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Flinders Mines Limited

ABN 46 091 118 044

Annual Report for the year ended 30 June 2022

Flinders Mines Limited

Annual Report - 30 June 2022

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Corporate Directory

Board of Directors

The Hon. Cheryl Edwardes, AM	Independent Non-Executive Chair
Daniel Harris	Independent Non-Executive Director
Michael Wolley	Non-Executive Director
James Gurry	Independent Non-Executive Director
Amy Jiang	Non-Executive Director

Officers

Andrew Whitehead	General Manager
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Joint Company Secretaries

Sarah Wilson
Shannon Coates

Registered Office

45 Ventnor Avenue
West Perth WA 6005
Telephone: 08 9389 4483
Email: info@flindersmines.com
Website: www.flindersmines.com

Share Registry

Computershare Investor Services Pty Ltd
Level 11, 172 St Georges Terrace
Perth WA 6000
Telephone: 08 9323 2000
Website: www.computershare.com.au

Auditors

KPMG
235 St Georges Terrace
Perth WA 6000

Securities Exchange Listing

Shares in Flinders Mines Limited are quoted on the Australian Securities Exchange under trading code FMS.

Chairperson Report

Dear Shareholders,

I am pleased to present the Flinders Mines Limited Annual Report for the financial year ended 30 June 2022.

Throughout the past 12 months the Company has remained focused on the development of its Pilbara Iron Ore Project (PIOP) in Western Australia (WA), and the infrastructure solution that it requires to move ore to port.

Over the past two years much of that work was conducted through a Farm-In Agreement (FIA) with BBI Group Pty Ltd (BBIG) to advance the development of PIOP towards a Final Investment Decision (FID). During this time, and as the challenges of COVID and the relationship between China and Australia impacted funding options for PIOP, BBIG and Flinders entered discussions regarding a Non-Binding Indicative Offer (NBIO) to progress the development of PIOP.

Subsequent to the end of FY2022, and as announced on the 5 September 2022, the Company's FIA with BBIG was terminated by BBIG in accordance with the terms of the FIA.

The FIA termination provides Flinders with the ability to pursue a staged development of PIOP, which provides a faster pathway to near term cashflow. The board considers that a staged development of PIOP is the optimal strategy for the Company. It encompasses a lower volume, capital light, near-term trucking operation and therefore near-term cashflow, followed by a higher volume operation, most likely involving road/rail and port facilities to reduce costs.

Flinders is in discussions with several parties with respect to mining and logistics operations for the first stage of the staged development.

BBIG remains important to Flinders' long-term future through its potential infrastructure solutions at the Balla Balla Port, its state rail agreement and associated permits required for a high-volume infrastructure solution for PIOP.

Discussions regarding access to BBIG's infrastructure solutions continues between the two companies and the NBIO previously lodged by BBIG remains unaffected by the change to the FIA.

During FY2022, CSA Global Pty Ltd (CSA Global) completed a gold-focused exploration work programme across the Canegrass Project. CSA Global was exploring for vein-hosted gold mineralisation on structural trends defined in previous exploration. The exploration programme consisted of a soil geochemistry sampling programme on E58/521 which targeted gold mineralisation along an interpreted structural trend. A total of 36 soil samples were collected and a reverse circulation percussion (RCP) drilling programme comprising 23 drillholes for a total of 1,000 m on E58/232-I, E58/236-I, E58/282-I, E58/520, and E58/522 was drilled. Results were announced to the market on 10 June 2022.

At a corporate level, on 30 June 2022 Flinders made a partial repayment of \$2.0 million on the fully drawn \$3.0 million Loan Facility it holds with PIO Mines Pty Ltd, a subsidiary of the Company's major shareholder TIO (NZ) Limited. The outstanding principal amount and interest is to be repaid on the earlier of: (1) 31 December 2022 or (2) any shortfall or withdrawal payment from BBIG under the provisions of the PIOP FIA. As BBIG has withdrawn from the FIA, Flinders expects the outstanding principal amount and interest to be repaid by November 2022.


Under the terms of the FIA, where BBIG withdraws from the FIA, BBIG must pay the Company the greater of (a) \$3.0 million; or (b) the difference between \$15.0 million and the Feasibility Spend for the year in which the withdrawal took place. BBIG and the Company have agreed that the withdrawal amount due to be paid to the company for the second year, which ended 2 September 2022, is \$11.668 million. This is significantly higher than the remaining principal repayment of \$1.261 million, plus interest due to PIO Mines Pty Ltd, placing the Company in a strong balance sheet position.

The Company ended FY2022 with \$2.59 million in cash.

At the board level, Mr Evan Davies, a nominee Director of the Company's largest shareholder, TIO (NZ) Limited, and Mr Neil Warburton, Non-executive Chair of Flinders, resigned from the Flinders board in FY2022. I would like to thank both Mr Evan Davies and Mr Neil Warburton for their years of service to the Company.

In conclusion, I would like to thank the Board and our staff for their significant contribution to the Company; all shareholders for their continued support of Flinders; and BBIG for their continued support in advancing PIOP.

I look forward to reporting further progress during the 2023 financial year as Flinders advances the development of PIOP.


The Hon. Cheryl Edwardes, AM
Independent Non-Executive Chair
Perth, Western Australia
30 September 2022

Directors' Report

Your Directors present their report on the Consolidated Entity comprising Flinders Mines Limited (the **Company** or **Flinders**) and its controlled entities (the **Group**) for the financial year ended 30 June 2022.

Directors

The following persons held office as Directors of Flinders Mines Limited from the start of the financial year to the date of this report, unless otherwise stated.

Name	Title	Appointment	Resigned
The Hon. Cheryl Edwardes AM	Independent Non-Executive Chair	17 Jun 2019	
Michael Wolley	Non-Executive Director	19 Oct 2016	
James Gurry	Independent Non-Executive Director	18 Sep 2019	
Amy Jiang	Non-Executive Director	5 Mar 2021	
Daniel Harris	Independent Non-Executive Director	8 Aug 2022	
Evan Davies	Non-Executive Director	19 Oct 2016	11 Apr 2022
Neil Warburton	Independent Non-Executive Chair	19 Oct 2016	1 Jul 2022

Company Secretary

Ms Sarah Wilson was appointed on 20 November 2018 as Company Secretary. On 30 August 2019, Ms Shannon Coates was appointed as Joint Company Secretary.

Information on Directors

The Hon. Cheryl Edwardes, AM	Independent Non-Executive Chair
Qualifications	LLM, B. Juris, BA
Experience	A lawyer by training, Mrs Edwardes is former Minister in the Western Australian Legislative Assembly with extensive experience and knowledge of WA's legal and regulatory framework relating to mining projects, environmental, native title and heritage and land access. Mrs Edwardes was appointed in August 2017 as a part-time member of the Foreign Investment Review Board for a five-year period. Ms Edwardes assists the clients of FTI Consulting within a range of complex statutory approvals required for resources and infrastructure projects. She also chairs the Port Hedland International Airport.
Interest in FMS Shares and Options at the date of this report	20,646 fully paid ordinary shares.
Special responsibilities	Chair of Nominations and Remuneration Committee and member of Audit and Risk Committee.
Directorships held in other ASX listed entities in the last three years	Non-Executive Director of Nuheara Limited (January 2020 to date) and Westgold Resources Ltd (March 2022 to date). Previously a Non-Executive Director of Vimy Resources Limited (May 2014 to August 2022), CropLogic Limited (March 2018 to February 2019) and AusCann Group Holding Limited (May 2016 to January 2020).
Michael Wolley	Non-Executive Director
Qualifications	BE (Chemical and Materials, 1 st Class Hons), MMan
Experience	Mr Wolley holds a first class honours degree in Chemical and Materials Engineering (University of Auckland) and a Master of Management (Macquarie Graduate School of Management). Mr Wolley had a 15 year career with Mobil Oil Australia in a range of roles including engineering, operations, strategic planning and business development in Australia and New Zealand. In 1995 he left Mobil to pursue opportunities in Asia Pacific and worked in a number of senior executive roles in the manufacturing and industrial sectors including a period as President of BlueScope Steel China. In 2007 he returned to the resources sector as Chief Operating Officer for Lynas Corporation, an ASX 100 business, and subsequently into the gold sector in ASX-listed gold development businesses. He was appointed Vice President Corporate Development for the Todd Corporation in 2011. In February 2013 he was appointed to the role of Vice President Minerals and moved to Sydney in July 2013, before leaving Todd Corporation in September 2022. Mr Wolley is a member of the AICD and the NZICD. He holds dual Australian and New Zealand citizenship.

