January 2018.

9. Estimated cash outflows for next quarter	\$A'000
9.1 Exploration and evaluation	(1,314)
9.2 Development	-
9.3 Production	-
9.4 Staff costs	-
9.5 Administration and corporate costs	(531)
9.6 Other (provide details if material)	-
9.7 Total estimated cash outflows	(1,845)

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.



30 April 2018

Sign here:
(Company secretary)

Date:

Print name: Shannon Coates

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.