

27 October 2017

Quarterly Report

For the period ending 30 September 2017

Pilbara Iron Ore Project (PIOP)

During the September 2017 quarter, the Company made substantial progress with the site maturation work activities at PIOP. Despite some initial set-backs with lower than optimal core recovery from the diamond drill rigs, the mobilisation of two additional sonic drill rigs improved core recovery and the metallurgical drilling program was completed in late September. A total of approximately 3,900 metres was drilled during this metallurgical campaign in addition to 65 tonnes of bulk sampling to support pilot test work. The drill rigs on site were then deployed to the geotechnical drilling program in the last week of September with an expected completion by end-October 2017.



Figure 1: Sonic Rig



Figure 2: Diamond Drill

Hydrogeological drilling activities also commenced mid October 2017. The further definition of the hydrological and geohydrological conditions on site are crucial to establishing a practical mine plan and completion of water balance analysis for related licences.

The metallurgical core samples recovered from the drilling program have been transported to the laboratory in Perth for analysis. At the end of the quarter, over 50% of the samples had been despatched to the laboratory, logged and head assayed with approximately 10% of the total laboratory analysis work completed. This initial part of the laboratory scope has been completed as of the end of October 2017. Scrubbing, screening and wet circuit bench scale testing and pilot plant beneficiation work of the bulk samples has commenced and is scheduled to progress to completion by the first quarter of 2018. Given the detailed analysis program and the subsequent technical interpretation, the Company forecast's that the results of this work will be available for publication at the end of the March Quarter 2018.

Geotechnical drilling commenced in the September quarter with 375m being completed. It is forecast that all 37 geotechnical holes will be completed by the end of October 2017. The geotechnical drilling is being conducted to improve the definition of geotechnical data to support pit wall and waste dump designs for detailed mine planning activities. The geotechnical samples will be transported to Perth early November for laboratory analysis and subsequently interpretation.

A diagram of the drilling at the end of September 2017 is included below.