	Mr Wolley is a nominee Director of the Company's largest shareholder, TIO (NZ) Limited.
Interest in FMS Shares and Options at the date of this report	Nil
Special responsibilities	Member of Nominations and Remuneration Committee and Audit and Risk Committee.
Directorships held in other ASX listed entities in the last three years	Nil
James Gurry	Independent Non-Executive Director
Qualifications	B.Com (Hons), CA, GAICD
Experience	Mr Gurry is a leading equity analyst with extensive research experience in the iron ore sector. He is currently a Senior Equity Analyst and Director with corporate finance firm PAC Partners. Prior to this he was Head of Natural Resources Equity Research with Deutsche Bank Equities Australia and held similar roles with Credit Suisse Equities in both Sydney and London where he was Head of Mining Company Research. Mr Gurry is also a Member of the Institute of Chartered Accountants in Australia and a Graduate of the AICD. Mr Gurry holds a Bachelor of Commerce (Honours) in Accounting and Finance.
Interest in FMS Shares and Options at the date of this report	45,493 fully paid ordinary shares.
Special responsibilities	Chair of Audit and Risk Committee and member of Nominations and Remuneration Committee.
Directorships held in other ASX listed entities in the last three years	Nil
Amy Jiang	Non-Executive Director
Qualifications	JD, BA, GAICD and FGIA
Experience	Ms Jiang has more than 15 years' experience in management and corporate governance within the mining and resources sector. Ms Jiang is currently company secretary and executive manager and nominee director of OCJ Investment (Australia) Pty Ltd, the second largest shareholder of Flinders Mines Limited. Ms Jiang is a Graduate Member of the Australian Institute of Company Directors and a Fellow of the Governance Institute of Australia. She holds a Bachelor of Arts and a Juris Doctor, both from The University of Sydney. In addition, Ms Jiang is currently completing a Graduate Diploma of Applied Corporate Governance and Risk Management at the Governance Institute of Australia.
Interest in FMS Shares and Options at the date of this report	Nil
Special responsibilities	Member of Audit and Risk Committee and Nominations and Remuneration Committee.
Directorships held in other ASX listed entities in the last three years	Nil
Daniel Harris	Independent Non-Executive Director
Qualifications	B.Sc ChE
Experience	Mr Harris is an experienced Mining Industry Company Executive and Director. Mr Harris has served as CEO, COO and CFO in mining and metals companies around the world and has worked and lived in the USA, South Africa, Russia and Australia. He is a world recognised vanadium industry veteran and has a strong understanding of the resource section from both a technical and financial perspective.
Interest in FMS Shares and Options at the date of this report	Nil
Special responsibilities	Member of Audit and Risk Committee and Nominations and Remuneration Committee.

Directorships held in other ASX listed entities in the last three years	Non-Executive Director of Australian Vanadium Ltd (February 2017 to date) and Queensland Energy Minerals Limited (March 2018 to date).
Neil Warburton	Independent Non-Executive Chair – Resigned 1 July 2022
Qualifications	Assoc. MinEng WASM, MAusIMM, FAICD
Experience	Mr Warburton has over 40 years' experience in corporate and all areas of mining operations. Mr Warburton held senior positions with Barmenco Limited culminating in being the Chief Executive Officer from August 2007 to March 2012. He successfully grew Barmenco into Australia and West Africa's largest underground hard rock mining contractor before expanding to non-executive director roles with ASX listed and private mining companies.
Evan Davies	Non-Executive Director – Resigned 11 April 2022
Qualifications	BTP, MSc, MPhil
Experience	Mr Davies has previously held leadership roles in Rainbow Corporation and Brierley Properties Group (New Zealand). Mr Davies was Managing Director of Sky City Entertainment Group (New Zealand) from 1996 to 2007, which he grew from a single site to have business operations through New Zealand and Australia. Mr Davies has been Managing Director of Todd Properties Group since 2008. Mr Davies was a nominee Director of the Company's largest shareholder, TIO (NZ) Limited
Shannon Coates	Joint Company Secretary
Qualifications	LLB, BA(Jur), GAICD, GIA
Experience	Ms Coates is a non-executive director and Chartered Secretary. She is a qualified lawyer and has over 20 years' experience in corporate law and compliance. Ms Coates is currently Director of Emerson Co Sec, a national corporate advisory firm providing company secretarial and corporate advisory support to boards and various committees across a variety of industries including resources, oil and gas, manufacturing and technology.
Sarah Wilson	Joint Company Secretary
Experience	Ms Wilson is a Company Secretary with Emerson Co Sec and has over 10 years' experience in company secretarial, corporate advisory and corporate governance roles, which have included the provision of company secretarial services to a number of resource companies. Ms Wilson holds a Certificate in Governance Practice and is a Certified Member of the Governance Institute of Australia.

Meeting of Directors

The numbers of meetings of the Company's Board of Directors and of each Board committee held during the year ended 30 June 2022, and the numbers of meetings attended by each Director were:

	Board		Audit & Risk Committee		Nominations & Remuneration Committee	
	A	B	A	B	A	B
N Warburton	9	8	2	2	1	1
C Edwardes	9	9	2	2	1	1
M Wolley	9	9	2	2	1	1
E Davies	7	7	2	1	0	0
J Gurry	9	9	2	2	1	1
A Jiang	9	9	2	2	1	1

A = Number of meetings held during the time the Director held office or was a member of the committee during the year.

B = Number of meetings attended.

Principal Activities

The Group's principal continuing activities during the year ended 30 June 2022 consisted of governance and oversight of the Pilbara Iron Ore Project (PIOP) in Western Australia which is the subject of a Farm-In Agreement with BBI Group Pty Ltd (BBIG) and discussions commenced with BBIG in relation to a potential ownership restructuring opportunity of the infrastructure associated with the PIOP integrated project.

Subsequent to year end, the Farm-In Agreement was terminated by BBIG, and as such the Company will progress a staged development of PIOP, encompassing a Stage One lower volume and near-term trucking operation to take advantage of current iron ore prices is the optimum strategy to commence operations on site and provide a near term cashflow. The Company will continue to investigate the development of Stage Two of PIOP, a higher volume operation involving rail, road and/or port facilities.

Mineral exploration also continued at the Group's Canegrass Project in Western Australia.

There were no significant changes in the nature of the activities of the Group during the year other than as stated above.

Dividends

No dividends have been declared or paid during the financial year (2021: \$nil).

Operating Results and Financial Position

The net result of operations for the financial year was a loss of \$2.391 million (2021: loss of \$22.165 million restated, Refer Note 4 of the Consolidated Financial Statements.).

Review of Operations

Corporate

Director and Management Changes

Mr Evan Davies resigned as a Non-Executive Director effective 11 April 2022. Mr Davies was a nominee director of the Company's largest shareholder TIO (NZ) Limited.

Mr Neil Warburton resigned as an Independent Non-Executive Director effective 1 July 2022 and was replaced by Mr Daniel Harris on 8 August 2022 as an Independent Non-Executive Director.

BBIG Non Binding Indicative Offer

As announced in December 2020, the Company received a non-binding indicative offer (NBIO) from BBI Group Pty Ltd (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 its Pilbara Iron Ore Project (PIOP) as well as securing 100% of BBIG's port and rail infrastructure assets, as an integrated project within one public corporate group, Flinders.

Further, Flinders also held discussions with BBIG on a staged development approach that would accommodate a potential trucking operation prior to rail using the existing Farm-In Agreement framework.

These discussions and negotiations continue to be progressed by the independent Non-Executive Directors and Dr Andrew Whitehead, Flinders' General Manager.

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 Farm-In Agreement framework do not eventuate, the existing Farm-In Agreement will remain in place. Subsequent to year end, and as announced on the ASX on 5 September 2022, the Company's FIA with BBIG was terminated by BBIG in accordance with the terms of the FIA.

BBIG Funding Agreement

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 \$1.0 million to Flinders for third party costs incurred by Flinders in progressing discussions with BBIG in relation to the Potential Transaction. A transaction was not executed and completed by 31 December 2021, therefore, pursuant to the terms of the Funding Agreement, this \$1.0 million was not repayable to BBIG and has been included in Other Income in the Statement of Comprehensive Income.

