

Quarterly Report

For the quarter ending 30 September 2015

HIGHLIGHTS

- *PIOP Option and Sale Agreement with Todd Corporation rejected by shareholders at general meeting on 24 September 2015*
- *Ongoing discussions with Todd Corporation prior to the expiry of the Alliance Agreement on 31 December 2015*
- *Follow-up exploration completed at the Canegrass Project in WA*

CORPORATE

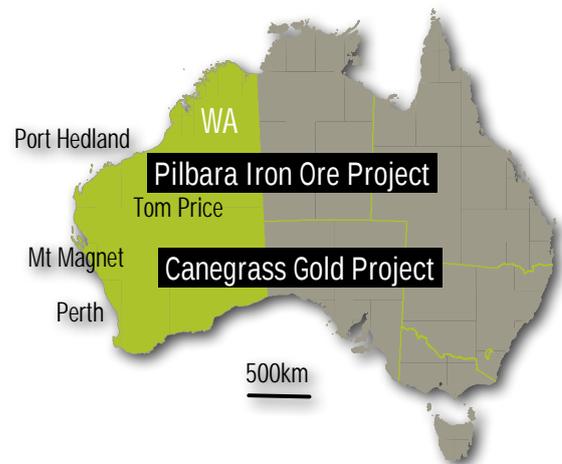
Todd Transaction

On 11 May 2015, Flinders Mines announced it had signed an Option and Sale Agreement with a subsidiary of New Zealand's Todd Corporation for the 100% sale of Flinders' Pilbara Iron Ore Project (PIOP) (refer to ASX announcement dated 11/05/2015). This proposed transaction was rejected by shareholders at a general meeting held in Adelaide on 24 September 2015.

Future Outlook

The Company continues to hold meetings with Todd Corporation to discuss adding further value to the project within the framework of the existing Alliance Agreement. If no beneficial outcome is agreed by 31 December 2015, then Flinders will commence discussions with other parties in respect to developing the project.

Flinders also plans to reinvigorate its discussions with Chinese steel mills in respect to finalising offtake agreements and potential project investment.



Corporate Costs

The Company has completed a number of cost reduction measures during the quarter including a significant reduction in staff numbers and other corporate costs. The Directors, including the Managing Director, have agreed to reduce their fees and salary by 20% from 1 November 2015.

PROJECTS

Pilbara Iron Ore Project (PIOP) - WA

During the quarter, the Company received approval from the Environment Minister in Western Australia for the expanded project. Further assessments and approvals are progressing with the State Minister for Aboriginal Affairs and the Federal Government.

EXPLORATION AND EVALUATION ACTIVITIES

WESTERN AUSTRALIA

Pilbara Iron Ore Project

There were no exploration and evaluation activities carried out on the Company's Pilbara Iron Ore Project tenements during the September 2015 quarter.

Canegrass Gold Project

During the quarter a small follow up air-core (AC) drilling program was undertaken at the Honeypot gold prospect (Figure 1). A total of 31 holes for 428m were drilled (Figure 2 and Table 1).

The drilling was designed to cover the intersection of a major shear zone and a secondary fault to the north of a significant intersection of 8m @ 2.03 g/t Au from 12m in hole HAC022 drilled earlier this year. Hole HAC022 is located at the northern end of a trend of anomalous holes that intersected a deformed and foliated mafic schist as well as late stage undeformed granitic dykes and quartz veining.

All assays from the current round of drilling have now been received and there were no significant intersections.

SOUTH AUSTRALIA

There were no exploration and evaluation activities carried out on the Company's South Australian tenements during the September 2015 quarter.



