

30 January 2019

## Quarterly Report

For the period ending 31 December 2018

### Intention to De-list from ASX

Following an extensive independent review and as announced on 13 December 2018 and clarified on 14 December 2018, Flinders Mines Limited (**Flinders** or the **Company**) applied to the Australian Securities Exchange (**ASX**) for the removal of the Company from the official list of the ASX under ASX Listing Rule 17.11 (**De-Listing**).

ASX formally resolved to remove the Company from the official list on 21 December 2018 subject to shareholder approval by ordinary resolution. A Notice of Extraordinary General Meeting and Proxy Form was dispatched to Shareholders on 21 December 2018, with the Extraordinary General Meeting (**EGM**) scheduled for 22 January 2019.

The reasons why the Company is pursuing the De-Listing and other relevant considerations for shareholders are set out in the announcements referred to above.

Subsequent to the end of the quarter, on 10 and 11 January 2019, the Company noted applications had been made by shareholders to the Takeovers Panel with respect to Flinders' proposed De-Listing and associated proposed buy-back and rights issue and the unmarketable parcels sale facility (**Transaction**). Flinders advised that it intended to participate in any proceedings that the Takeovers Panel may conduct with respect to the applications.

On 17 January 2019, Flinders advised that, due to the applications made to the Takeovers Panel, Flinders was postponing:

1. The EGM scheduled for 22 January 2019 regarding the de-listing; and
2. the 29 January 2019 date for receipt of share retention forms under the unmarketable parcels sale facility (as set out in a letter to unmarketable parcels holders dated 17 December 2018), which will result in a corresponding postponement to the sale of those unmarketable parcels,

to the later of:

1. 6 February 2019; and
2. the date the Takeovers Panel decides not to conduct proceedings or proceedings are finally concluded, including all available appeals.

The time and date for receipt of proxy forms for the EGM will now also be postponed to 48 hours prior to the new time and date of the EGM and will be confirmed in a subsequent announcement when the new date and time for the EGM is settled.

### PIOP Maturation Work

Desktop analysis along with on ground activities continued during the period. This work covered the assessment of potential areas that the Company might consider for future resource exploration work subject to funding constraints.

The Company has initiated preliminary work on the options to upgrade the potential PIOP product grade and to add to the existing JORC resources available for mining. This work continued during the December 2018 quarter and will be put on hold during the March 2019 quarter due to funding constraints. 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**

During the quarter, CSA Global Pty Ltd (CSA Global) was engaged by Flinders to execute an exploration work program at the Canegrass Project (Comprising exploration licences E58/236, E58/282, E58/232, E58/520, E58/521 and E58/522). Activities included drilling on E58/236, E58/282 and E58/232, targeting both potential gold mineralisation at the Honeypot prospect and potential extensions to the Vanadium Inferred Mineral Resource. For further information on the results and findings of the program please refer to the 'Canegrass Project Exploration Update' ASX announcement disclosed to the market on the 22 January 2019.

## **Corporate**

As announced on 21 November 2018, Ms Sarah Wilson was appointed Company Secretary, replacing Ms Shannon Coates, who remains a Non-Executive Director of the Company.

The Company conducted its AGM on 20 November 2018 and the results of the resolutions were announced on the same day.

## **Financial**

As at 31 December 2018, the Company had \$2.81 million in cash and no debt.

For further information please contact:

### **Shareholders**

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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 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  
31 December 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 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
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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")

31 December 2018

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (6 months) \$A'000
<b>1. Cash flows from operating activities</b>		
1.1 Receipts from customers		
1.2 Payments for		
(a) exploration & evaluation	(1,094)	(1,953)
(b) development		
(c) production		
(d) staff costs		
(e) administration and corporate costs	(1,223)	(1,664)
1.3 Dividends received (see note 3)		
1.4 Interest received	16	36
1.5 Interest and other costs of finance paid	-	(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>(2,301)</b>	<b>(3,712)</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		

<b>Consolidated statement of cash flows</b>		<b>Current quarter \$A'000</b>	<b>Year to date (6 months) \$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
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)
3.5	Proceeds from borrowings		
3.6	Repayment of borrowings		(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>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	5,120	3,301
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(2,301)	(3,712)
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
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>2,819</b>	<b>2,819</b>

<b>5. Reconciliation of cash and cash equivalents</b> 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 \$A'000</b>	<b>Previous quarter \$A'000</b>
5.1 Bank balances	2,819	5,120
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>2,819</b>	<b>5,120</b>

<b>6. Payments to directors of the entity and their associates</b>	<b>Current quarter \$A'000</b>
6.1 Aggregate amount of payments to these parties included in item 1.2	295
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 Director 2018 quarter.

<b>7. Payments to related entities of the entity and their associates</b>	<b>Current quarter \$A'000</b>
7.1 Aggregate amount of payments to these parties included in item 1.2	161
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 December 2018 quarter, a major shareholder of Flinders Mines Limited (\$60k).

Company Secretarial services paid to Evolution Corporate Services for the December 2018 quarter, a company related to Ms Shannon Coates (\$23k).

Professional advice and services related to tenement management to BBI Group Pty Limited for the December 2018 quarter, a company related to TIO (NZ) Limited (\$78k).

8. <b>Financing facilities available</b> <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.		


9. <b>Estimated cash outflows for next quarter</b>	\$A'000
9.1 Exploration and evaluation	(595)
9.2 Development	-
9.3 Production	-
9.4 Staff costs	-
9.5 Administration and corporate costs	(1,053)
9.6 Other (provide details if material)	-
<b>9.7 Total estimated cash outflows</b>	<b>(1,648)</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

- This statement has been prepared in accordance with accounting standards and policies which comply with Listing Rule 19.11A.
- This statement gives a true and fair view of the matters disclosed.

30 January 2019

Sign here:  Date: .....

(Company secretary)

Print name: Sarah Wilson

**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.