PIO Loan Variation

As announced on 1 July 2022, the Company varied its loan with PIO Mines Pty Ltd, (PIO), a subsidiary of the Company's largest shareholder, TIO (NZ) Limited. This loan was fully drawn at \$3.0 million and was due for repayment on 30 June 2022.

Pursuant to the variation and on 30 June 2022, the Company made a partial repayment of \$2.0 million (comprising principal of \$1.739 million and interest of \$0.261 million) of the outstanding amount, and the remaining \$1.261 million in principal, plus interest capitalising quarterly at the bank bill swap mid-rate plus 2%, to be repaid on the earlier of 31 December 2022 or any shortfall/withdrawal payment from BBIG under the provisions of the Farm-In Agreement.

Shortfall under the Farm-In Agreement

In September 2021, the Company announced that the total annual shortfall amount under the Farm-In Agreement with BBIG was \$7,486,279, with \$5,486,279 paid in November 2021 and \$2.0 million received earlier in June 2021 as a shortfall advance. Under the Farm-In Agreement, BBIG are required to procure an annual feasibility spend of no less than \$15.0 million and where this minimum spend does not occur, the difference is distributed to Flinders.

Termination of the Farm-In Agreement

Subsequent to year end, on 2 September 2022, the Company received a withdrawal notice from BBIG, which terminates the Farm-In Agreement (FIA) effective immediately. On 2 September 2022, the Company received a withdrawal notice from BBIG, which terminates the Farm-In Agreement (FIA) effective immediately. Pursuant to the FIA, the termination amount is \$11.668 million, of which \$9.045 million will be received by the Company within 30 days of the termination date, and \$2.624 million will be contributed to the rehabilitation program currently being progressed by BBIG under a Services Agreement dated 2 September 2022. This Services Agreement allows for continuation of the rehabilitation program for a further 3 months, after which time, it is expected that the rehabilitation activities at the PIOP will be majority complete. The Services Agreement has a 60 day notice period for termination.

The termination of the FIA will enable the Company to pursue a more flexible and staged development approach to its PIOP. The Company considers that a staged development of PIOP, encompassing a Stage One lower volume and near-term trucking operation to take advantage of current iron ore prices is the optimum strategy to commence operations on site and provide a near term cashflow. The Company will continue to investigate the development of Stage Two of PIOP, a higher volume operation involving rail, road and/or port facilities.

Pilbara Iron Ore Project, Western Australia

During the period from completion of the Farm-In Agreement, BBIH Pty Ltd (BBIH), as Manager, carried out a range of activities associated with the advancement of the PIOP feasibility study including the following:

The first phase of Blacksmith rehabilitation (capping of existing 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) provided final approval of a consolidated programme of works (POW) that agglomerates some 20 pre-existing POW's 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 was the major focus area for July and August 2021. These activities were subsequently suspended in October 2021 due to a bushfire occurring at the PIOP. There were no injuries sustained to any personnel on site and no damage sustained to equipment and facilities at PIOP.

During the year, initial discussions with the Wintawari Guruma Aboriginal Corporation (WGAC) on cultural heritage, social surrounds and the Flinders Native Title Agreement over PIOP commenced.

Rehabilitation activities commenced again in the June 2022 quarter, following the cyclone and bushfire season, with the completion of the first heritage survey campaign of Traditional Owners and archaeologists. A second campaign of heritage survey will commence in the September 2022 quarter. Rehabilitation works will continue through to December 2022, with the Company contracted BBIG to provide these works.

On 17 August 2021, the Railway (BBI Aus Pty Ltd) Agreement Amendment Act 2021 was passed providing for an immediate extension of the deadline for the submission of detailed proposals until 31 March 2022 and on 7 April 2022, the Company was notified that an 18 month extension from 31 March 2022 until 30 September 2023 was granted from the West Australian Government for the submission of detailed proposals under Clause 11(1) of the State Agreement.

Canegrass, Western Australia

The Company completed a gold focused exploration work program across the Canegrass Project, comprising soil geochemistry sampling program targeting gold mineralisation along an interpreted structural trend and reverse circulation percussion (RCP) drilling program comprising 23 drillholes for a total of 1,000m. A total of 36 soil samples were collected.

RCP drilling intersected vein-hosted gold mineralisation on structural trends associated to the Honeygot and Boulder Well prospects.

Results of the program were announced on the ASX on 10 June 2022.

COVID-19 Pandemic Response

In March 2020, the COVID-19 outbreak was declared a pandemic by the World Health Organisation. At the date of this report, the pandemic, together with the various Government measures so far introduced, have not significantly affected the Company itself, as outlined below.

The Company has implemented controls as necessary to protect the health and safety of its workforce and their families while ensuring a safe environment to allow activities to continue.

The Company's COVID-19 response protocols reinforce and operate concurrently with public health advice to include:

- social distancing protocols;
- suspension of large indoor gatherings;
- cancellation of all non-essential travel;
- flexible and remote working plans for employees;
- self-isolation following international travel, development of symptoms, or interaction with a confirmed case of COVID; and
- increased focus on cleaning and sanitation.

No adjustments have been made to the Group's result as at 30 June 2022 for the impacts of COVID-19. However, the scale and duration of possible future Government measures, and their impact on the Company's activities, necessarily remains uncertain.

Likely Developments and Business Strategies

The likely developments of the Group and the expected results of those developments are as follows:

- Continued progression of a lower tonnage, near-term mining operation at the PIOP; and
- Continue active exploration activity at the Group's Canegrass tenements in Western Australia.

Events Subsequent to the End of the Reporting Period

On 8 August 2022, Mr Daniel Harris was appointed as Independent Non-Executive Director.

On 2 September 2022, the Company received a withdrawal notice from BBIG, which terminates the Farm-In Agreement (FIA) effective immediately. On 2 September 2022, the Company received a withdrawal notice from BBIG, which terminates the Farm-In Agreement (FIA) effective immediately. Pursuant to the FIA, the termination amount is \$11.668 million, of which \$9.045 million will be received by the Company within 30 days of the termination date, and \$2.624 million will be contributed to the rehabilitation program currently being progressed by BBIG under a Services Agreement dated 2 September 2022. This Services Agreement allows for continuation of the rehabilitation program for a further 3 months, after which time, it is expected that the rehabilitation activities at the PIOP will be majority complete. The Services Agreement has a 60 day notice period for termination.

The termination of the FIA will enable the Company to pursue a more flexible and staged development approach to its PIOP. The Company considers that a staged development of PIOP, encompassing a Stage One lower volume and near-term trucking operation to take advantage of current iron ore prices is the optimum strategy to commence operations on site and provide a near term cashflow. The Company will continue to investigate the development of Stage Two of PIOP, a higher volume operation involving rail, road and/or port facilities.

On 19 September 2022, the Company announced that it had extended the term of Dr Andrew Whitehead's appointment as General Manager until 17 September 2023, with a further 3 month extension at the election of the Company. All other terms of Dr Whitehead's contract remain the same.

No other matter or circumstance has arisen since 30 June 2022 that has significantly affected, or may significantly affect the Group's operations, the results of those operations, or the Group's state of affairs in future financial years.

Environmental Regulation

The Group's operations are subject to significant environmental regulation under both Commonwealth and relevant State legislation in relation to the discharge of hazardous waste and materials arising from any exploration or mining activities and development conducted by the Group on any of its tenements. Subject to ongoing rehabilitation, the Group believes it has complied with all environmental obligations.

Heritage and Community Relations

The Company recognises the importance of establishing relationships with the Traditional Owners that are based on trust and mutual advantage and are respectful of the needs and concerns of the communities located within the regions in which it operates. The Company has agreements in place with the Traditional Owners and is committed to building strong relationships by:

- Being open and transparent in its communications;
- Improving cross-cultural awareness through training and education;
- Developing community relations management procedures that include business alliances;
- Being sensitive to the values and heritage issues of the local communities; and
- Being a good neighbour.

Audited Remuneration Report

Remuneration Report

This report sets out the remuneration arrangements in place for Directors and senior management of the Company and the Group in accordance with the requirements of the *Corporations Act 2001* and its regulations. For the purposes of the report, Key Management Personnel (**KMP**) of the Group are defined as those persons having authority and responsibility for planning, directing and controlling the major activities of the Company and the Group, directly or indirectly, including any Director (whether Executive or otherwise) of the Company.

