

26 October 2018

# Quarterly Report

## For the period ending 30 September 2018

### PIOP Maturation Work

During the quarter ending 30 September 2018, Flinders Mines Limited (**Flinders Mines** or the **Company**) continued with the analysis of the results of the asset maturation work. The widening of the market discounts and penalties associated with lower than 62% Fe product and high alumina and silica impurities appear to be of a structural nature and it is the view of the Company that such discounts and penalties could have a material effect on the pricing of the probable PIOP Fe product. Due to this concern the Company has started work on the options to upgrade the potential PIOP product grade and to add to the existing JORC resources available for mining. This work will continue during the December 2018 quarter. The Company notes that significant costs will be incurred to complete this work and its progress in 2019 will be subject to the availability of funding.

### Canegrass Project

The Company continues to work on further exploration of the Canegrass tenements with the focus being on extending its knowledge of the existing VTM Resource and its ongoing assessment of the potential for gold in the various tenement holdings.

### Corporate

During the period, the Company extended Executive Director, Mr David McAdam's contract from 30 September 2018 to 1 March 2019, with a rolling further three month extension at the sole discretion of the Board. Further, the previous 1 week notice period that applied to Mr McAdam's appointment has been extended to align with the end of the respective term. Mr McAdam will receive \$10,000.00 per week plus GST for four days per week. All other terms of Mr McAdam's appointment remain the same as previously announced.

On 20 September 2018, the Company released its Annual Report, Corporate Governance Statement and Appendix 4G.

### Financial

As at 30 September 2018, the Company had \$5.12 million in cash and no debt.

On 2 August 2018, the Company announced the completion of its Entitlement Offer raising approximately \$8.275 million (before costs) through receipt of valid applications for a total of 118,218,635 shares. The \$8.275 million in funds raised represents approximately 88% of the Offer.

In accordance with the Offer documentation, these funds have been used to repay a A\$5 million unsecured loan from PIO Mines Pty Ltd, a subsidiary of its major shareholder, TIO (NZ) Limited, tenement management expenditure, costs of the Offer and working capital.

For further information please contact:

### Shareholders

David McAdam  
Executive Director  
(08) 9389 4483

**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). The project has received environmental approvals and the Company is currently determining the optimal development path.

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## Tenement Schedule

For the Quarter ending  
30 September 2018

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

### WESTERN AUSTRALIA

#### Canegrass Project<sup>1</sup>

|         |         |              |            |            |      |                            |      |  |
|---------|---------|--------------|------------|------------|------|----------------------------|------|--|
| 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 | 21/03/2018 | 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 Project<sup>2</sup>

|          |             |               |            |            |       |                    |      |                  |
|----------|-------------|---------------|------------|------------|-------|--------------------|------|------------------|
| 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 |
|--------|---------|----------|------------|-----------|-------|--------------------|--------------|--------------------------|

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.

## 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 2018

| <b>Consolidated statement of cash flows</b>               | <b>Current quarter<br/>\$A'000</b> | <b>Year to date<br/>(3 months)<br/>\$A'000</b> |
|---|------------------------------------|--|
| <b>1. Cash flows from operating activities</b>            |                                    |  |
| 1.1 Receipts from customers                               |                                    |  |
| 1.2 Payments for  |                                    |  |
| (a) exploration & evaluation                              | (859)                              | (859)  |
| (b) development   |                                    |  |
| (c) production  |                                    |  |
| (d) staff costs   |                                    |  |
| (e) administration and corporate costs                    | (441)                              | (441)  |
| 1.3 Dividends received (see note 3)                       |                                    |  |
| 1.4 Interest received                                     | 20                                 | 20   |
| 1.5 Interest and other costs of finance paid              | (131)                              | (131)  |
| 1.6 Income taxes paid                                     |                                    |  |
| 1.7 Research and development refunds                      |                                    |  |
| 1.8 Other (provide details if material)                   |                                    |  |
| <b>1.9 Net cash from / (used in) operating activities</b> | <b>(1,411)</b>                     | <b>(1,411)</b>                                 |
| <b>2. Cash flows from investing activities</b>            |                                    |  |
| 2.1 Payments to acquire:                                  |                                    |  |
| (a) property, plant and equipment                         |                                    |  |
| (b) tenements (see item 10)                               |                                    |  |
| (c) investments   |                                    |  |
| (d) other non-current assets                              |                                    |  |

