

22 July 2021

## Quarterly Report

For the period ended 30 June 2021

### HIGHLIGHTS

- Flinders Mines Limited (Flinders) and BBI Group Pty Ltd (BBIG) continue to advance the Pilbara Iron Ore Project (PIOP) pursuant to the farm-in incorporated joint venture.
- Flinders negotiations with BBIG on the non-binding indicative offer (NBIO) to acquire the BBIG rail, port and marine infrastructure remain ongoing. In parallel, and as another option to the NBIO, Flinders held discussions with BBIG on a staged development approach that would accommodate a potential trucking operation prior to rail under the existing Farm-in Agreement (FIA).
- BBIG contributes \$2,000,000 of the predicted shortfall amount to PIOP Mine Co NL as a "Shortfall Advance".

### Pilbara Iron Ore Project (PIOP)

During the quarter ended 30 June 2021, BBIH Pty Limited (**BBIH**), a wholly owned subsidiary of BBI Group Pty Ltd, as Manager of Flinders' flagship Pilbara Iron Ore Project (**PIOP**), continued to progress the development of the PIOP integrated project pursuant to the (FIA) that was completed with BBIG in the September 2020 quarter.

During the June 2021 quarter, BBIH carried out a range of activities associated with the advancement of the PIOP Feasibility Study including:

- The first phase of Blacksmith rehabilitation (capping of existing open holes) was completed. Water dipping and monitoring activities were also conducted to capture essential monitoring data. Site familiarisation activities were undertaken by members of the team to gain a better understanding of the PIOP areas including mining, heritage and environmental risks.
- The Department of Mines Industry Regulation and Safety (DMIRS) have provided final approval for the consolidated programme of works (POW) that agglomerates some 20 pre-existing POWs with outstanding rehabilitation obligations, all relating to the PIOP tenements.
- The award of contracts and safe mobilisation of contractors for the Blacksmith camp upgrade and rehabilitation programme will be a major focus area for July and August.

Key activities planned for next period include:

- The Blacksmith rehabilitation programme is anticipated to commence in mid-August upon completion of camp upgrade works. A scope of work has been issued to civil contracting companies with a request for quotation. Civil contractors will be engaged to execute this work with selection and prequalification anticipated for late July.
- Review and approval of the Camp and Rehabilitation contractors Health, Safety and Environmental Management Systems (HSEMS) will commence pending issue of all signed contracts and PO's. Contractors are only permitted to mobilise once compliance to the BBI HSEMS has been achieved.

As announced on 9 June 2021, BBIG advised that they expected a 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. Under the FIA, if BBIG does not procure this minimum spend in any year, it must contribute the difference to PIOP Mine Co NL, which is then required to be escrowed and distributed to Flinders. As such, BBIG agreed to contribute \$2,000,000 of the predicted shortfall amount to PIOP Mine Co NL who then paid the amount to Flinders by way of a selective capital reduction (**Shortfall Advance**) in early July 2021.

### NBIO

As previously advised on 14 December 2020, the Company received 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). If successful, Flinders would then control its own destiny and better facilitate financing and management of the integrated project development or a staged development approach.

During the June 2021 quarter and as announced on 15 June 2021, 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. Flinders also held initial discussions with BBIG on a staged development approach that would accommodate a potential trucking operation prior to rail using the existing Farm-in Agreement (FIA) framework. It should be noted that these are preliminary discussions, and no formal agreement or variations to the existing FIA have been reached.

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

### **Canegrass**

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

### **Financial**

As of 30 June 2021, the Company had \$2,938,238 in cash. The Company has an unsecured fully drawn loan 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 with BBIG and no substantive exploration activities were undertaken.

The Company notes that during the quarter, a total of \$118k 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, \$60k was paid to the Company's independent Directors, Messrs Warburton, Gurry and Ms Edwardes and \$23k was paid to Ms Jiang, a nominee of the Company's second largest shareholder, OCJ Investment (Australia) Pty Ltd.