Key Management Personnel Covered in this Report

The names and positions of the KMP of the Company and the Group during the financial year were:

Neil Warburton	Independent Non-Executive Chair (resigned 1 July 2022)
The Hon. Cheryl Edwardes, AM	Independent Non-Executive Chair
Michael Wolley	Non-Executive Director
Evan Davies	Non-Executive Director (resigned 11 April 2022)
James Gurry	Independent Non-Executive Director
Amy Jiang	Non-Executive Director
Andrew Whitehead	General Manager

Remuneration Governance

The Nominations and Remuneration Committee is a sub-committee of the Board. It is primarily responsible for making recommendations and assisting the Board to:

- ensure that it is of an effective composition, size and commitment to adequately discharge its responsibilities and duties;
- independently ensure that the Company adopts and complies with remuneration policies that attract, retain and motivate high calibre executives and Directors to encourage enhanced performance by the Company; and
- motivate Directors and management to pursue the long-term growth and success of the Company within an appropriate framework.

Use of Remuneration Consultants

During the year the Nominations and Remuneration Committee sought advice from BDO Reward (WA) Pty Ltd (BDO) in relation to Board and Executive Remuneration Review. Such consultants were engaged by and reported directly to the Nominations and Remuneration Committee and were required to confirm in writing, their independence from the Company's senior management and other executives. The Board of Directors is satisfied that the recommendations were made free from undue influence from any member of the KMP to whom the advice may relate, because strict protocols were observed and complied with regarding any interaction between BDO and management, and because all remuneration advice was provided directly to the Nominations and Remuneration Committee Chair.

The recommendations from BDO were provided directly to the Nominations and Remuneration Committee as an input to remuneration decision-making processes. These recommendations were considered along with other factors by the Committee in making its remuneration decisions and recommendations to the Board of Directors.

BDO were paid \$26,750 for these services and no other services were provided during the year.

Executive Remuneration Policy and Framework

The Group's policy for determining the nature and amounts of emoluments of senior executives is as follows:

In determining executive remuneration, the Board aims to ensure that remuneration practices are:

- competitive and reasonable, enabling the Company to attract and retain key talent; and
- aligned to the Company's strategic and business objectives and the creation of shareholder value.

The remuneration of the Company's General Manager, Dr Whitehead, is determined by the Directors as part of the terms and conditions of his employment which are subject to review from time to time. The employment conditions for Dr Whitehead's role were formalised in a Contractor Agreement.

Dr Whitehead's term commenced on 17 June 2020 and the Contractors Agreement details the consulting fee per day, a maximum number of days per week during which the services are to be performed, term of the agreement and notice period.

Terms of Employment

Dr Whitehead's terms of employment as General Manager was formalised in a Contractor Agreement and contained the following material terms:

Name	Compensation	Notice Period and Term
A Whitehead	\$6,000 per week (4 days per week)	Term to 17 September 2023, with a further 3 month extension at the election of the Company. Notice period of 30 days.

Non-Executive Directors Remuneration Policy

Non-Executive Directors receive a Directors fee and are eligible for fees for extra exertion and consulting services, at the discretion of the full Board. Fees provided to Non-Executive Directors are inclusive of superannuation and salary sacrifice, if applicable.

Fees are reviewed annually by the Board's Nominations and Remuneration Committee considering comparable roles and market data provided by an independent remuneration adviser.

Non-Executive Directors fees are determined within an aggregate Directors' fee pool limit, which is periodically recommended for approval by shareholders. The maximum Directors fee pool, currently stands at \$750,000 per rolling 12-month period and was approved by shareholders at the Annual General Meeting on 6 November 2009. The Board may apportion any amount up to this maximum amount amongst the Non-Executive Directors as it determines. Directors are also entitled to be paid reasonable travel, accommodation and other expenses incurred in performing their duties as Directors.

Non-Executive Directors do not participate in schemes designed for remuneration of executives, nor do they receive options or bonus payments and are not provided with retirement benefits other than salary sacrifice and statutory superannuation.

Details of Remuneration

The following tables show details of the remuneration received by the Directors and KMP of the Group for the current and previous financial year.

2022	Salary & Service Contract	Superannuation	Total
	\$	\$	\$
Non-Executive Directors			
N Warburton ^{3,4}	110,000	-	110,000
C Edwardes ³	81,818	8,182	90,000
M Wolley ¹	70,000	-	70,000
E Davies ^{1,2}	54,758	-	54,758
J Gurry ³	72,727	7,273	80,000
A Jiang	63,636	6,364	70,000
Subtotal Non-Executive Directors	452,939	21,819	474,758
Other KMP			
A Whitehead	276,000	-	276,000
Total	728,939	21,819	750,758

¹ Messrs Wolley and Davies Non-Executive Director Fees are paid directly to the Company's major shareholder, TIO (NZ) Limited. From 10 September 2022, Mr Wolley's director fees will be paid directly to him, following his departure from Todd Corporation, (TIO (NZ) Limited's ultimate parent entity). Mr Wolley remains as a nominee director for Todd Corporation.

² Mr Davies resigned on 11 April 2022.

³ The Independent Non-Executive Directors are remunerated by the Company in relation to their non-executive directorships of PIOP Mine Co NL, a wholly owned subsidiary of the Company. As Chair of PIOP Mine Co NL, Ms Edwardes' remuneration is \$5,000 per meeting and Messrs Warburton and Gurry is \$2,500 per meeting. There has been 4 PIOP Mine Co NL meetings held in the year ending 30 June 2022.

⁴ Mr Warburton resigned on 1 July 2022.

2021	Salary & Service Contract	Superannuation	Total
	\$	\$	\$
Non-Executive Directors			
N Warburton ³	107,500	-	107,500
C Edwardes ³	77,563	7,437	85,000
M Wolley ¹	70,000	-	70,000
E Davies ¹	70,000	-	70,000
J Gurry ³	70,745	6,755	77,500
A Jiang ²	20,653	1,962	22,615
Subtotal Non-Executive Directors	416,461	16,154	432,615
Other KMP			
A Whitehead	247,500	-	247,500
Total	663,961	16,154	680,115

¹ Messrs Wolley and Davies Non-Executive Director Fees were paid directly to the Company's major shareholder, TIO (NZ) Limited.

² Ms Jiang was appointed on 5 March 2021.

³ The Independent Non-Executive Directors are remunerated by the Company in relation to their non-executive directorships of PIOP Mine Co NL, a wholly owned subsidiary of the Company. As Chair of PIOP Mine Co NL, Ms Edwardes' remuneration is \$5,000 per meeting and Messrs Warburton and Gurry is \$2,500 per meeting. There has been 3 PIOP Mine Co NL meetings held in the year ended 30 June 2021.

No remuneration is linked to performance and no share-based payments were received/granted or exercised/lapsed during the years ended 30 June 2022 and 30 June 2021.

Share holdings

Name	Held at 1 July 2021	Granted as compensation	On exercise of options/rights	Other Changes	Held at 30 June 2022
N Warburton	-	-	-	-	-
C Edwardes	20,646	-	-	-	20,646
M Wolley	-	-	-	-	-
E Davies	-	-	-	-	-
J Gurry	45,493	-	-	-	45,493
A Jiang	-	-	-	-	-
A Whitehead	-	-	-	-	-
Name	Held at 1 July 2020	Granted as compensation	On exercise of options/rights	Other Changes	Held at 30 June 2021
N Warburton	-	-	-	-	-
C Edwardes	20,646	-	-	-	20,646
M Wolley	-	-	-	-	-
E Davies	-	-	-	-	-
J Gurry	40,493	-	-	5,000	45,493
S Coates	-	-	-	-	-
A Whitehead	-	-	-	-	-

Other changes refer to sales/purchases on market and participation in entitlement offers.

There were no shares granted during the reporting period as compensation (2021: nil).

Other Transactions with KMP and their Related Parties

During the year ended 30 June 2022, the Company paid Director fees to TIO (NZ) Limited (TIO), its major shareholder, for Director services provided by Messrs Wolley and Davies. The total value of these services was \$124,758 (2021: \$140,000). Subsequent to financial year end, on 10 September 2022, Mr Wolley's directors fees will be paid directly to him following his departure from Todd Corporation, TIO (NZ) Limited's ultimate parent entity. Mr Wolley remains as a nominee director for Todd Corporation.

During the year ended 30 June 2021, the Company received a \$1.0 million loan from BBI Group Pty Ltd (BBIG), a subsidiary of the Company's major shareholder TIO, to provide support 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 Group's Pilbara Iron Ore Project. The funding was only repayable if a transaction resulted from the discussions and subsequently completes on the later of the completion date and 31 December 2021. No agreement was executed or completed with BBIG to the period 31 December 2021 as such, this amount was recognised in Other Income in the Statement of Profit or Loss and Other Comprehensive Income.

