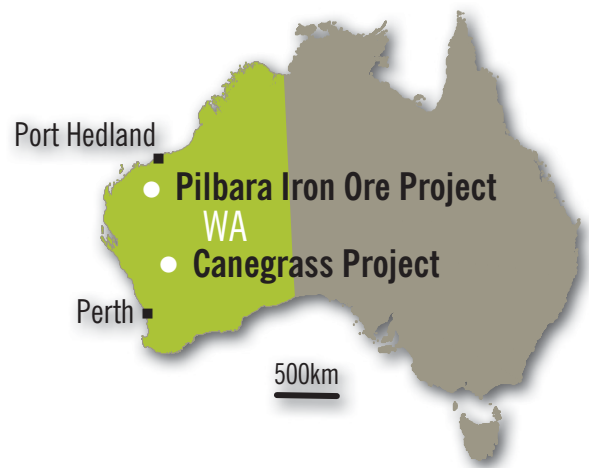


Quarterly Report

For the quarter ending 30 September 2013

HIGHLIGHTS

- Excellent results from new Brockman Iron Deposit (BID) drilling program with the potential to increase existing PIOP high quality saleable inventory
- Further MOUs signed with Chinese steel mills



CORPORATE

Following continued interest in the Flinders iron ore product, an additional six Memoranda of Understanding (MOUs) was executed with Chinese steel mills during the quarter. These agreements, which follow initial MOUs with four Chinese steel mills announced in March this year, will allow potential customers of the sinter fines product from the PIOP to undertake technical and commercial evaluations of the ore in order to assess its suitability for their iron making operations.

Since the end of June 2013, the Company has continued to progress dialogue with interested parties regarding the development of the PIOP. The dialogue, much of which is at a due-diligence stage, continues to be centred on access to rail and port infrastructure, provision of project funding and off-take agreements.

Despite incorrect and ill-informed media speculation over the past months, Flinders has not made an application under the WA Railways (Access) Code 2000 for access to FMG's rail line in the Pilbara. Flinders believes that direct negotiation with providers of infrastructure will result in a more timely and commercially beneficial outcome in monetising the PIOP asset.

During the quarter, the Company continued the rationalisation of staff at head office and site and has further reduced project and administrative cash expenditure. The Company had available funds of \$3.55 million at 30 September 2013.

PROJECTS

PILBARA IRON ORE PROJECT (PIOP) - WA

Mining, Processing And Infrastructure

All project studies have continued to remain on hold until an infrastructure solution has been finalised. In preparation for this the project team have engaged with a number of potential equipment suppliers and service providers in order to update the forecast operating cost and capital expenditure required to develop the project. While this work has not yet been completed preliminary information is showing that the current estimates of operating cost are still current but there does appear to be significant opportunity to reduce the capital base for the project.

Environment And Approvals

Flinders submitted a ground water operating strategy to the WA Department of Water in Q3, 2013. Flinders is seeking a Section 5C Licence for four (4) Gigalitres per annum (GL/a). The Section 5C Licence is for the

purpose of on-tenement (M47/1451) de-watering and water supply for PIOP mining and associated activities. Flinders is still awaiting approval.

Exploration And Evaluation Activities

During the quarter the Company carried out a Reverse Circulation (RC) drilling program targeted at defining additional BID mineralisation at the PIOP. The small drilling program targeted areas of known open mineralisation and targets identified on the flanks of the Delta valley. A total of 71 holes for 2,484m were completed (Figure 1).

This new drilling resulted in a significant number of high quality Brockman Iron Deposit (BID) intersections for the Delta target area. BID mineralisation at the PIOP has cost and timing advantages to Flinders Mines.

The mineralisation intersected in this new 2013 drilling program lies outside the existing resource and will form part of the next resource estimate. Flinders anticipates that a high proportion of any increase to BID ore tonnage will directly translate into the saleable ore inventory.

