

28 October 2020

Quarterly Report

For the period ended 30 September 2020

HIGHLIGHTS

- All conditions precedent satisfied for the farm-in incorporated joint venture with BBIG
- Flinders Mines Limited and BBI Group Pty Ltd working together to advance the Pilbara Iron Ore Project

Pilbara Iron Ore Project (PIOP)

During the quarter ended 30 September 2020, Flinders Mines Limited (**Flinders** or the **Company**) achieved a fundamental milestone in relation to the development of its flagship Pilbara Iron Ore Project (**PIOP**), with all conditions precedent for its farm-in incorporated joint venture with BBI Group Pty Ltd (**BBIG**) being satisfied or waived. The announcement on 4 September 2020, followed BBIG's 'no-objection' approval from the Foreign Investments Review Board under the Foreign Acquisitions and Takeovers Act 1975 (*Cth*) for the farm-in incorporated joint venture with Flinders.

The first PIOP Mine Co NL, the 100% owned Flinders subsidiary that will oversee the BBIG JV, board meeting was held on 21 September 2020. Three of the four Directors of PIOP Mine Co NL are Flinders Directors.

Following completion of the conditions precedent to the farm-in agreement (**FIA**) in September 2020, BBIH Pty Limited (**BBIH**), a wholly owned subsidiary of BBIG was appointed as Manager of the PIOP.

During the quarter, BBIH, as Manager, carried out a range of activities associated with the advancement of the PIOP Feasibility Study including:

- developing further understanding of the PIOP ore body (resource definition);
- maturing the development of a preferred mine plan;
- laboratory based metallurgical test work to better determine ore product design specification and planning associated with a larger field based, next phase metallurgical test work program;
- continued development on determining the optimum location and layout of the ore processing facility at the PIOP; and
- updating safety management framework, plans and procedures in support of re-commencing field activities in early calendar year 2021 to incorporate requirements of the pending Work Health and Safety Bill 2019.

Resource Definition

BBIH, Flinders personnel and representatives from geological consultants undertook a site visit to PIOP during the quarter, to better understand the PIOP resource definition. This site visit provided BBIH with the opportunity to better understand the various geological settings and review existing metallurgical samples to assist in planning the next metallurgical test work program.

Mine Planning

BBIH commenced various work programs that will contribute to defining the PIOP mine plan. BBIH worked with various WA based specialist consultants on mine planning, scheduling and haulage optimisation, stockpile and blending management, tailings storage facility study and water management and diversion study.

Metallurgy

During the quarter, BBIH (along with specialist consultants) undertook the following related work programs:

- sample material composite selection and preparation for further test work, to simulate ore design product specification;
- microscopy analysis to further define the relationship and association of minerals in the ore; and
- small scale sinter test work carried out to initially assess the suitability of the product top size and alumina content on a typical sinter matrix as a pre-cursor to larger scale sinter test work;

Engineering and Project Delivery

BBIH undertook other engineering and project delivery activities to support the PIOP Feasibility Study including:

- further optimisation of the location and layout of the ore processing facility incorporating non-process infrastructure water management, pad levels, crushing hub layout, road and traffic management and the overall footprint of the plant;
- design and planning for an expansion to the current PIOP on site camp to accommodate the requirements of upcoming field-based programs; and
- further progression of planning / scoping and set-up in support of commencing the PIOP Feasibility Study.