### **Conference Call**

Flinders is holding a shareholder conference call at 3:00pm WST on the 26 July 2021 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/10015407-asn287d.html>

Authorised by:  
Board of Flinders Mines Limited

For further information please contact:

### **Investors and Shareholders**

Andrew Whitehead  
General Manager – [AWhitehead@flindersmines.com](mailto: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 2021

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	28/07/2021	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)<sup>2</sup>

R47/21 <sup>3</sup>	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
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1. E58/236 extension of term was lodged on 24 February 2021 and at 30 June 2021, was still pending. The Company has since received confirmation the extension of term was granted. E58/282 extension of term was lodged on 16 April 2021 and is still pending. E58/232 extension of term was lodged on 28 June 2021 and is still pending.
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 June 2021

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (12 months) \$A'000
<b>1.</b>	<b>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	(1,033)	(3,701)
1.3	Dividends received (see note 3)	-	-
1.4	Interest received	1	9
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)	-	-
<b>1.9</b>	<b>Net cash from / (used in) operating activities</b>	<b>(1,032)</b>	<b>(3,692)</b>
<b>2.</b>	<b>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)	(637)	(5,647)
	(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	<b>Net cash from / (used in) investing activities</b>	<b>(637)</b>	<b>(5,647)</b>

<b>3.</b>	<b>Cash flows from financing activities</b>		
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	333	1,000
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)		
	Proceeds from issues of PIOP Mine Co NL Class B Shares	2,000	7,923
3.10	<b>Net cash from / (used in) financing activities</b>	<b>2,333</b>	<b>8,923</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	3,021	4,101
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(1,032)	(3,692)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(637)	(5,647)

## 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
4.4	Net cash from / (used in) financing activities (item 3.10 above)	2,333	8,923
4.5	Effect of movement in exchange rates on cash held	-	-
<b>4.6</b>	<b>Cash and cash equivalents at end of period <sup>1</sup></b>	<b>3,685</b>	<b>3,685</b>

<sup>1</sup> Includes \$0.747 million of restricted cash available to fund the feasibility study of the Pilbara Iron Ore Project.

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	2,938	3,021
5.2	Call deposits	-	-
5.3	Bank overdrafts	-	-
5.4	Other (provide details) Restricted JV Cash <sup>1</sup>	0.747	1,311
<b>5.5</b>	<b>Cash and cash equivalents at end of quarter (should equal item 4.6 above)</b>	<b>3,685</b>	<b>3,021</b>

<sup>1</sup> Restricted cash is only available to fund the feasibility study of the Pilbara Iron Ore Project.

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

**Current quarter  
\$A'000**

118

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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 Wolley and Davies.

Non-executive fees paid to Ms Jiang, a nominee of the Company's second largest shareholder, OCJ Investment (Australia) Pty Ltd, of \$23k for the quarter

Non-executive Director fees paid to the Company's independent Directors, Messrs Warburton, Gurry and Ms Edwardes, of \$60k for the quarter.

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

7.	<b>Financing facilities</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>	<b>Total facility amount at quarter end \$A'000</b>	<b>Amount drawn at quarter end \$A'000</b>
7.1	Loan facilities <sup>1</sup>	3,000	3,000
7.2	Credit standby arrangements	-	-
7.3	Other (please specify) Funding Agreement BBIG <sup>2</sup>	1,000	1,000
7.4	<b>Total financing facilities</b>	4,000	4,000
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.		
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 BBSW +2% pa. A\$3m was drawn on 22 March 2019 and is due on 30 June 2022.		
2.	Funding Agreement with BBI Group Pty Ltd (BBIG), a related entity of the major shareholder, TIO (NZ) Limited, for third party costs incurred by the Company in progressing discussions with BBIG in relation to the potential ownership restructuring opportunity of the infrastructure associated with the Pilbara Iron Ore Project. The funding is only repayable if a transaction is executed with BBIG on the later of the completion date or 31 December 2021.		

8.	<b>Estimated cash available for future operating activities</b>	<b>\$A'000</b>
8.1	Net cash from / (used in) operating activities (Item 1.9)	(1,032)
8.2	Capitalised exploration & evaluation (Item 2.1(d))	(637)
8.3	Total relevant outgoings (Item 8.1 + Item 8.2)	(1,669)
8.4	Cash and cash equivalents at quarter end (Item 4.6) <sup>1</sup> <sup>1</sup> Includes \$1.311m of restricted cash only available to fund the feasibility study of the Pilbara Iron Ore Project.	3,685
8.5	Unused finance facilities available at quarter end (Item 7.5)	-
8.6	Total available funding (Item 8.4 + Item 8.5)	3,685
8.7	<b>Estimated quarters of funding available (Item 8.6 divided by Item 8.3)</b>	2.2
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: Yes	
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: No	

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

### 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.

22 July 2021

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.