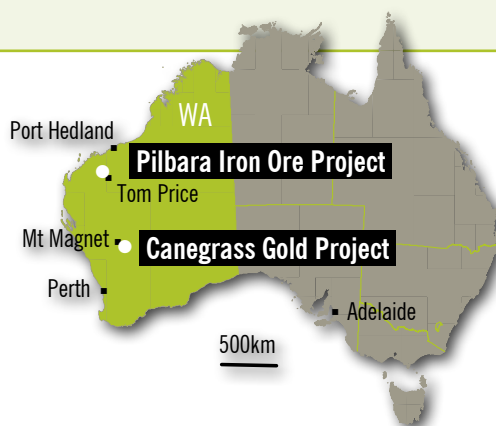


Quarterly Report

For the quarter ending 31 December 2015

HIGHLIGHTS

- Alliance Agreement with the Balla Balla JV (NZ's Todd Corporation) expired on 31 December 2015
- Flinders now focussed on alternative development opportunities for its wholly-owned Pilbara Iron Ore Project (PIOP) in WA and continues to review all potential paths to market for PIOP ore
- Management visit to China during the quarter confirmed continued interest in PIOP ore from the majority of Chinese steel mills who have a current Memorandum of Understanding (MOU) with Flinders



CORPORATE

Alliance Agreement

On 31 December 2015, the Alliance Agreement between Flinders and the Balla Balla JV (Todd Corporation) and relating to the PIOP, expired. Flinders Mines engaged in dialogue with Todd Corporation during the quarter to discuss potential alternative arrangements. However, Flinders has not been presented with a new proposal from Todd to date.

Future Outlook

Flinders is pursuing all alternative opportunities for PIOP moving forward with the intent of securing development partners, offtake customers and transport solutions for the large PIOP resource. Although the current iron ore market remains subdued, Flinders believes its ability to mine high grade hematite within its global resource base places the Company in a relatively strong position to advance these discussions.

PROJECTS

Pilbara Iron Ore Project (PIOP) - WA

During the quarter, the Company received approval from the Minister for Aboriginal Affairs (WA) in respect to heritage aspects of the project. Final approval from the Commonwealth Minister is progressing well and final documents have been provided to the Department of Environment (Cth).

A number of new ore optimisations were completed during the quarter to assess the viability of the project at lower Fe prices. These optimisations demonstrated that in a lower price environment, the PIOP is robust as a higher grade, lower tonnage project but still requires a path to market. Further work to minimise ore to waste ratios and reduce capital costs will continue in the current March 2016 quarter.

During December 2015, the Company's Managing Director visited eight steel mills in China with whom Flinders has an MOU, as well as a number of other groups involved in infrastructure development. All eight steel mills confirmed their continued desire to complete offtake agreements with Flinders once a PIOP transport solution is agreed.

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 December 2015 quarter.

Canegrass Gold Project

There were no exploration and evaluation activities carried out on the Company's Canegrass Project tenements during the December 2015 quarter.

SOUTH AUSTRALIA

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

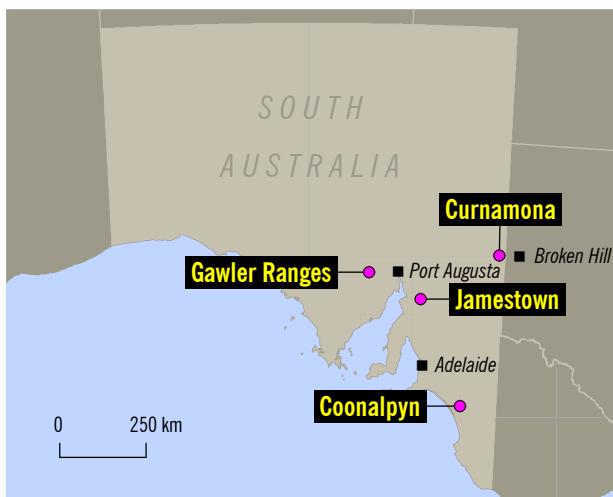


Figure 1 : Flinders Mines' South Australian project locations.

A number of new applications for tenements were made at the Coonalpyn and Gawler Ranges Projects during the quarter.

Ian Gordon

Managing Director

21 January 2016

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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.

Tenement Schedule

For the quarter ending 31 December 2015

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	21/03/2016	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%	

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

Coonalpyn Project

ELA 203/15	Application	Coonalpyn Central	22/10/2015		700.0	Flinders Mines Ltd	100%	
ELA 204/15	Application	Coonalpyn East	22/10/2015		934.0	Flinders Mines Ltd	100%	
ELA 205/15	Application	Coonalpyn North	22/10/2015		877.0	Flinders Mines Ltd	100%	
ELA 206/15	Application	Coonalpyn South	22/10/2015		863.0	Flinders Mines Ltd	100%	
ELA 207/15	Application	Coonalpyn West	22/10/2015		670.0	Flinders Mines Ltd	100%	

Curnamona Project

ELA 174/15	Application	Wompinie	2/09/2015		96.0	Flinders Mines Ltd	100%	
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Gawler Ranges Project

ELA 216/15	Application	Tin Hut	4/11/2015		716.0	Flinders Mines Ltd	100%	
ELA 217/15	Application	Siam	4/11/2015		379.0	Flinders Mines Ltd	100%	

Jamestown Project

ELA 182/14	Application	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