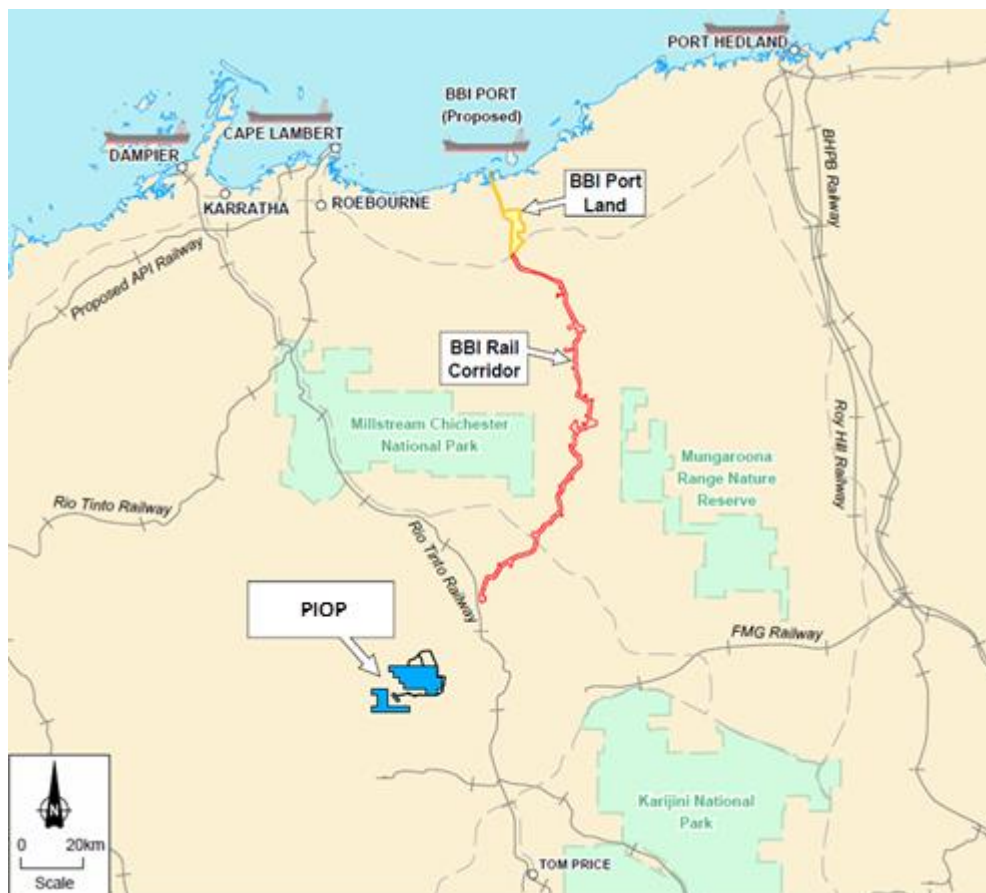


Figure 1. PIOP and BBIG proposed infrastructure corridor.

Canegrass Project

To meet minimum expenditure requirements, CSA Global undertook soil sampling programs within E58/520 and E58/522, targeting potential gold bearing structural trends south of the Honeypot gold prospect. In addition, the soil sampling within E58/521 was designed to test for possible platinum group metals (PGM). Further work is required before appropriate insights can be obtained.

A drill program consisting of 8 x 100m depth Reverse Circulation Percussion (RCP) drill holes was also designed by CSA Global across E58/232, E58/236 and E58/282 to improve the definition of the higher-grade vanadium zones. This program commenced early October 2020 with drill results still pending at the date of this announcement.

Financial

As at 30 September 2020, the Company had \$3.4 million in cash and an unsecured fully drawn loan of \$3.0m due to be repaid on or before 30 June 2022.

Expenditure during the quarter was focused on progressing completion of the BBIG Transaction and no substantive mining exploration activities were undertaken.

The Company notes that during the quarter, a total of \$317,000 was paid to related parties, including Directors and their associates. Of this, \$35,000 in Non-executive Director fees was paid to TIO for Director services provided by Messrs Michael Wolley and Evan Davies and \$282,000 was paid to the Company's independent Directors, Messrs Warburton, Gurry and Ms Edwardes.

Corporate Activities

On 23 September 2020, the Company released on ASX its 2020 Annual Report, Corporate Governance Statement and Appendix 4G.

Authorised by:
Board of Flinders Mines Limited

For further information please contact:

Investors and Shareholders

Andrew Whitehead
General Manager – AWhitehead@flindersmines.com

Media

Michael Weir
Citadel-MAGNUS – 0402 347 032

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.

Tenement Schedule

For the Quarter ending
30 September 2020

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

WESTERN AUSTRALIA

Canegrass Project¹

E58/232	Granted	Boulder Well	29/07/2002	28/07/2020	16.1	Flinders Canegrass Pty Ltd	100%	
E58/236	Granted	Challa	22/03/2002	21/03/2021	12.7	Flinders Canegrass Pty Ltd	100%	
E58/282	Granted	HoneyPot	3/05/2007	2/05/2021	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)²

R47/21 ³	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

SOUTH AUSTRALIA

Jamestown Project

EL6430	Granted	Washpool	10/11/2019	9/11/2021	135.0	PNX Metals Limited	Gold, Copper	Phoenix Copper Agreement
--------	---------	----------	------------	-----------	-------	--------------------	--------------	--------------------------

1. E58/232 extension of term granted on 20 October 2020.
2. Tenements related to the PIOP were transferred to PIOP Mine Co NL, along with the relevant regulatory approvals.
3. 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.

Appendix 5B

Mining exploration entity or oil and gas exploration entity quarterly cash flow report

Name of entity

FLINDERS MINES LIMITED

ABN

46 091 118 044

Quarter ended ("current quarter")

30 September 2020

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (12 months) \$A'000
1. Cash flows from operating activities		
1.1 Receipts from customers	-	-
1.2 Payments for		
(a) exploration & evaluation (if expensed)	-	-
(b) development	-	-
(c) production	-	-
(d) staff costs	-	-
(e) administration and corporate costs	(553)	(553)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	4	4
1.5 Interest and other costs of finance paid	-	-
1.6 Income taxes paid	-	-
1.7 Government grants and tax incentives	-	-
1.8 Other (provide details if material)	-	-
1.9 Net cash from / (used in) operating activities	(549)	(549)

2. Cash flows from investing activities		
2.1 Payments to acquire:		
(a) entities	-	-
(b) tenements	-	-
(c) property, plant and equipment	-	-
(d) exploration & evaluation (if capitalised)	(140)	(140)
(e) investments	-	-
(f) other non-current assets	-	-

Mining exploration entity or oil and gas exploration entity quarterly cash flow report

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (12 months) \$A'000
2.2	Proceeds from the disposal of:		
	(a) entities	-	-
	(b) tenements	-	-
	(c) property, plant and equipment	-	-
	(d) investments	-	-
	(e) 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	(140)	(140)