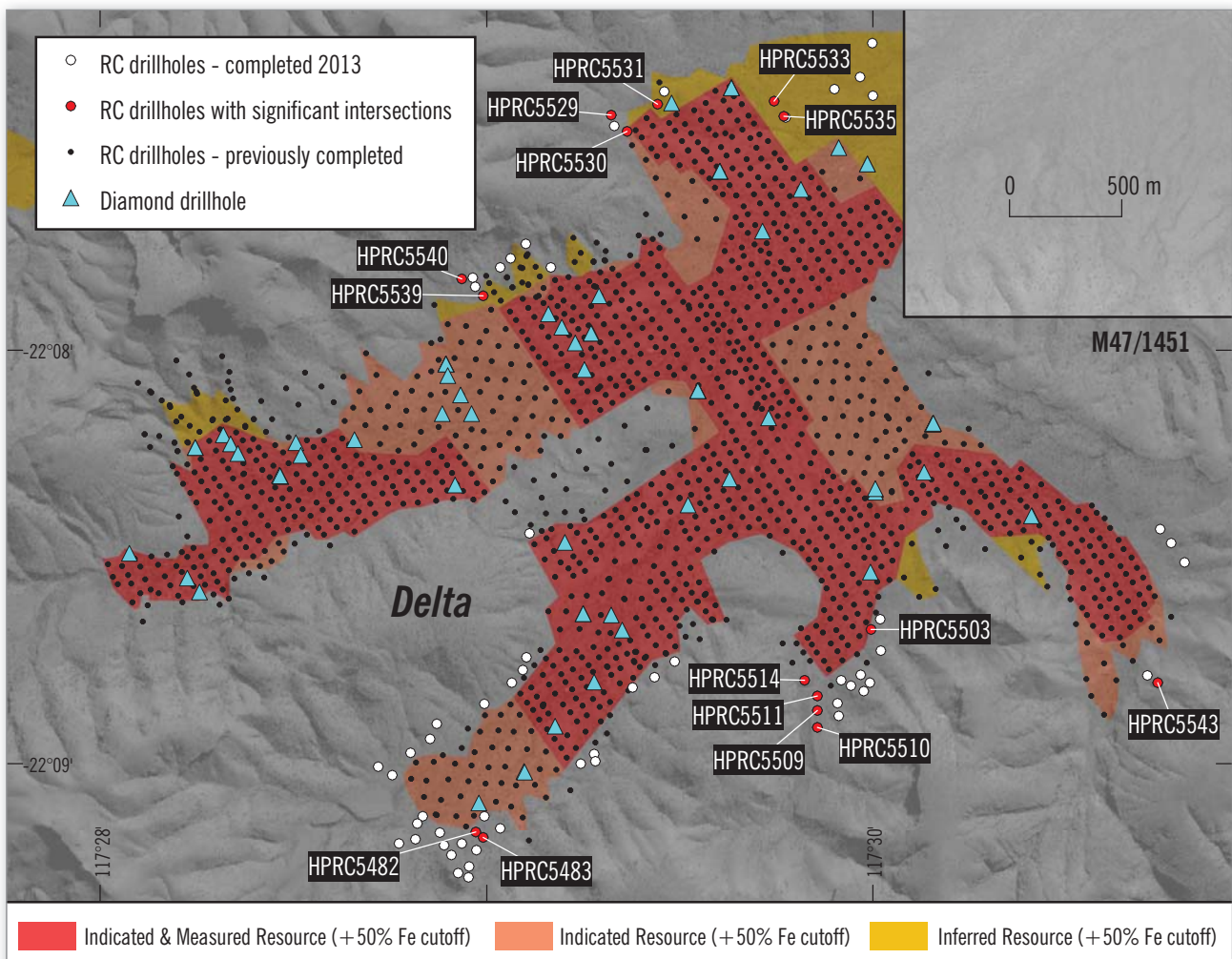


Figure 1 Showing the relationship between the recent significant RC drilling intersections, the BID target zones and the existing Mineral Resource estimate at Delta.

Drill rates were faster than expected and resulted in the drilling program finishing ahead of schedule and under budget. This work represents part of testing the current PIOP Exploration Target* of 180 – 280Mt (at 55 to 58% Fe). Additional extensions and high priority targets still remain untested. Further drilling is likely to await the outcome of ongoing commercial discussions with third parties.

CANEGRASS PROJECT – WA

Exploration And Evaluation Activities

During the quarter interest has been sought in the project for possible divestment. There is no intention to carry out any exploration at Canegrass in the December 2013 quarter.

SOUTH AUSTRALIA/ NORTHERN TERRITORY

During the quarter, the Company divested the Springfield project to unlisted diamonds explorer Diamond Resources Limited. This is in line with Flinders' ongoing strategy to divest all diamond projects.