As at 30 June 2022, the Company varied the terms of the \$3.0 million Loan Facility with PIO Mines Pty Ltd, a subsidiary of the Company's largest shareholder, TIO and made a partial repayment of \$2.0 million, representing \$1,738,708 in principal and \$261,292 of accrued interest

The remaining \$1,261,292 principal and accrued interest is to be repaid on the earlier of 31 December 2022 and/or any shortfall or withdrawal payment from BBI Group Pty Ltd (BBIG) under the provisions of the PIOP Farm-In Agreement (FIA). Interest is accrued at the bank bill swap mid-rate plus 2%. The value of interest capitalised at 30 June 2022 is nil (2021: \$187,911).

The FIA was terminated by BBIG on 2 September 2022 and as such a withdrawal payment of \$11.668 million is expected within 30 days of the termination date. The remaining PIO loan is required to be repaid from these funds.

During the financial year ended 30 June 2022, BBIG provided the company with a waiver of the priority requirement in clause 4.1 and the exclusivity requirement in clause 4.2 of the FIA to allow discussions with third parties on potential mining trucking options.

The above transactions are all entered into at arm's length terms.

End of the Audited Remuneration Report.

Options Granted over Unissued Shares

There are no unissued ordinary shares of Flinders Mines Limited under option at the date of this report.

Non- Audit Services

No non-audit services were provided by the Company's auditor, KPMG.

Indemnification of Auditors

The Company has not indemnified its auditors, KPMG.

Indemnification and Insurance of Officers

The Company has taken out an insurance policy insuring Directors and Officers of the Company against any liability arising from a claim brought by a third party against the Company or its current or former Directors or Officers and against liabilities for costs and expense incurred by them in defending any legal proceedings arising out of their conduct while acting in their capacity as a Director or Officer of the Company, other than conduct involving a wilful breach of duty in relation to the Company.

The Company indemnifies each of the Directors and Officers of the Company. Under its Constitution, the Company will indemnify those Directors or Officers against any claim or for any expenses or costs which may arise as a result of work performed in their respective capacities as Directors or Officers of the Company or any related entities.

Auditor's independence declaration

A copy of the auditor's independence declaration as required under section 307C of the *Corporations Act 2001* is set out on the following page.

Rounding

The amounts contained in the financial report have been rounded to the nearest \$1,000 (unless otherwise stated) pursuant to the option available to the Company under ASIC Legislative Instrument 2016/191. The Company is an entity to which this class order applies.

This report is made in accordance with a resolution of Directors.



The Hon. Cheryl Edwardes, AM
Independent Non-Executive Chair

Perth, Western Australia
30 September 2022

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Lead Auditor's Independence Declaration under Section 307C of the Corporations Act 2001

To the Directors of Flinders Mines Limited

I declare that, to the best of my knowledge and belief, in relation to the audit of Flinders Mines Limited for the financial year ended 30 June 2022 there have been:

- i. no contraventions of the auditor independence requirements as set out in the *Corporations Act 2001* in relation to the audit; and
- ii. no contraventions of any applicable code of professional conduct in relation to the audit.

KPMG

R Gambitta
Partner

Perth

30 September 2022

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Flinders Mines Limited
Consolidated Statement of Profit or Loss and Other Comprehensive Income
For the year ended 30 June 2022

	Notes	2022 \$'000	2021 Restated ¹ \$'000
Finance income	6	15	9
Other income	6	912	76
Administrative & other expenses	6	(3,244)	(3,501)
Finance costs	6	(74)	(66)
Loss before income tax		(2,391)	(3,482)
Income tax expense	7	-	(18,683)
Loss for the year		(2,391)	(22,165)
<i>Items that may be reclassified to profit or loss:</i>			
Other comprehensive income		-	-
Other comprehensive loss for the year attributable to owners of the Company		(2,391)	(22,165)
Loss per share attributable to ordinary equity holders:		Cents	Cents
Basic and diluted loss per share	8	(1.416)	(13.127)

The above statement should be read in conjunction with the accompanying notes.

¹ The comparative information is restated on account of correction of errors. See note 4.

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Flinders Mines Limited
Consolidated Statement of Financial Position
For the year ended 30 June 2022

	Notes	2022 \$'000	2021 Restated ¹ \$'000
Current assets			
Cash and cash equivalents	9	2,595	2,938
Restricted cash	10	1,603	747
Trade and other receivables		34	40
Other current assets	11	12,022	7,452
Total current assets		16,254	11,177
Non-current assets			
Exploration and evaluation	12	78,315	73,761
Total non-current assets		78,315	73,761
Total assets		94,569	84,938
Current liabilities			
Trade and other payables	13	561	1,336
Loans and borrowings	14	1,261	3,188
Provisions	15	3,459	1,553
Total current liabilities		5,281	6,077
Non-current liabilities			
Provisions	15	-	2,182
Deferred tax liability	7	18,683	18,683
Total non-current liabilities		18,683	20,865
Total liabilities		23,964	26,942
Net assets		70,605	57,996
Equity			
Contributed equity	16	160,694	160,694
PIOP Class B Reserve	17	30,000	15,000
Accumulated losses		(120,089)	(117,698)
Total equity		70,605	57,996

The above statement should be read in conjunction with the accompanying notes.

¹ The comparative information is restated on account of correction of errors. See note 4.

Flinders Mines Limited
Consolidated Statement of Changes in Equity
For the year ended 30 June 2022

	Contributed equity \$'000	PIOP Class B Reserve \$'000	Accumulated losses \$'000	Total equity \$'000
Balance at 1 July 2020	160,694	-	(95,533)	65,161
Loss for the year, restated ¹	-	-	(22,165)	(22,165)
Total comprehensive loss for the year, restated ¹	-	-	(22,165)	(22,165)
Transactions with owners in their capacity as owners:				
Issue of PIOP B Class Shares	-	15,000	-	15,000
Balance as at 30 June 2021, Restated ¹	160,694	15,000	(117,698)	57,996
Loss for the year	-	-	(2,391)	(2,391)
Total comprehensive loss for the year	-	-	(2,391)	(2,391)
Transactions with owners in their capacity as owners:				
Issue of PIOP B Class Shares	-	15,000	-	15,000
Balance as at 30 June 2022	160,694	30,000	(120,089)	70,605

The above statement should be read in conjunction with the accompanying notes.

¹ The comparative information is restated on account of correction of errors. See note 4.

Flinders Mines Limited
Consolidated Statement of Cash Flows
For the year ended 30 June 2022

	Notes	2022 \$'000	2021 \$'000
Cash flows from operating activities			
Payments to suppliers and employees		(3,694)	(3,701)
Interest received		15	9
Net cash outflow used in operating activities	9	(3,679)	(3,692)
Cash flows from investing activities			
Payments for exploration activities		(4,455)	(5,647)
Net cash outflow used in investing activities		(4,455)	(5,647)
Cash flows from financing activities			
Proceeds from issues of PIOP Mine Co NL Class B Shares		10,386	7,923
Proceeds from borrowings		-	1,000
Repayment of borrowings		(1,739)	-
Net cash inflow from financing activities		8,647	8,923
Net increase (decrease) in cash and cash equivalents		513	(416)
Cash and cash equivalents at the beginning of the year		3,685	4,101
Cash and cash equivalents at the end of the year ¹	9	4,198	3,685

¹This amount includes \$1.603 million (2021: \$0.747 million) of cash held by PIOP Mine Co NL which is the incorporated Joint Venture vehicle under which the Farm-In Agreement with BBI Group Pty Ltd operates. This cash is only available for use to progress the feasibility study of the Pilbara Iron Ore Project. Refer to Note 10.

The above statement should be read in conjunction with the accompanying notes.

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1 Corporate information

The consolidated financial report of Flinders Mines Limited for the year ended 30 June 2022 was authorised for issue in accordance with a resolution of the Directors on 30 September 2022. The Board of Directors has the power to amend the consolidated financial statements after issue.

Flinders Mines Limited (the 'Company' or 'Flinders') is a for-profit company limited by shares whose shares are publicly traded on the Australian Securities Exchange. The Company and its subsidiaries were incorporated and domiciled in Australia. The registered office and principal place of business of the Company is 45 Ventnor Avenue, West Perth, WA 6005.