3.	Cash flows from financing activities		
3.1	Proceeds from issues of equity securities (excluding convertible debt securities)	-	-
3.2	Proceeds from issue of convertible debt securities	-	-
3.3	Proceeds from exercise of options	-	-
3.4	Transaction costs related to issues of equity securities or convertible debt securities	-	-
3.5	Proceeds from borrowings	-	-
3.6	Repayment of borrowings	-	-
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	-	-

4.	Net increase / (decrease) in cash and cash equivalents for the period		
4.1	Cash and cash equivalents at beginning of period	4101	4101
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(549)	(549)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(140)	(140)
4.4	Net cash from / (used in) financing activities (item 3.10 above)	-	-

Mining exploration entity or oil and gas exploration entity quarterly cash flow report

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (12 months) \$A'000
4.5	Effect of movement in exchange rates on cash held	-	-
4.6	Cash and cash equivalents at end of period	3,412	3,412

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	3,412	4,101
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)	3,412	4,101

6. Payments to related parties of the entity and their associates

6.1	Aggregate amount of payments to related parties and their associates included in item 1	317
6.2	Aggregate amount of payments to related parties and their associates included in item 2	-

**Current quarter
\$A'000**

Note: if any amounts are shown in items 6.1 or 6.2, your quarterly activity report must include a description of, and an explanation for, such payments

Non-executive Director fees paid to TIO (NZ) Limited for the quarter, the major shareholder of the Flinders Mines Limited, of \$35k for Director services provided by Messrs Michael Wolley and Evan Davies.

Non-executive Director fees paid to the Company's independent Directors, Messrs Warburton, Gurry and Ms Edwardes, of \$282k for the quarter.

Mining exploration entity or oil and gas exploration entity quarterly cash flow report

7. Financing facilities	Total facility amount at quarter end \$A'000	Amount drawn at quarter end \$A'000
<i>Note: the term "facility" includes all forms of financing arrangements available to the entity.</i>		
<i>Add notes as necessary for an understanding of the sources of finance available to the entity.</i>		
7.1 Loan facilities	3,000	3,000
7.2 Credit standby arrangements	-	-
7.3 Other (please specify)	-	-
7.4 Total financing facilities	3,000	3,000
7.5 Unused financing facilities available at quarter end		-
7.6	Include in the box below a description of each facility above, including the lender, interest rate, maturity date and whether it is secured or unsecured. If any additional financing facilities have been entered into or are proposed to be entered into after quarter end, include a note providing details of those facilities as well.	
1.	Unsecured A\$3.0m loan facility provided by PIO Mines Pty Limited, a related entity of the major shareholder, TIO (NZ) Limited, at an interest rate of 3.88%pa. A\$3m was drawn on 22 March 2019 and is due on 30 June 2022.	

8. Estimated cash available for future operating activities	\$A'000
8.1 Net cash from / (used in) operating activities (Item 1.9)	(549)
8.2 Capitalised exploration & evaluation (Item 2.1(d))	(140)
8.3 Total relevant outgoings (Item 8.1 + Item 8.2)	(689)
8.4 Cash and cash equivalents at quarter end (Item 4.6)	3,412
8.5 Unused finance facilities available at quarter end (Item 7.5)	-
8.6 Total available funding (Item 8.4 + Item 8.5)	3,412
8.7 Estimated quarters of funding available (Item 8.6 divided by Item 8.3)	4.95
8.8	If Item 8.7 is less than 2 quarters, please provide answers to the following questions:
1.	Does the entity expect that it will continue to have the current level of net operating cash flows for the time being and, if not, why not?
	Answer:
2.	Has the entity taken any steps, or does it propose to take any steps, to raise further cash to fund its operations and, if so, what are those steps and how likely does it believe that they will be successful?
	Answer:
3.	Does the entity expect to be able to continue its operations and to meet its business objectives and, if so, on what basis?
	Answer:

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.

Date: 28 October 2020

Authorised by: Board of Flinders Mines Limited.

(Name of body or officer authorising release – see note 4)

Notes

1. This quarterly cash flow report and the accompanying activity report provide a basis for informing the market about the entity's activities for the past quarter, how they have been financed and the effect this has had on its cash position. An entity that wishes to disclose additional information over and above the minimum required under the Listing Rules is encouraged to do so.
2. If this quarterly cash flow 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 cash flow 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.
4. If this report has been authorised for release to the market by your board of directors, you can insert here: "By the board". If it has been authorised for release to the market by a committee of your board of directors, you can insert here: "By the [name of board committee – eg Audit and Risk Committee]". If it has been authorised for release to the market by a disclosure committee, you can insert here: "By the Disclosure Committee".
5. If this report has been authorised for release to the market by your board of directors and you wish to hold yourself out as complying with recommendation 4.2 of the ASX Corporate Governance Council's *Corporate Governance Principles and Recommendations*, the board should have received a declaration from its CEO and CFO that, in their opinion, the financial records of the entity have been properly maintained, that this report complies with the appropriate accounting standards and gives a true and fair view of the cash flows of the entity, and that their opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively.