

16 July 2020

# Quarterly Report

## For the period ending 30 June 2020

### HIGHLIGHTS

- A total of \$13.743 million raised (before costs) via two pro-rata non-renounceable equity raisings
- \$7 million unsecured loan from PIO Mines Pty Ltd (PIO) repaid in full (including accrued interest)
- Flinders received FIRB approval for the transfer of the PIOP assets to PIOP MineCo NL
- Dr Andrew Whitehead appointed as General Manager

### Pilbara Iron Ore Project (PIOP)

During the quarter ending 30 June 2020, Flinders Mines Limited (**Flinders** or the **Company**) progressed towards satisfying the remaining conditions for completion of its farm-in incorporated joint venture with BBI Group Pty Ltd (**BBIG**) in relation to the Company's flagship Pilbara Iron Ore Project (**PIOP**), as approved by Flinders Shareholders on 3 March 2020.

As announced on 9 June 2020, the Company received formal notification from the Foreign Investment Review Board (**FIRB**) that the Australian Government had no objection under the Foreign Acquisitions and Takeovers Act 1975 (*Cth*) to the proposed transfer of the PIOP assets to PIOP MineCo NL (**PIOP MineCo**). The material remaining outstanding condition of the farm-in incorporated joint venture is for BBIG to obtain FIRB approval.

In parallel to the work being undertaken by both Flinders and BBIG on completing the remaining condition, with Flinders' consent, BBIG has visited site and commenced planning on work programs for the PIOP assets.

### Financial

As at 30 June 2020, the Company had \$4.1 million in cash.

On 28 April 2020, the Company completed a pro-rata non-renounceable entitlement offer (**Entitlement Offer** or **Offer**) at \$0.025 (2.5 cents) per share, raising approximately \$8.697 million (before costs).

On 25 June 2020, the Company completed a second pro-rata non-renounceable Entitlement Offer at \$0.013 (1.3 cents) per share, raising approximately \$5.045 million (before costs).

In accordance with the disclosure in the respective Entitlement Offer Booklets, funds raised under the Entitlement Offers were used to repay the \$7 million unsecured loan (including accrued interest) from PIO, a subsidiary of Flinders' major shareholder, TIO (NZ) Limited (**TIO**), costs of the Offers and will provide working capital.

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

The Company notes that during the quarter, a total of \$175,000 was paid to related parties, including Directors and their associates. Of this, \$59,500 in Non-executive Director fees was paid to TIO for Director services provided by Messrs Michael Wolley and Evan Davies and \$9,000 in tenement advisory services was paid to BBIG, a related party of the Company's major shareholder.

### Canegrass Project

During the quarter, laboratory metallurgical test work was conducted on RC chip samples from the Canegrass vanadiferous titaniferous magnetite (VTM) mineral resource to commence the assessment of the ore characteristics. The preliminary results on the small number of samples were encouraging, showing the upgrading of certain minerals. However, further testwork is required and being planned to determine whether the encouraging results were a common feature within Canegrass, or whether anomalous to the small samples selected for the testwork.

## **Corporate Activities**

Following a review of the Company's executive requirements as it moves into the next phase of development of the PIOP, on 17 June 2020, the Company appointed Dr Andrew Whitehead as General Manager. Dr Whitehead has more than 20 years' experience across mining, resources, banking, finance, manufacturing, advisory and government and in multiple jurisdictions, including China.

On 23 June 2020, former Chief Executive Officer Mr David McAdam ceased his role with the Company, following a transition to Dr Whitehead. The Board wishes to acknowledge Mr McAdam's contribution to Flinders over an extended period of time and securing the transaction with BBIG that potentially enables PIOP's iron ore resources to come to market using BBIG infrastructure.

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.