Ian Gordon
 Managing Director
 30 October 2015

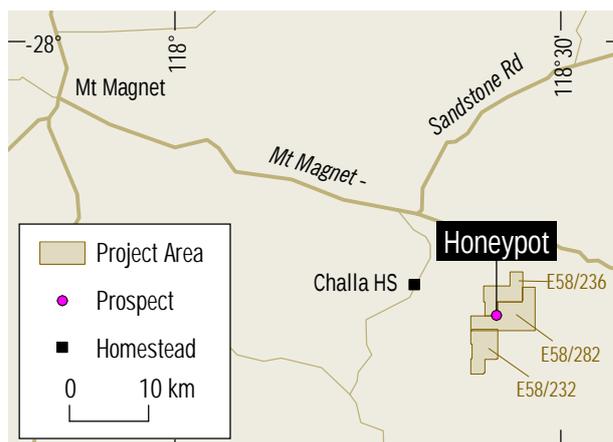


Figure 1 : Canegrass Gold Project is located approximately 60km SE from Mt Magnet, Western Australia.

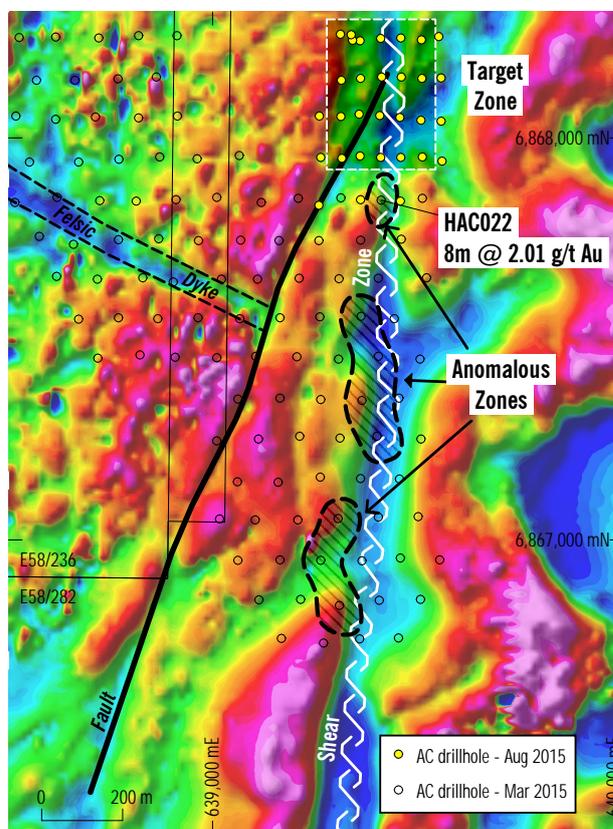


Figure 2 : Honeypot prospect AC drillholes over ground TMI (magnetic) image.

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Qualifying Statements

Forward-looking statements

This release may include forward-looking statements. These forward-looking statements are based on management's expectations and beliefs concerning future events as of the time of the release of this document. Forward-looking statements are necessarily subject to risks, uncertainties and other factors, some of which are outside the control of Flinders Mines Limited, that could cause actual results to differ materially from such statements. Flinders Mines Limited makes no undertaking to subsequently update or revise the forward-looking statements made in this release to reflect events or circumstances after the date of this release.

Competent Persons

The information in this report that relates to Exploration Targets, Exploration Results, or Mineral Resources is based on information compiled by Dr Graeme McDonald who is a member of the Australian Institute of Mining and Metallurgy and a full-time employee of Flinders Mines Limited. Graeme McDonald has sufficient experience that is relevant to the styles of mineralisation and types of deposits under consideration and to the activity which he is undertaking to qualify as a Competent Person as defined in the 2012 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves. Graeme McDonald consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.

