

27 July 2022

## Quarterly Report

For the period ended 30 June 2022

### HIGHLIGHTS

- **Variation to the Loan Facility with PIO Mines Pty Ltd, a subsidiary of the Company's major shareholder TIO (NZ) Limited with partial repayment of \$2,000,000 on 30 June 2022.**
- **Board changes with Messrs Neil Warburton and Evan Davies resigning during the period and Hon. Cheryl Edwardes AM appointed Non-executive Chair.**

### Pilbara Iron Ore Project (PIOP)

During the quarter ended 30 June 2022, BBIH Pty Limited (**BBIH**), a wholly owned subsidiary of BBI Group Pty Ltd (**BBIG**), as Manager of Flinders' flagship Pilbara Iron Ore Project (**PIOP**), continued to assess the development of the PIOP integrated project pursuant to the Farm-In Agreement (**FIA**) that was completed with BBIG in the September 2020 quarter.

Key highlights during the June quarter:

- PIOP camp commissioned in June 2022 to support Heritage Surveys.
- Completion of the first heritage survey campaign of Traditional Owners and archaeologists from 13-23 June.
- Second campaign of heritage survey postponed due to Traditional Owner availability being impacted by COVID.

Key activities planned by BBIH for the next quarter include completion of the second swing of heritage surveys and the commencement of rehabilitation activities on PIOP tenements, Blacksmith and Anvil.

### NBIO

In December 2020 the Company received a non-binding indicative offer (**NBIO**) from BBIG in relation to a potential ownership restructuring opportunity of the infrastructure associated with the PIOP integrated project (**Potential Transaction**), where the Potential Transaction would result in Flinders retaining 100% ownership of the PIOP as well as 100% of BBIG's port, marine and rail infrastructure assets, as an integrated project within one public corporate group (Flinders). Since that date, the independent Non-executive Directors, Messrs Neil Warburton, James Gurry and the Hon. Cheryl Edwardes AM (**Independent Directors**) and General Manager, Dr Andrew Whitehead, have continued to progress the Potential Transaction with BBIG, along with external advisors. Flinders also continued to progress discussions with BBIG on a staged development approach that would accommodate a lower volume and nearer term trucking operation. BBIG have also provided a waiver of the priority requirement in clause 4.1 and the exclusivity requirement in clause 4.2 of the FIA to allow discussions with third parties on potential mining trucking options.

There is no guarantee that the Potential Transaction or any transaction will eventuate from these discussions and negotiations, and if the Potential Transaction or variations to the existing FIA framework does not eventuate, the existing FIA will remain in place.

### Canegrass

As announced on 10 June 2022, the Company completed a gold focused exploration work program across the Canegrass Project, comprising soil geochemistry sampling program targeting gold mineralisation along an interpreted structural trend and reverse circulation percussion (**RCP**) drilling program comprising 23 drillholes for a total of 1,000 m. A total of 36 soil samples were collected.

RCP drilling intersected vein-hosted gold mineralisation on structural trends associated to the Honey-pot and Boulder prospects, with highlights below:

Honeypot:

- 4 m grading 2.03 g/t Au from 34m (CGRC0016)
- 4 m grading 0.47 g/t Au from 20m (CGRC0015)

Boulder:

- 2 m grading 2.41 g/t Au from 42m (CGRC0018)

In addition, an elevated copper (2m grading 0.56% Cu from 32m) intercept was reported in drillhole CGRC0031. Previous exploration has shown that gold and vanadium remain the principal commodities of interest

## **Financial**

As at 30 June 2022, the Company had \$2,595,489 in cash. Flinders varied the Loan Facility with PIO Mines Pty Ltd, a subsidiary of the Company's major shareholder TIO (NZ) Limited, which was fully drawn to \$3,000,000 and was due for repayment on 30 June 2022. Pursuant to the variation, Flinders made a partial repayment on 30 June 2022 of \$2,000,000 (comprising principal of approx. \$1,738,708 and interest of \$261,292) of the outstanding amount, with the remaining \$1,261,291.71 in principal, plus interest capitalising quarterly at a bank bill swap mid-rate plus 2%, to be repaid on the earlier of: (1) 31 December 2022; (2) any shortfall or withdrawal payment from BBI Group Pty Ltd (BBIG) under the provisions of the PIOP Farm-In Agreement (FIA).