Robert Kennedy

Executive Chairman

31 October 2013

Contact us

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Qualifying Statements

Forward-looking statements

This release may include forward-looking statements. These forward-looking statements are based on management's expectations and beliefs concerning future events as of the time of the release of this document. Forward-looking statements are necessarily subject to risks, uncertainties and other factors, some of which are outside the control of Flinders Mines Limited, that could cause actual results to differ materially from such statements. Flinders Mines Limited makes no undertaking to subsequently update or revise the forward-looking statements made in this release to reflect events or circumstances after the date of this release.

Investment decisions should not be made based on production estimates for the Pilbara Iron Ore Project. Financial viability to be confirmed following further Mineral Resource conversion, consideration of the Modifying Factors in the JORC Code and final feasibility studies.

*Exploration Targets

Exploration Targets are reported according to Clause 18 of the JORC Code. This means that the potential quantity and grade is conceptual in nature and that considerable further exploration, particularly drilling, is necessary before any Identified Mineral Resource can be reported. It is uncertain if further exploration will lead to a larger, smaller or any Mineral Resource.

Competent Persons

The information in this report that relates to Exploration Results is based on information compiled by Mr Nick Corlis who is a member of the Australian Institute of Geoscientists and a full-time employee of Flinders Mines Limited. Nick Corlis has sufficient experience that is relevant to the styles of mineralisation and types of deposits under consideration and to the activity which he is undertaking to qualify as a Competent Person as defined in the 2004 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves'. Nick Corlis consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.

The information in this report that relates to Mineral Resources is based on information compiled by Dr Graeme McDonald who is a member of the Australian Institute of Mining and Metallurgy and a full-time employee of Flinders Mines Limited. Graeme McDonald has sufficient experience that is relevant to the styles of mineralisation and types of deposits under consideration and to the activity which he is undertaking to qualify as a Competent Person as defined in the 2004 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves'. Graeme McDonald consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.

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

Name of entity

Flinders Mines Limited

ABN

46 091 118 044

Quarter ended ("current quarter")

30 September 2013

Consolidated statement of cash flows

	Current quarter \$A'000	Year to date (3 months) \$A'000
Cash flows related to operating activities		
1.1 Receipts from product sales and related debtors		
1.2 Payments for:		
(a) exploration & evaluation	(1,425)	(1,425)
(b) development		
(c) production		
(d) administration	(1,137)	(1,137)
1.3 Dividends received		
1.4 Interest and other items of a similar nature received	118	118
1.5 Interest and other costs of finance paid		
1.6 Income taxes paid		
1.7 Other (R&D rebates)		
Net operating cash flows	(2,444)	(2,444)
Cash flows related to investing activities		
1.8 Payment for purchases of:		
(a) prospects		
(b) equity investments		
(c) other fixed assets	(10)	(10)
1.9 Proceeds from sale of:		
(a) prospects		
(b) equity investments		
(c) other fixed assets	17	17
1.10 Loans to other entities		
1.11 Loans repaid by other entities		
1.12 Other (provide details if material)		
Net investing cash flows	7	7
1.13 Total operating and investing cash flows (carried forward)	(2,437)	(2,437)

+ See chapter 19 for defined terms.

Appendix 5B

Mining exploration entity and oil and gas exploration entity quarterly report

1.13	Total operating and investing cash flows (brought forward)	(2,437)	(2,437)
	Cash flows related to financing activities		
1.14	Proceeds from issues of shares, options, etc.		
1.15	Proceeds from sale of forfeited shares		
1.16	Proceeds from borrowings		
1.17	Repayment of borrowings		
1.18	Dividends paid		
1.19	Other (provide details if material)		
	Net financing cash flows	-	-
	Net increase (decrease) in cash held	(2,437)	(2,437)
1.20	Cash at beginning of quarter/year to date	5,996	5,996
1.21	Exchange rate adjustments to item 1.20		
1.22	Cash at end of quarter	3,559	3,559

Payments to directors of the entity and associates of the directors

Payments to related entities of the entity and associates of the related entities

		Current quarter \$A'000
1.23	Aggregate amount of payments to the parties included in item 1.2	90
1.24	Aggregate amount of loans to the parties included in item 1.10	-

1.25 Explanation necessary for an understanding of the transactions

Non-cash financing and investing activities

2.1 Details of financing and investing transactions which have had a material effect on consolidated assets and liabilities but did not involve cash flows

2.2 Details of outlays made by other entities to establish or increase their share in projects in which the reporting entity has an interest

+ See chapter 19 for defined terms.