Table 1 : Summary of Honeypot Prospect aircore holes drilled in August 2015.

| Hole ID | Prospect | Tenement | Easting (MGA z50) | Northing (MGA z50) | RL (m) | Dip | Azimuth | Total Depth (m) |
|---------|----------|----------|----------------------|-----------------------|-----------|-----|---------|--------------------|
| HAC108 | Honeypot | E58/282 | 6867843 | 639464 | 460 | -90 | 0 | 13 |
| HAC109 | Honeypot | E58/282 | 6867846 | 639365 | 460 | -90 | 0 | 21 |
| HAC110 | Honeypot | E58/282 | 6867832 | 639263 | 460 | -90 | 0 | 26 |
| HAC111 | Honeypot | E58/282 | 6867942 | 639567 | 460 | -90 | 0 | 9 |
| HAC112 | Honeypot | E58/282 | 6867953 | 639518 | 460 | -90 | 0 | 5 |
| HAC113 | Honeypot | E58/282 | 6867951 | 639465 | 460 | -90 | 0 | 10 |
| HAC114 | Honeypot | E58/282 | 6867952 | 639415 | 460 | -90 | 0 | 56 |
| HAC115 | Honeypot | E58/282 | 6867955 | 639364 | 460 | -90 | 0 | 15 |
| HAC116 | Honeypot | E58/282 | 6867949 | 639319 | 460 | -90 | 0 | 10 |
| HAC117 | Honeypot | E58/282 | 6867951 | 639267 | 460 | -90 | 0 | 10 |
| HAC118 | Honeypot | E58/282 | 6868042 | 639564 | 460 | -90 | 0 | 4 |
| HAC119 | Honeypot | E58/282 | 6868044 | 639515 | 460 | -90 | 0 | 18 |
| HAC120 | Honeypot | E58/282 | 6868051 | 639463 | 460 | -90 | 0 | 14 |
| HAC121 | Honeypot | E58/282 | 6868056 | 639413 | 460 | -90 | 0 | 16 |
| HAC122 | Honeypot | E58/282 | 6868059 | 639362 | 460 | -90 | 0 | 4 |
| HAC123 | Honeypot | E58/282 | 6868053 | 639317 | 460 | -90 | 0 | 18 |
| HAC124 | Honeypot | E58/282 | 6868054 | 639264 | 460 | -90 | 0 | 2 |
| HAC125 | Honeypot | E58/282 | 6868149 | 639564 | 460 | -90 | 0 | 3 |
| HAC126 | Honeypot | E58/282 | 6868148 | 639517 | 460 | -90 | 0 | 2 |
| HAC127 | Honeypot | E58/282 | 6868152 | 639466 | 460 | -90 | 0 | 4 |
| HAC128 | Honeypot | E58/282 | 6868152 | 639417 | 460 | -90 | 0 | 14 |
| HAC129 | Honeypot | E58/282 | 6868148 | 639365 | 460 | -90 | 0 | 10 |
| HAC130 | Honeypot | E58/282 | 6868143 | 639318 | 460 | -90 | 0 | 4 |
| HAC131 | Honeypot | E58/282 | 6868252 | 639559 | 460 | -90 | 0 | 10 |
| HAC132 | Honeypot | E58/282 | 6868244 | 639516 | 460 | -90 | 0 | 22 |
| HAC133 | Honeypot | E58/282 | 6868249 | 639465 | 460 | -90 | 0 | 30 |
| HAC134 | Honeypot | E58/282 | 6868247 | 639415 | 460 | -90 | 0 | 12 |
| HAC135 | Honeypot | E58/282 | 6868242 | 639364 | 460 | -90 | 0 | 13 |
| HAC136 | Honeypot | E58/282 | 6868243 | 639346 | 460 | -90 | 0 | 11 |
| HAC137 | Honeypot | E58/282 | 6868258 | 639316 | 460 | -90 | 0 | 16 |
| HAC138 | Honeypot | E58/282 | 6868257 | 639342 | 460 | -90 | 0 | 26 |

Flinders Mines Limited

Tenement Schedule For the quarter ending 30 September 2015

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

WESTERN AUSTRALIA

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 | <i>Application</i> | 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 |

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 | 21/03/2016 | 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% | |

SOUTH AUSTRALIA

Curnamona Project

| | | | | | | | | |
|------------|--------------------|----------|-----------|--|------|--------------------|------|--|
| ELA 174/15 | <i>Application</i> | Wompinie | 2/09/2015 | | 96.0 | Flinders Mines Ltd | 100% | |
|------------|--------------------|----------|-----------|--|------|--------------------|------|--|