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| <b>Consolidated statement of cash flows</b> |  | <b>Current quarter<br/>\$A'000</b> | <b>Year to date<br/>(3 months)<br/>\$A'000</b> |
|---|--|------------------------------------|--|
| 2.2   | Proceeds from the disposal of:   |                                    |  |
|   | (a) property, plant and equipment  |                                    |  |
|   | (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)  |                                    |  |
| <b>2.6</b>                                  | <b>Net cash from / (used in) investing activities</b>                        | <b>-</b>                           | <b>-</b>                                       |
| <b>3.</b>                                   | <b>Cash flows from financing activities</b>                                  |                                    |  |
| 3.1   | Proceeds from issues of shares   | 8,275                              | 8,275  |
| 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  | (45)                               | (45)   |
| 3.5   | Proceeds from borrowings   |                                    |  |
| 3.6   | Repayment of borrowings  | (5,000)                            | (5,000)  |
| 3.7   | Transaction costs related to loans and borrowings                            |                                    |  |
| 3.8   | Dividends paid   |                                    |  |
| 3.9   | Other (provide details if material)  |                                    |  |
| <b>3.10</b>                                 | <b>Net cash from / (used in) financing activities</b>                        | <b>3,230</b>                       | <b>3,230</b>                                   |
| <b>4.</b>                                   | <b>Net increase / (decrease) in cash and cash equivalents for the period</b> |                                    |  |
| 4.1   | Cash and cash equivalents at beginning of period                             | 3,301                              | 3,301  |
| 4.2   | Net cash from / (used in) operating activities (item 1.9 above)              | (1,411)                            | (1,411)  |
| 4.3   | Net cash from / (used in) investing activities (item 2.6 above)              | -                                  | -  |
| 4.4   | Net cash from / (used in) financing activities (item 3.10 above)             | 3,230                              | 3,230  |
| 4.5   | Effect of movement in exchange rates on cash held                            | -                                  | -  |
| <b>4.6</b>                                  | <b>Cash and cash equivalents at end of period</b>                            | <b>5,120</b>                       | <b>5,120</b>                                   |

| <b>5. Reconciliation of cash and cash equivalents</b><br>at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts | <b>Current quarter<br/>\$A'000</b> | <b>Previous quarter<br/>\$A'000</b> |
|--|------------------------------------|-------------------------------------|
| 5.1 Bank balances  | 5,120                              | 3,301                               |
| 5.2 Call deposits  | -                                  | -                                   |
| 5.3 Bank overdrafts  |                                    |                                     |
| 5.4 Other (provide details)  |                                    |                                     |
| <b>5.5 Cash and cash equivalents at end of quarter (should equal item 4.6 above)</b>   | <b>5,120</b>                       | <b>3,301</b>                        |

| <b>6. Payments to directors of the entity and their associates</b>                                       | <b>Current quarter<br/>\$A'000</b> |
|--|------------------------------------|
| 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 September 2018 quarter.

| <b>7. Payments to related entities of the entity and their associates</b>                                | <b>Current quarter<br/>\$A'000</b> |
|--|------------------------------------|
| 7.1 Aggregate amount of payments to these parties included in item 1.2                                   | 75                                 |
| 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 September 2018 quarter, a major shareholder of Flinders Mines Limited (\$60k).

Company Secretarial services paid to Evolution Corporate Services for the September 2018 quarter, a company related to Ms Shannon Coates (\$15k).

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

| 8. <b>Financing facilities available</b><br><i>Add notes as necessary for an understanding of the position</i>   | Total facility amount<br>at quarter end<br>\$A'000 | Amount drawn at<br>quarter end<br>\$A'000 |
|--|--|---|
| 8.1 Loan facilities  | -  | -   |
| 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. |  |   |

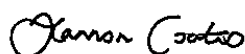
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| 9. <b>Estimated cash outflows for next quarter</b> | \$A'000        |
|--|----------------|
| 9.1 Exploration and evaluation                     | (790)          |
| 9.2 Development                                    | -              |
| 9.3 Production                                     | -              |
| 9.4 Staff costs                                    | -              |
| 9.5 Administration and corporate costs             | (992)          |
| 9.6 Other (provide details if material)            | -              |
| <b>9.7 Total estimated cash outflows</b>           | <b>(1,782)</b> |

| 10. <b>Changes in tenements (items 2.1(b) and 2.2(b) above)</b>                            | 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.



26 October 2018

 Sign here: .....  
 (Company secretary)

Date: .....

Print name: Shannon Coates

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**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.

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