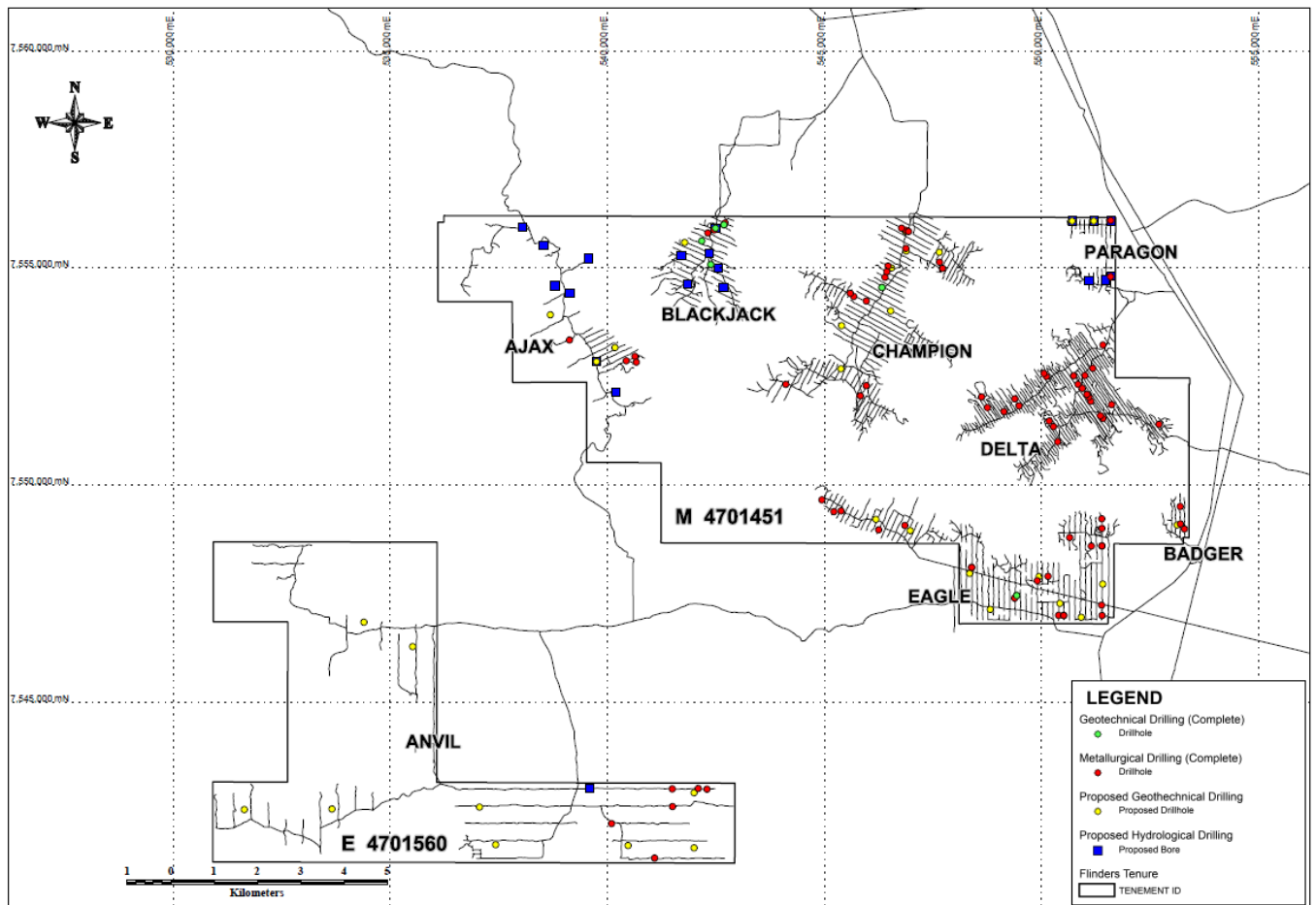


Figure 3: Flinders Mines on-ground drilling program to 30th September 2017

The Company has appointed Snowden to update the JORC Mineral Resource estimate for PIOP which is anticipated will be completed in early 2018 after data from the current on-ground campaigns has been assayed and interpreted. The Mineral Resource estimate will be JORC 2012 compliant and based on updated metallurgical regressions and will assess the possibility of the lower grade detrital mineralisation being included in the estimate.



Figure 4: Board Site Visit, August 2017



Figure 5: PIOP Camp and Core Yard

Other Tenements

Canegrass

During the period, the Company initiated field exploration on its Canegrass tenements in Western Australia. This exploration work included rock chip collection and analysis on potential cobalt/ nickel locations. Over 400 samples have been analysed with initial indications that exploratory drilling is warranted in several locations. This drilling program is scheduled to be conducted in the December 2017 quarter.

Review of all previous exploration work on the project area is continuing including the maiden Inferred vanadium resource released to the market on 10 August 2011.

Corporate

The Company released its 2017 Annual Report on 15 September 2017 and will holding its Annual General Meeting in Perth on 21 November 2017.

Financial

At the quarter end, the Company had \$6.36 million in cash and no debt.

For further information please contact:

Shareholders

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Media

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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) – and has a total (Inferred, Indicated and Measured) JORC-compliant resource of 1,042 million tonnes at 55.6% Fe using a 50% Fe cut-off grade. The project has received environmental approvals and the Company is currently determining the optimal development path.

Tenement Schedule

For the Quarter ending
30 September 2017

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	28/07/2017	16.1	Flinders Canegrass Pty Ltd	100%	
E58/236	Granted	Challa	22/03/2002	21/03/2017	16.1	Flinders Canegrass Pty Ltd	100%	
E58/282	Granted	HoneyPot	3/05/2007	2/05/2017	27.2	Flinders Canegrass Pty Ltd	100%	

Pilbara Iron Ore Project

E47/1560	Granted	Anvil	6/09/2007	5/09/2017	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

Jamestown Project

EL5557	Granted	Washpool	10/11/2009	9/11/2019	135.0	Phoenix Copper Ltd	Diamonds, barium, talc and phosphate	Phoenix Copper Agreement
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1. Canegrass Project tenements expiration is pending EOT application.

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 2017

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	(3,388)	(3,388)
(b) development	-	-
(c) production	-	-
(d) staff costs	-	-
(e) administration and corporate costs	(356)	(356)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	42	42
1.5 Interest and other costs of finance paid	-	-
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	(3,702)	(3,702)

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	-	-

Mining exploration entity and oil and gas exploration entity quarterly report

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	-	-
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	(10)	(10)
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	(10)	(10)

4.	Net increase / (decrease) in cash and cash equivalents for the period		
4.1	Cash and cash equivalents at beginning of period	10,067	10,067
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(3,702)	(3,702)
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)	(10)	(10)

Mining exploration entity and oil and gas exploration entity quarterly report

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (3 months) \$A'000
4.5	Effect of movement in exchange rates on cash held	-	-
4.6	Cash and cash equivalents at end of period	6,355	6,355

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	6,355	3,917
5.2	Call deposits	-	6,150
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)	6,355	10,067

6. Payments to directors of the entity and their associates

- 6.1 Aggregate amount of payments to these parties included in item 1.2
- 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

Current quarter \$A'000
274
-

Non-Executive and Executive Directors Fees for the September 17 quarter.

7. Payments to related entities of the entity and their associates

- 7.1 Aggregate amount of payments to these parties included in item 1.2
- 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

Current quarter \$A'000
83
-

Non-Executive Directors fees paid to TIO (NZ) Limited) for the September 17 quarter, a major shareholder of Flinders Mines Limited (\$35k).

Tenement management and field services paid to BBI Group Pty Ltd for the September 17 quarter, a subsidiary of a major shareholder of Flinders Mines Limited (\$48k).

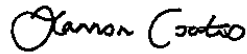
8.	Financing facilities available <i>Add notes as necessary for an understanding of the position</i>	Total facility amount at quarter end \$A'000	Amount drawn at quarter end \$A'000
8.1	Loan facilities	-	-
8.2	Credit standby arrangements	-	-
8.3	Other (please specify)	-	-
8.4	Include below a description 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.		

9.	Estimated cash outflows for next quarter	\$A'000
9.1	Exploration and evaluation	(6,798)
9.2	Development	-
9.3	Production	-
9.4	Staff costs	-
9.5	Administration and corporate costs	(493)
9.6	Other (provide details if material)	-
9.7	Total estimated cash outflows	(7,291)

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	E58/0520	Granted	-	100%
		E58/0521	Granted	-	100%
		E58/0522	Granted	-	100%

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.



27 October 2017

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.