The amounts contained in the financial report have been rounded to the nearest \$1,000 (unless otherwise stated) pursuant to the option available to the Company under ASIC Instrument 2016/191. The Company is an entity to which this Instrument applies.

2 Reporting entity

The Consolidated Financial Statements comprise of the Company and its subsidiaries, (together referred to as the 'Consolidated Entity' or the 'Group').

3 Basis of preparation

The Consolidated Financial Statements are general purpose financial statements which have been prepared in accordance with Australian Accounting Standards and Interpretations issued by the Australian Accounting Standards Board and the *Corporations Act 2001*. The Consolidated Financial Statements also comply with International Financial Reporting Standards as issued by the International Accounting Standards Board.

These financial statements have been prepared under the historical cost convention except for certain financial assets and liabilities which are required to be measured at fair value.

a) Basis of consolidation

Subsidiaries are all entities over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and could affect those returns through its power to direct the activities of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

The acquisition method of accounting is used to account for business combinations by the Group.

Intercompany transactions, balances and unrealised gains on transactions between Group companies are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the transferred asset. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

b) Goods and services tax ('GST')

Revenues, expenses and assets are recognised net of the amount of GST except:

- when the GST incurred on a purchase of goods and services is not recoverable from the taxation authority, in which case the GST is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable; and
- receivables and payables, which are stated with the amount of GST included.

The net amount of GST recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the consolidated statement of financial position.

Cash flows are included in the consolidated statement of cash flows on a net basis and the GST component of cash flows arising from investing and financing activities, which is recoverable from, or payable to, the taxation authority are classified as operating cash flows. Commitments and contingencies are disclosed net of the amount of GST recoverable from, or payable to, the taxation authority.

c) Joint arrangements

Under AASB 11 Joint Arrangements investments in joint arrangements are classified as either joint operations or joint ventures. The classification depends on the obligations of each investor, rather than the legal structure of the joint arrangement. The Company has one joint operation, being the Farm-In Agreement (FIA) with BBI Group Pty (BBIG) Ltd, with PIOP Mine Co NL being the incorporated joint venture vehicle, under which this FIA operates. Conditions precedent to the FIA were satisfied on 3 September 2020.

Under the FIA, BBIG have a commitment to spend \$15 million per annum for four years and in which BBIG are required to progress a feasibility study for a 50mtpa operation at the Company's Pilbara Iron Ore Project (PIOP). Any shortfall to this expenditure commitment is required to be provided back to the Company. BBIG can also terminate the agreement at any time, and at termination the higher of \$3.000 million or the shortfall to the \$15 million per annum spend is required to be provided back to the Company.

3 Basis of preparation (continued)

BBIG have the rights to develop the Balla Balla Port in the Pilbara and a State Rail Agreement with the West Australian government that would enable the PIOP to be connected to the Balla Balla Port. A wholly owned subsidiary of BBIG, BBIH Pty Ltd is the manager of the FIA.

The Company retains 100% economic ownership of PIOP Mine Co NL until a final investment decision (FID) is under the FIA. Following a FID, The Company's ownership interest would reduce to 40%, with BBIG and/or its prospective funding partners having the remaining 60%.

Control of PIOP Mine Co NL, has been assessed as wholly with the Company and is therefore fully consolidated into the Flinders Mines Limited Group.

4 Correction of error

During the preparation of the financial statements for the year ended 30 June 2022, the Company identified that a deferred tax asset should have been derecognised in the previous year. The Company's tax consolidated group had recognised deferred tax assets, arising from its tax losses, recognised to the extent of a deferred tax liability remained in the tax consolidated group.

During the year ended 30 June 2021, PIOP Mine Co NL issued Class B shares to its Farm-In partner, BBI Group Pty Ltd (BBIG). Upon the issue of the Class B shares, PIOP Mine Co NL exited the Company's tax consolidated group and the deferred tax asset shielding the deferred tax liability could no longer be recognised as it is no longer considered sufficiently probable that forecast taxable profits will be available against which these deductible temporary differences can be utilised, resulting in a deferred income tax expense of \$18.683 million in the year ended 30 June 2021.

Subsequent to 30 June 2022, BBIG withdrew from the Farm-In Agreement, and as such the Class B share will be transferred back to the Company and PIOP Mine Co NL, will once again be part of the Company's tax consolidated group. Therefore, it is expected that in the year ended 30 June 2023, the deferred tax asset will be reinstated resulting in a corresponding deferred tax benefit.

As a consequence, in the year ended 30 June 2021, net assets were erroneously overstated. The error has been corrected by restating each of the affected financial statement line items for prior periods. The following tables summarise the impacts on the Company's consolidated financial statements.

	30 June 2021	Increase /(decrease)	30 June 2021
	\$'000	\$'000	Restated \$'000
Consolidated Statement of financial position (extract)			
Deferred tax liability	-	18,683	18,683
Total non-current liability	2,182	18,683	20,865
Total liabilities	8,259	18,683	26,942
Net assets	76,679	(18,683)	57,996
Accumulated losses	99,015	18,683	117,698
Total equity	76,679	(18,683)	57,996
Consolidated Statement of profit or loss and other comprehensive income			
Deferred income tax expense	-	18,683	18,683
Loss for the year	(3,482)	(18,683)	(22,165)
Total other comprehensive loss for the year attributable to owners of the Company	(3,482)	(18,683)	(22,165)
Loss per share	(\$2.062)	(\$11.065)	(\$13.127)

The restatement has no financial impact on the operating, investing and financing cash flows for the year ended 30 June 2021.

5 Segment information

Identification of reportable segments

Management has determined the operating segments based on the reports reviewed and used by the Board of Directors (the chief operating decision maker) that are used to make strategic decisions. The Group is managed primarily based on geographical area of interest, since the diversification of Group operations inherently has notably different risk profiles and performance assessment criteria. Operating segments are therefore determined on the same basis.

Reportable segments disclosed are based on aggregating operating segments where the segments are considered to have similar economic characteristics and are also similar with respect to the following:

- external regulatory requirements
- geographical and geological styles

Operations

The Group has exploration operations in iron ore mineralisation, gold and base metals. The costs associated with the Pilbara Iron Ore Project are reported on in the Pilbara Iron Ore segment and the costs associated with Canegrass gold and base metals are reported in the Canegrass segment.

Accounting policies developed

Unless stated otherwise, all amounts reported to the Board of Directors as chief decision maker with respect to operating segments are determined in accordance with accounting policies that are consistent to those adopted in the Consolidated Financial Statements of the Group.

2022	Pilbara Iron Ore \$'000	Canegrass \$'000	Total \$'000
Segment result	-	-	-
Capital expenditure	5,136	274	5,410
Total segment assets	77,407	2,511	79,918
Total segment liabilities	(22,631)	-	(22,631)
2021 Restated ¹			
Segment result	-	-	-
Capital expenditure	9,243	283	9,526
Total segment assets	72,271	2,237	74,508
Total segment liabilities	(22,453)	-	(22,453)

A reconciliation of segment loss to operating loss before income tax is provided as follows:

	2022 \$'000	2021 \$'000
Total segment loss	-	-
Finance income	15	9
Other income	912	76
Administrative and other expenses	(3,244)	(3,501)
Finance cost	(74)	(66)
Loss before income tax	(2,391)	(3,482)

Reportable segments' assets are reconciled to total assets as follows:

	2022 \$'000	2021 \$'000
Segment assets	79,918	74,508
Unallocated:		
Cash and cash equivalents	2,595	2,938
Trade and other receivables	34	40
Other current assets	12,022	7,452
Total assets	94,569	84,938

Reportable segments' liabilities are reconciled to total liabilities as follows:

	2022 \$'000	2021 Restated ¹ \$'000
Segment liabilities	22,631	22,453
Unallocated:		
Trade and other payables	72	1,301
Loans and borrowings	1,261	3,188
Total liabilities	23,964	26,942

¹ Refer to note 4 for the correction of error.