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**Tenement Schedule**  
For the Quarter ending  
30 June 2020

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	28/07/2020	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

E47/21 <sup>2</sup>	Granted	Anvil	30/01/2020	29/01/2023	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	10/11/2019	17/11/2040	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

EL6430	Granted	Washpool	10/11/2019	9/11/2021	135.0	PNX Metals Limited	Gold, Copper	Phoenix Copper Agreement
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1. E58/282 extension of term granted. E58/232 extension of term application submitted.
2. 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 June 2020

<b>Consolidated statement of cash flows</b>	<b>Current quarter \$A'000</b>	<b>Year to date (12 months) \$A'000</b>
<b>1. Cash flows from operating activities</b>		
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	(2,804)	(7,911)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	2	17
1.5 Interest and other costs of finance paid	(120)	(120)
1.6 Income taxes paid	-	-
1.7 Government grants and tax incentives	-	-
1.8 Other (provide details if material)	-	-
<b>1.9 Net cash from / (used in) operating activities</b>	<b>(2,922)</b>	<b>(8,014)</b>

<b>2. Cash flows from investing activities</b>		
2.1 Payments to acquire:		
(a) entities	-	-
(b) tenements	-	-
(c) property, plant and equipment	-	-
(d) exploration & evaluation (if capitalised)	(252)	(3,193)
(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)	-	-
<b>2.6</b>	<b>Net cash from / (used in) investing activities</b>	<b>(252)</b>	<b>(3,193)</b>

<b>3.</b>	<b>Cash flows from financing activities</b>		
3.1	Proceeds from issues of equity securities (excluding convertible debt securities)	13,743	13,743
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	(116)	(135)
3.5	Proceeds from borrowings	-	7,000
3.6	Repayment of borrowings	(7,000)	(7,000)
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>6,627</b>	<b>13,608</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	648	1,700
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(2,922)	(8,014)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(252)	(3,193)
4.4	Net cash from / (used in) financing activities (item 3.10 above)	6,627	13,608

<b>Consolidated statement of cash flows</b>		<b>Current quarter \$A'000</b>	<b>Year to date (12 months) \$A'000</b>
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>4,101</b>	<b>4,101</b>

<b>5.</b>	<b>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	4,101	648
5.2	Call deposits	-	-
5.3	Bank overdrafts	-	-
5.4	Other (provide details)	-	-
<b>5.5</b>	<b>Cash and cash equivalents at end of quarter (should equal item 4.6 above)</b>	<b>4,101</b>	<b>648</b>

**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	175
6.2	Aggregate amount of payments to related parties and their associates included in item 2	-

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 \$59k 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 \$107k for the quarter.

Tenement services fees paid to BBI Group Pty Limited of \$9k for the quarter.

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

<b>7. Financing facilities</b>	<b>Total facility amount at quarter end \$A'000</b>	<b>Amount drawn at quarter end \$A'000</b>
<i>Note: the term "facility" includes all forms of financing arrangements available to the entity. 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 <b>Total financing facilities</b>	3,000	3,000
7.5 <b>Unused financing facilities available at quarter end</b>		-
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.		
<p>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.</p> <p>2. Unsecured A\$7.0m loan facility provided by PIO Mines Pty Limited, a related entity of the major shareholder, TIO (NZ) Limited, at an average interest rate of 2.515%pa. A\$2.5m was drawn on each of 5 September 2019 and 13 September 2019 respectively. The loan facility was increased by A\$2.0m on 20 December 2019 and drawn on 6 January 2020. On 29 April 2020, \$5.5m was repaid and on 26 June 2020 the remaining \$1.5m was repaid.</p>		

<b>8. Estimated cash available for future operating activities</b>	<b>\$A'000</b>
8.1 Net cash from / (used in) operating activities (Item 1.9)	(2,922)
8.2 Capitalised exploration & evaluation (Item 2.1(d))	(252)
8.3 Total relevant outgoings (Item 8.1 + Item 8.2)	(3,174)
8.4 Cash and cash equivalents at quarter end (Item 4.6)	4,101
8.5 Unused finance facilities available at quarter end (Item 7.5)	-
8.6 Total available funding (Item 8.4 + Item 8.5)	4,101
8.7 <b>Estimated quarters of funding available (Item 8.6 divided by Item 8.3)</b>	1.29
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?	
<p>Answer:</p> <p>No. The previous quarters costs relate mainly to activities associated with the Farm-In Agreement with BBI Group Pty Ltd. This activity has substantially been completed and as such costs are not expected to remain at these levels going forward.</p>	
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:

The Company undertook two non-renounceable issues in April 2020 and June 2020, raising \$13.7m. These funds were used to repay the unsecured \$7m loan from PIO Mines Pty Ltd, a subsidiary of its major shareholder, TIO (NZ) Limited, with residual funds being for working capital.

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:

Yes – See response 8.8 (1).

## 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.

16 July 2020

Date: .....

Board of Flinders Mines Limited

Authorised by: .....  
(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.