

28 January 2022

Quarterly Report

For the period ended 31 December 2021

HIGHLIGHTS

- Discussions with BBIG on the non-binding indicative offer (NBIO) received in December 2020 to acquire the BBIG rail, port and marine infrastructure remain ongoing.
- Negotiations with BBIG on a staged development approach for the development of PIOP that would accommodate a potential trucking operation on a private haul road remain ongoing.
- \$5,486,279, being the Shortfall amount under the Farm-In Agreement (FIA) for Year 1 to PIOP Mine Co NL, received by Flinders.

Pilbara Iron Ore Project (PIOP)

During the quarter ended 31 December 2021, BBIH Pty Limited (**BBIH**), a wholly owned subsidiary of BBIG, as Manager of Flinders' flagship Pilbara Iron Ore Project (**PIOP**), continued to assess the development of the PIOP integrated project pursuant to the FIA that was completed with BBIG in the September 2020 quarter.

As announced on 15 October 2021, BBIH informed the Company of the occurrence of a bushfire nearby to the Blacksmith Camp and as a result, rehabilitation activities were suspended and the Blacksmith / PIOP camp evacuated. There was no damage sustained to equipment or facilities at PIOP and no injuries to BBIG personnel or contractors on-site.

BBIG has subsequently advised that BBIH suspended further rehabilitation work on site ahead of the summer cyclone season (approximately one month earlier than initially planned). Rehabilitation activities are re-forecast to commence in April 2022 when conditions are considered more favourable and the likelihood of program disruption from either cyclone or bushfire events significantly reduced.

Key activities planned by BBIH for the next period include:

- Continuation of planning in support of the 2022 Blacksmith/PIOP rehabilitation programme.
- Undergo an OHS audit of existing contractor CSA Global in preparation of the incoming WHS Act and in support of their ongoing field activities for BBIH.
- Continued care and maintenance visits to the Blacksmith Camp.
- Water monitoring runs will be completed at Blacksmith water monitoring points.

As announced on 30 September 2021, BBIG confirmed the shortfall in project expenditure for the first year (ending 2 September 2021) under the terms of FIA that requires BBIG to procure a minimum annual spend on the PIOP mine feasibility study of \$15 million was net \$5,486,279 (**FIA Shortfall**) following an earlier pre-payment of \$2m in June 2021 (for a total Shortfall Payment of \$7,486,279). The FIA Shortfall was paid to Flinders in December 2021.

NBIO

As previously announced, the Company received in December 2020 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**). The Potential Transaction would result in Flinders retaining 100% ownership of the PIOP as well as 100% of BBIG's port and rail infrastructure assets, as an integrated project within one public corporate group (Flinders).

During the December 2021 quarter, independent Non-executive Directors, Messrs Neil Warburton, James Gurry and Ms Cheryl Edwardes (**Independent Directors**) and General Manager Dr Andrew Whitehead continued to progress the Potential Transaction with BBIG, along with external advisors.

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

As announced on 15 January 2021, the Company entered into an agreement with BBIG (Funding Agreement) whereby BBIG agreed to provide funding support of up to A\$1 million to Flinders for third party costs incurred by Flinders in progressing discussions with BBIG in relation to the potential ownership restructuring opportunity. Due to a Transaction not being executed and completed by 31 December 2021, the \$1 million was not repayable to BBIG.

Canegrass

During the December 2021 quarter, no field work was undertaken at Canegrass. The Company continues to work to meet its minimum tenement expenditure commitments.

Financial

As at 31 December 2021, the Company had \$5,885,716 in cash. The Company has an unsecured fully drawn loan with a principal amount of \$3.0m with PIO Mines Pty Ltd, a related entity to its major shareholder TIO (NZ) Limited, due to be repaid on or before 30 June 2022.

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 \$152k was paid to related parties, including Directors and their associates. Of this, \$35k in Non-executive Director fees was paid to TIO for Director services provided by Messrs Michael Wolley and Evan Davies, \$100k was paid to the Company's independent Directors, Messrs Warburton, Gurry and Ms Edwardes and \$17k was paid to Ms Jiang, a nominee of the Company's second largest shareholder, OCJ Investment (Australia) Pty Ltd.

Corporate

The Company's Annual General Meeting was held virtually at 9:00am (WST) on Tuesday, 23 November 2021. All resolutions were passed on a poll, other than the contingent board spill meeting resolution which was not required to be put to the meeting.

Conference Call

Flinders is holding a shareholder conference call at 9:00am WST on 4 February 2022 to discuss the Quarterly Report. This call will be led by Mr Neil Warburton, Chairman, and Dr Andrew Whitehead, General Manager. Shareholders can register for the conference call at the link below:

Pre-Registration Link:

<https://s1.c-conf.com/diamondpass/10018854-qlqpe8.html>

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
31 December 2021

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

WESTERN AUSTRALIA

Canegrass Project

E58/232	Granted	Boulder Well	29/07/2002	28/07/2022	16.1	Flinders Canegrass Pty Ltd	100%	
E58/236	Granted	Challa	22/03/2002	21/03/2022	12.7	Flinders Canegrass Pty Ltd	100%	
E58/282	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)¹

R47/21 ²	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.