Jamestown Project

| | | | | | | | | |
|------------|--------------------|----------|------------|-----------|-------|--------------------|--------------------------------------|--|
| ELA 182/14 | <i>Application</i> | Caltowie | 11/08/2014 | | 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 |

JORC 2012 - Table 1

Canegrass Gold Project, September 2015

Section 1 - Sampling Techniques and Data

(Criteria in this section apply to all succeeding sections.)

| Criteria | Commentary |
|--|---|
| Sampling techniques | <ul style="list-style-type: none"> • Air-Core (AC) drilling was used to collect 1 to 4m downhole samples for assaying. • Typically, a sample up to 5kg was collected using a riffle splitter. All samples were sent for analysis via ICP-OES and ICP-MS. • Grade standards (Certified Reference Materials – CRM's) and field duplicate samples were used to monitor analytical accuracy and sampling precision. |
| Drilling techniques | <ul style="list-style-type: none"> • All downhole samples were collected from Air-Core (AC) drill holes of approximately 85mm diameter utilising a tungsten blade bit. |
| Drill sample recovery | <ul style="list-style-type: none"> • Sample quality was continuously monitored during drilling to ensure that samples were representative and recoveries maximised. • AC sample recovery was recorded as good (G) or poor (P) based on visual appraisal of sample size. The majority of all samples were logged as good. • No assessment of loss/gain of fine/coarse material was undertaken. |
| Logging | <ul style="list-style-type: none"> • Detailed geological logging of all AC holes captured various qualitative and quantitative parameters such as rock type, mineralogy, colour, texture and sample quality. • AC holes were logged at 1m intervals. • All AC sample chips and piles were photographed for future reference. • Logging data is collected on paper and entered into excel spreadsheets. The data is subsequently validated and downloaded into a dedicated Geobank database for storage. |
| Sub-sampling techniques and sample preparation | <ul style="list-style-type: none"> • AC drilling samples were collected in pre-labelled bags via a riffle splitter mounted directly below the cyclone. • All samples were collected dry. • Samples were stored on site prior to being transported to the laboratory. • Samples were sorted, dried and weighed at the laboratory where they were then crushed and riffle split to obtain a sub-fraction for pulverisation. The pulverised sample was reduced further and combined with various reagents prior to analysis. |
| Quality of assay data and laboratory tests | <ul style="list-style-type: none"> • All AC samples were submitted to MinAnalytical laboratory in Perth, an accredited laboratory with the National Association of Testing Authorities (NATA). • MinAnalytical completed both the sample preparation and analytical assaying. • All samples were analysed for Gold via ICP-MS and a large number of major and trace elements via ICP-OES. • Field duplicates were collected and inserted anonymously into the sample stream at a rate of 2 per 100 samples. • Pulp standards (CRM's) were inserted into the sample stream as blind samples by field geologists at a rate of 5 per 100 samples. • Laboratory duplicates and standards were also used as quality control measures at different sub-sampling stages. • No formal analysis of sample size versus grain size has been undertaken, however, the sampling techniques employed are industry best practice. |
| Verification of sampling and assaying | <ul style="list-style-type: none"> • Significant intersections have been independently verified by company geologists. • No twinned holes were drilled. |