Financing facilities available

Add notes as necessary for an understanding of the position.

	Amount available \$A'000	Amount used \$A'000
3.1 Loan facilities		
3.2 Credit standby arrangements		

Estimated cash outflows for next quarter

	\$A'000
4.1 Exploration and evaluation	202
4.2 Development	-
4.3 Production	-
4.4 Administration	852
Total	1,054

Reconciliation of cash

Reconciliation of cash at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts is as follows.

	Current quarter \$A'000	Previous quarter \$A'000
5.1 Cash on hand and at bank	193	330
5.2 Deposits at call	3,366	5,666
5.3 Bank overdraft		
5.4 Other (provide details)		
Total: cash at end of quarter (item 1.22)	3,559	5,996

+ See chapter 19 for defined terms.

Changes in interests in mining tenements

	Tenement reference	Nature of interest (note (2))	Interest at beginning of quarter	Interest at end of quarter
6.1 Interests in mining tenements and petroleum tenements relinquished, reduced or lapsed	EL 4131	All interests relinquished	100%	Nil
	EL 4227	All interests relinquished	100%	Nil
	EL 4303	All interests relinquished	100%	Nil
	EL 4641	All interests relinquished	100%	Nil
	EL 4712	All interests relinquished	100%	Nil
	EL 5214	All interests relinquished	100%	Nil
	EL 4184	All interests relinquished	100%	Nil
	EL 4208	All interests relinquished	100%	Nil
	EL 4209	All interests relinquished	100%	Nil
	EL 4404	All interests relinquished	100%	Nil
	EL 5121	All interests relinquished	100%	Nil
	SEL 25055	All interests relinquished	100%	Nil
	SEL 25056	All interests relinquished	100%	Nil
6.2 Interests in mining tenements and petroleum tenements acquired or increased				

Issued and quoted securities at end of current quarter

Description includes rate of interest and any redemption or conversion rights together with prices and dates.

	Total number	Number quoted	Issue price per security (see note 3) (cents)	Amount paid up per security (see note 3) (cents)
7.1 Preference +securities <i>(description)</i>				
7.2 Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs, redemptions				
7.3 +Ordinary securities	1,824,843,676	1,824,843,767		
7.4 Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs	3,543,272	3,543,272	Nil	Nil
7.5 +Convertible debt securities <i>(description)</i>				
7.6 Changes during quarter (a) Increases through issues (b) Decreases through securities matured, converted				
7.7 Options <i>(description and conversion factor)</i>	1,121,666 300,000 320,000		<i>Exercise price</i> \$0.045 \$0.055 \$0.085	<i>Expiry date</i> 03/02/2014 26/08/2014 30/06/2015
7.8 Issued during quarter				
7.9 Exercised during quarter				
7.10 Expired during quarter				
7.11 Debentures <i>(totals only)</i>				

+ See chapter 19 for defined terms.

7.12	Unsecured notes (<i>totals only</i>)		
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Compliance statement

- 1 This statement has been prepared under accounting policies which comply with accounting standards as defined in the Corporations Act or other standards acceptable to ASX (see note 5).
- 2 This statement does give a true and fair view of the matters disclosed.

Sign here: 
(Company secretary)

Date: 31 October 2013

Print name: David W Godfrey

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 wanting to disclose additional information is encouraged to do so, in a note or notes attached to this report.
- 2 The "Nature of interest" (items 6.1 and 6.2) includes options in respect of interests in mining tenements acquired, exercised or lapsed during the reporting period. If the entity is involved in a joint venture agreement and there are conditions precedent which will change its percentage interest in a mining tenement, it should disclose the change of percentage interest and conditions precedent in the list required for items 6.1 and 6.2.
- 3 **Issued and quoted securities** The issue price and amount paid up is not required in items 7.1 and 7.3 for fully paid securities.
- 4 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.
- 5 **Accounting Standards** ASX will accept, for example, the use of International Financial Reporting Standards for foreign entities. If the standards used do not address a topic, the Australian standard on that topic (if any) must be complied with.