6 Income and expenses

	2022 \$'000	2021 \$'000
Finance income		
Interest received	15	9
Other income		
Net other income	912	76
Administrative & other expenses		
Compliance	(204)	(215)
Insurance	(697)	(509)
Consultants	(1,112)	(1,317)
Administration costs	(68)	(125)
Salary and Wages (including Director Fees)	(473)	(438)
Legal costs	(658)	(852)
Occupancy costs	(21)	(30)
Other	(11)	(15)
	(3,244)	(3,501)
Finance costs		
Interest expense	(73)	(65)
Bank fees	(1)	(1)
	(74)	(66)

7 Income tax expense

The components of income tax (benefit)/expense:

	2022 \$'000	2021 Restated ¹ \$'000
Income Statement		
<i>Current income tax expense</i>		
Current income tax expense	-	-
<i>Deferred income tax expense</i>		
Relating to origination of temporary differences in the current year	-	18,683
Income tax expense reported in the consolidated statement of profit or loss and other comprehensive income	-	18,683

Reconciliation of income tax benefit and the product of accounting loss before income tax multiplied by the Company's applicable tax rate:

	2022 \$'000	2021 Restated ¹ \$'000
Loss from continuing operations before income tax	(2,391)	(3,482)
Tax at the Australian tax rate of 30% (2021: 30%)	(717)	(1,045)
Tax effect of amounts which are not deductible (taxable) in calculating taxable income:		
Non assessable income	26	
Under/over provision	-	(18)
Tax losses not brought to account	691	1,063
Derecognition of deferred tax asset	-	18,683
Income tax expense reported in the statement of comprehensive income	-	18,683

Deferred income tax at 30 June relates to the following:

	Statement of financial position		Statement of profit or loss and other comprehensive income	
	2022 \$'000	2021 Restated ¹ \$'000	2022 \$'000	2021 Restated ¹ \$'000
Deferred tax liability				
Exploration	18,683	18,683	-	18,683
Gross deferred tax liability	18,683	18,683		
Deferred tax expense			-	18,683

¹ Refer to note 4 for the correction of error.

7 Income tax expense (continued)

The tax rate used in the above reconciliation is the corporate tax rate of 30% (2021: 30%) payable by Australian corporate entities on taxable profits under Australian Tax Law. There has been no change in this tax rate since the previous reporting period.

A DTA on the timing differences has not been recognised as they do not meet the recognition criteria as outlined below. A DTA has not been recognised in respect of tax losses either, as realisation of the benefit is not regarded as probable.

The taxation benefits will only be obtained if:

- a) the Consolidated Entity derives future assessable income of a nature and of an amount sufficient to enable the benefit from the deduction for the loss to be realised;
- b) the Consolidated Entity continues to comply with the conditions for deductibility imposed by law; and
- c) no changes in tax legislation adversely affect the consolidated entity in realising the benefits from the deductions for the loss.

The income tax expense or benefit for the financial year is the tax payable on the current financial years taxable income based on the applicable income tax rate for each jurisdiction adjusted by changes in deferred tax assets and liabilities attributable to temporary differences and to unused tax losses.

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However, the deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit nor loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the reporting date and are expected to apply when the related deferred income tax asset is realised, or the deferred income tax liability is settled.

Deferred tax assets are recognised for deductible temporary differences and unused tax losses only if it is probable that future taxable amounts will be available to utilise those temporary differences or losses.

Deferred tax liabilities and assets are not recognised for temporary differences between the carrying amount and tax bases of investments in controlled entities where the Parent entity is able to control the timing of the reversal of the temporary differences and it is probable that the differences will not reverse in the foreseeable future.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets and liabilities and when the deferred tax balances relate to the same taxation authority. Current tax assets and tax liabilities are offset where the entity has a legally enforceable right to offset and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Current and deferred tax balances attributable to amounts recognised directly in equity are also recognised directly in equity.

Tax Consolidation

The Company and its wholly owned Australian resident entities (excluding PIOP Mine Co NL) have formed a tax-consolidated group with effect from 1 July 2018 and are therefore taxed as a single entity from that date. The head entity within the tax consolidated group is Flinders Mines Limited. A total of \$120.510 million in carry forward revenue tax losses (gross) were transferred into the tax-consolidated group at formation. The Company has assessed that these losses are able to be carried forward under the Continuity of Ownership test as at 30 June 2022.

The head entity, in conjunction with other members of the tax-consolidated group, entered into a tax funding arrangement which sets out the funding obligations of members of the tax-consolidated group in respect of tax amounts. Any current tax liabilities (or assets) and deferred tax assets arising from unused tax losses of the subsidiaries are assumed by the head entity and are recognised by the Company as intercompany receivables (or payables). Contributions to fund the current tax liabilities are payable as per the tax funding arrangement and reflect the timing of the head entity's obligation to make payments for tax liabilities to the relevant tax authorities.

The head entity in conjunction with other members of the tax-consolidated group has also entered into a tax sharing agreement. The tax sharing agreement provides for the determination of the allocation of income tax liabilities between the entities should the head entity default on its tax payment obligations. No amounts have been recognised in the financial statements in respect of this agreement as payment of any amounts under the tax sharing agreement is considered remote.

8 Loss per share

	2022	2021 Restated ¹
	\$'000	\$'000
Loss used in calculating basic and diluted loss per share	(2,391)	(22,165)
Loss used in calculating basic and diluted loss per share from continuing operations	(2,391)	(22,165)
	2022	2021
	Number	Number
Weighted average number of ordinary shares used in the calculation of basic and diluted loss per share	168,848,577	168,848,577

¹ Refer to note 4 for the correction of error.

Basic earnings/loss per share is determined by dividing net profit or loss after income tax attributable to members of the Company, excluding any costs of servicing equity other than ordinary shares, by the weighted average number of ordinary shares outstanding during the financial year.

Diluted earnings per share adjusts the figures used in the determination of basic earnings/loss per share to take into account the after income tax effect of interest and other financing costs associated with dilutive potential ordinary shares by the weighted average number of shares assumed to have been issued for no consideration in relation to potential ordinary shares.

9 Cash and cash equivalents

	2022	2021
	\$'000	\$'000
Cash at bank and in hand	2,565	2,908
Term deposits	30	30
	2,595	2,938

Cash and short-term deposits comprise of cash at bank and in hand and short-term deposits with an original maturity of three months or less.

Reconciliation of loss for the year to net cash flows from operations:

	2022	2021 Restated ¹
	\$'000	\$'000
Loss for the year	(2,391)	(22,165)
Interest expenses	73	65
Interest paid	(261)	-
Changes in operating assets and liabilities		
Decrease in trade and other receivables	25	7
Decrease/(increase) in other current assets	44	(116)
(Decrease)/increase in trade and other payables	(1,169)	(166)
Increase in deferred tax liability	-	18,683
Net cash flows from operating activities	(3,679)	(3,692)

¹ Refer to note 4 for the correction of error.

10 Restricted cash

	2022	2021
	\$'000	\$'000
Cash at bank and in hand	1,603	747
	1,603	747

Restricted cash relates to cash held by PIOP Mine Co NL which is the incorporated Joint Venture vehicle under which the Farm-In Agreement with BBI Group Pty Ltd operates. This cash is only available for use to progress the feasibility study of the Pilbara Iron Ore Project.

11 Other current assets

	2022	2021
	\$'000	\$'000
Other current assets ¹	331	375
Receivable from BBIG ²	11,691	7,077
	12,022	7,452

¹ Other current assets represent the prepaid portion of the Group's corporate insurances.

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11 Other current assets (continued)

² A receivable has been recognised in relation to the second anniversary year of the Farm-in Agreement (FIA) minimum annual expenditure required with BBI Group Pty Ltd (BBIG) of \$15.0 million offset by the actual expenditure incurred on the feasibility study under the Farm-In Agreement.

During the year ended 30 June 2022, the shortfall to the first anniversary year minimum annual expenditure requirement was \$7.286 million. This amount was received in two instalments, being 5 July 2021 and 2 December 2021.

12 Exploration and evaluation expenditure

	2022	2021
	\$'000	\$'000
Opening balance	73,761	64,982
Expenditure incurred	3,748	5,754
Recognition of rehabilitation asset	817	3,041
Exploration expenditure expensed	(11)	(16)
Closing balance	78,315	73,761

The ultimate recoupment of costs carried forward for areas of interest in the exploration and evaluation phases is dependent upon the successful development and commercial exploitation, or sale, of the respective areas of interest. For areas which do not meet the criteria of the accounting policy, those amounts are charged to the Consolidated Statement of Profit or Loss and Other Comprehensive Income.

Exploration and evaluation costs related to an area of interest are expensed as incurred except they may be carried forward as an item in the consolidated statement of financial position where the rights of tenure of an area are current and one of the following conditions is met:

- the costs are expected to be recouped through successful development and exploitation of the area of interest, or alternatively, by its sale; and
- exploration and/or evaluation activities in each area of interest have not at the end of each reporting period reached a stage which permits a reasonable assessment of the existence or otherwise of economically recoverable reserves, and active and significant operations in, or in relation to, the area of interest are continuing.