The Company's expenditure during the quarter was focused on negotiations on a Potential Transaction with BBIG and no substantive direct exploration activities were undertaken by the Company on Canegrass.

The Company notes that during the quarter, a total of \$106,000 was paid to related parties, including Directors and their associates. Of this, \$19,000 in Non-executive Director fees was paid to TIO for Director services provided by Messrs Michael Wolley and Evan Davies, \$70,000 was paid to the Company's independent Directors, Messrs Warburton, Gurry and Ms Edwardes and \$17,000 was paid to Ms Jiang, a nominee of the Company's second largest shareholder, OCJ Investment (Australia) Pty Ltd.

## **Corporate**

During the June quarter, Mr Evan Davies and Non-executive Chair, Mr Neil Warburton tendered their resignations effective 11 April 2022 and 30 June 2022 respectively. Non-executive Director and Deputy Chair, Hon. Cheryl Edwardes AM assumed the role of Non-executive Chair effective 1 July 2022. The Board wishes to thank Evan and Neil and acknowledge their contributions to the Company and wish them both all the best.

Authorised by:

Board of Flinders Mines Limited

For further information please contact:

### **Investors and Shareholders**

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### **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 the Pilbara Iron Ore Project (PIOP). The PIOP is located approximately 70km from Tom Price in Western Australia's iron ore-rich Pilbara region.

**Competent Persons Statements:** The information in this report that relates to Exploration Results is based on information compiled by Mr Mark Pudovskis. Mr Pudovskis is a full-time employee of CSA Global Pty Ltd and is a Member of the Australasian Institute of Mining and Metallurgy. Mr Pudovskis 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 the form and context in which the Competent Person's findings are presented have not been materially modified from the original announcement.

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**Tenement Schedule**  
For the Quarter ending  
30 June 2022

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	28/07/2022	16.1	Flinders Canegrass Pty Ltd	100%	
E58/236 <sup>3</sup>	Granted	Challa	22/03/2002	21/03/2022	12.7	Flinders Canegrass Pty Ltd	100%	
E58/282 <sup>4</sup>	Granted	HoneyPot	3/05/2007	2/05/2022	24.2	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 (PIOP)<sup>1</sup>

R47/21 <sup>2</sup>	Granted	Anvil	30/01/2020	29/01/2023	44.4	PIOP Mine Co NL	100%	Prenti Agreement
L47/728	Granted	PIOP Airstrip	29/05/2015	28/05/2036	3.0	PIOP Mine Co NL	100%	
L47/730	Granted	PIOP Village	29/05/2015	28/05/2036	0.1	PIOP Mine Co NL	100%	
L47/731	Granted	Northern Road	18/11/2019	17/11/2040	4.9	PIOP Mine Co NL	100%	
L47/734	Granted	Southern Road	29/05/2015	28/05/2036	4.2	PIOP Mine Co NL	100%	
M47/1451	Granted	Blacksmith ML	26/03/2012	25/03/2033	111.6	PIOP Mine Co NL	100%	Prenti Agreement

- Tenements related to the PIOP were transferred to PIOP Mine Co NL, along with the relevant regulatory approvals.
- E47/1560 was converted to a retention licence (R47/21) on 30/01/2020. R47/21 is not subject to any statutory minimum expenditure obligations which allows the Company to minimise activities and costs associated with the tenement.
- E58/236 Extension of Term (EOT) submitted pending approval.
- E58/282 Extension of Term (EOT) submitted pending approval.