| Criteria | Commentary |
|--|--|
| Location of data points | <ul style="list-style-type: none"> • Drillhole collar locations have been surveyed using a hand held GPS with an accuracy of < 5m for easting and northing coordinates. The elevation (RL) was determined by placing the hole collar's x, y coordinates on the digital terrain model (DTM). • Collar surveys are validated against planned coordinates and the topographic surface. • Downhole surveys have not been carried out as the vast majority of the drillholes are relatively shallow meaning that any minor departures from the planned drilling direction will have minimal to no impact. • The primary grid used is Map Grid of Australia 94, Zone 50 (GDA94). Vertical datum is the Australian Height Datum (AHD). |
| Data spacing and distribution | <ul style="list-style-type: none"> • For the AC drilling, a nominal spacing of approximately 100m by 50m is achieved. • No Mineral Resource or Reserve is being reported for this drilling. • The majority of samples were composited to 4m intervals with others between 1 to 4m as required depending on hole depth. |
| Orientation of data in relation to geological structure | <ul style="list-style-type: none"> • The AC holes were drilled approximately at right angles to the strike and dip of targeted structures and geology where known. • The source and orientation of any mineralisation was unknown at the time of drilling. |
| Sample security | <ul style="list-style-type: none"> • Sample chain of custody is managed by Flinders. • Samples in calico bags are packed into polyweave bags and then placed into heavy duty bulk bags for transport to Mt Magnet. They are then transported via commercial freight directly to the laboratory. • Consignment notes for each submission are tracked and monitored. |
| Audits or reviews | <ul style="list-style-type: none"> • No formal audits or reviews have been undertaken. |

Section 2 - Reporting of Exploration Results

(Criteria listed in the preceding section also apply to this section.)

| Criteria | Commentary |
|---|---|
| Mineral tenement and land tenure status | <ul style="list-style-type: none"> • The Canegrass Gold Project comprises three 100% FMS owned tenements, E58/232, E58/236 and E58/282, located approximately 60km SE of Mt Magnet. • Part of the Honeypot Prospect is covered by Prospecting Licences (P58/1584 and P58/1585), held by a third party. • The tenements lie within the Badimia Native Title Claim. • The tenements straddle the boundary between the Challa and Windimurra Pastoral Stations. |
| Exploration done by other parties | <ul style="list-style-type: none"> • Very little previous exploration has been undertaken by other parties in the immediate area of the drilling. However, regional rock chip and soil sampling programs have been undertaken by various explorers. Maximus Resources drilled a small number of AC and RC holes in the area. Flinders have also defined Magnetite Fe-V resources within the region. |
| Geology | <ul style="list-style-type: none"> • The local geology is dominated by the Windimurra Igneous Complex (WIC). The WIC is a large differentiated layered ultramafic to mafic intrusion emplaced within the Yilgarn craton of Western Australia. It outcrops over an area of approximately 2,500km² and has an age of approximately 2,800Ma. The complex is dominantly comprised of rocks that can broadly be classified as gabbroic in composition. It is dissected by large scale, strike slip shear zones. The mineralisation appears to be associated with structurally late and undeformed quartz veining. In the case of the Honeypot prospect, the quartz veining and gold may be associated with a late crosscutting granitic dyke. Both prospects are close to large late stage brittle fault zones identified on regional magnetic images. |
| Drill hole Information | <ul style="list-style-type: none"> • A total of 31 AC holes for 428m were drilled at the Honeypot Prospect. Relevant details for all drill holes are tabulated in Table 1. |
| Data aggregation methods | <ul style="list-style-type: none"> • All intersections are determined using a minimum 0.10 g/t Au assay. |
| Relationship between mineralisation widths and intercept lengths | <ul style="list-style-type: none"> • There were no significant intersections. |
| Diagrams | <ul style="list-style-type: none"> • Appropriate diagrams are included as parts of the accompanying release, including a plan of drill hole collar locations. |
| Balanced reporting | <ul style="list-style-type: none"> • Information for all drill holes has been included. Significant intersections have been included for assays > 0.10 g/t Au. There were no significant intersections. |
| Other substantive exploration data | <ul style="list-style-type: none"> • There is very little outcrop in the drilling areas. The AC drilling has been undertaken to identify the source of significant Au in soil anomalies identified via sampling in 2012/13. A detailed ground magnetic survey was also undertaken at this time to help identify geological and basement structural controls on mineralisation. |
| Further work | <ul style="list-style-type: none"> • No further drilling is planned. |

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