

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.

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
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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	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 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.

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

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (3 months) \$A'000
1. Cash flows from operating activities		
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)		
1.9 Net cash from / (used in) operating activities	(1,411)	(1,411)

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 (3 months) \$A'000
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)		
2.6	Net cash from / (used in) investing activities	-	-

3.	Cash flows from financing activities		
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)		
3.10	Net cash from / (used in) financing activities	3,230	3,230

4.	Net increase / (decrease) in cash and cash equivalents for the period		
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	-	-
4.6	Cash and cash equivalents at end of period	5,120	5,120

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	5,120	3,301
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)	5,120	3,301

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 September 2018 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	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.	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	-	-
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.		

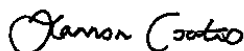
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9.	Estimated cash outflows for next quarter	\$A'000
9.1	Exploration and evaluation	(790)
9.2	Development	-
9.3	Production	-
9.4	Staff costs	-
9.5	Administration and corporate costs	(992)
9.6	Other (provide details if material)	-
9.7	Total estimated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

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.



26 October 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.