Capitalised costs include costs directly related to exploration and evaluation activities in the relevant area of interest. General and administrative costs are allocated to an exploration or evaluation asset only to the extent that those costs can be related directly to operational activities in the area of interest to which the asset relates.

Capitalised exploration and evaluation expenditure is expensed where the above conditions are no longer satisfied.

Exploration and evaluation expenditure incurred subsequent to the acquisition in respect of an exploration asset acquired is accounted for in accordance with the policy outlined above.

All capitalised exploration and evaluation expenditure is assessed for impairment if facts and circumstances indicate that an impairment may exist. Exploration and evaluation assets are also tested for impairment once commercial reserves are found, before the assets are transferred to development properties.

13 Trade and other payables

	2022	2021
	\$'000	\$'000
Trade and other payables	72	300
Joint Venture payables ¹	489	36
BBIG Advance ²	-	1,000
	561	1,336

¹ Joint Venture payables relates to amounts owing by PIOP Mine Co NL which is the incorporated Joint Venture vehicle under which the Farm-In Agreement with BBI Group Pty Ltd operates.

² During the year ended 30 June 2021, the Company received a \$1.0 million loan from BBI Group Pty Ltd (BBIG), a subsidiary of the Company's major shareholder, to provide support 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 Group's Pilbara Iron Ore Project. The funding was only repayable if a transactions results from the discussions and subsequently completes on the later of the completion date and 31 December 2021. No agreement was executed or completed with BBIG to the period 31 December 2021 as such, this amount was recognised in Other Income in the Statement of Comprehensive Income.

These amounts represent liabilities for goods and services provided to the Group prior to the end of financial year which are unpaid. The amounts are unsecured, non-interest bearing and are usually paid within 30 days of recognition.

Trade and other payables are presented as current liabilities unless payment is not due within 12 months from the reporting date. They are recognised initially at their fair value and subsequently measured at amortised cost using the effective interest method.

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14 Loans and Borrowings

	2022	2021
	\$'000	\$'000
Current Loan	1,261	3,188
	1,261	3,188

As at 30 June 2022, the Company varied the terms of the \$3.0 million Loan Facility with PIO Mines Pty Ltd, a subsidiary of the Company's largest shareholder, TIO (NZ) Limited and made a partial repayment of \$2.0 million, representing \$1.739 million in principal and \$0.261 million of accrued interest

The remaining \$1.261 million principal and accrued interest is to be repaid on the earlier of 31 December 2022 and/or any shortfall or withdrawal payment from BBI Group Pty Ltd (BBIG) under the provisions of the PIOP Farm-In Agreement (FIA). Interest is accrued at the bank bill swap mid-rate plus 2%. The value of interest capitalised at 30 June 2022 is nil (2021: \$0.188 million) as interest owing was fully repaid at 30 June 2022.

The FIA was terminated by BBIG on 2 September 2022 and as such a withdrawal payment of \$11.668 million is expected within 30 days of the termination date. The remaining PIO loan is required to repaid from these funds.

As at 30 June 2022 and 30 June 2021, the loan was fully drawn down.

Borrowings are initially recognised at fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognised in profit or loss over the period of the borrowings using the effective interest method. Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the reporting period.

15 Provisions

	2022	2021
	\$'000	\$'000
Current Rehabilitation provision	3,459	1,553
Non-Current Rehabilitation provision	-	2,182
	3,459	3,735
Opening balance	3,735	750
Expenditure additions	(1,093)	(56)
Changes in estimates	817	3,041
Closing balance	3,459	3,735

Rehabilitation provision

A provision is recognised if, as a result of a past event, the Group has a present legal or constructive obligation that can be measured reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability.

A provision is made for the estimated cost of rehabilitation relating to areas disturbed during exploration activities, such as drill holes, collars and track creation, undertaken at the PIOP up to reporting date but not yet rehabilitated. Provision has been made in full for all disturbed areas at the reporting date based on current estimates of costs to rehabilitate such areas, discounted to their present value based on expected future cash flows. The estimated cost of rehabilitation includes the current cost of re-contouring, topsoiling and revegetation, employing legislative requirements. Changes in estimates are dealt with on a prospective basis as they arise.

Uncertainty exists as to the amount of rehabilitation obligations which will be incurred due to the impact of changes in environmental legislation. The provision is recognised as a non-current liability with a corresponding asset included in property, plant and equipment.

At each reporting date the rehabilitation liability is re-measured in line with changes in discount rates and timing or amount of costs to be incurred. Changes in the liability relating to rehabilitation of mine infrastructure and dismantling obligations are added to or deducted from the related asset, other than the unwinding of the discount which is recognised as finance costs in profit or loss as it occurs.

If the change in liability results in a decrease in the liability that exceeds the carrying amount of the asset, the asset is written down to nil and the excess is recognised immediately in the income statement. If the change in the liability results in an addition to the cost of the asset, the recoverability of the new carrying amount is considered. Where there is an indication that the new carrying amount is not fully recoverable, an impairment test is performed with the write-down recognised in the consolidated profit or loss and other comprehensive income in the period in which it occurs.

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16 Contributed equity

Issued share capital is recognised at the fair value of the consideration received by the Company. Any transaction costs arising on the issue of ordinary shares are recognised, net of tax, directly in equity as a reduction of the share proceeds received.

	Number of shares	\$'000
Issued shares:		
As at 30 June 2021	168,848,577	160,694
As at 30 June 2022	168,848,577	160,694

Ordinary shares

Ordinary shares entitle the holder to participate in dividends and the proceeds on winding up of the Company in proportion to the number of and amounts paid on the shares held.

On a show of hands every holder of ordinary shares present at a meeting in person or by proxy, is entitled to one vote, and upon a poll each share is entitled to one vote.

Ordinary shares have no par value and the Company does not have a limited amount of authorised capital.

Capital risk management

The Group's debt and capital includes ordinary share capital and debt. There are no externally imposed capital requirements.

Management effectively manages the Group's capital by assessing the Group's financial risks and adjusting its capital structure in response to changes in these risks and in the market. These responses include the management of debt levels, distributions to shareholders and share issues.

There have been no changes in the strategy adopted by management to control the capital of the Group since the prior year. This strategy is to ensure that the Group is able to fund its future activities.

17 Reserves

The PIOP Class B Reserve represents the minimum annual expenditure required under the Farm-In Agreement with BBI Group Pty Ltd.

18 Financial risk management

The Group's activities expose it to a variety of financial risks: interest rate risk; credit risk and liquidity risk. The Group's overall risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the financial performance of the Group.

Risk management is carried out by management under policies approved by the Board of Directors. Management identifies, evaluates and hedges financial risks in close co-operation with the Group's operating units. The Board provides principles for overall risk management, as well as policies covering specific areas, such as interest rate risk, credit risk, and use of financial instruments and investment of excess liquidity where appropriate.

The Group's financial instruments consist mainly of deposits with banks, accounts receivable and payables and loans to related parties.

Interest rate risk

The Group's exposure to market risk for changes in interest rates arise from variable interest rate exposure on cash, term deposits and interest-bearing liabilities.

The Group's policy is to manage its exposure to interest rate risk by holding cash in short-term, fixed rate and variable rate deposits with reputable high credit quality financial institutions. With interest bearing liabilities, consideration is also given to the potential renewal of existing positions, alternative financing and the mix of fixed and variable interest rates.

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18 Financial risk management (continued)

The following table summarises the financial assets and liabilities of the Group, together with the effective interest rates as at the reporting date.

2022	Floating interest rate	Fixed interest maturing in:			Non-interest bearing	Average interest rates	
		< 1 year	1 – 5 years	> 5 years		Floating	Fixed
	\$'000	\$'000	\$'000	\$'000	\$'000	%	%
Cash and cash equivalents ¹	4,168	30	-	-	-	0.85%	1.65%
Trade and other receivables ²	-	-	-	-	11,725	-	-
Trade and other payables	-	-	-	-	562	-	-
Loans and borrowings	-	1,261	-	-	-	2.70%	-

2021	Floating interest rate	Fixed interest maturing in:			Non-interest bearing	Average interest rates	
		< 1 year	1 – 5 years	> 5 years		Floating	Fixed
	\$'000	\$'000	\$'000	\$'000	\$'000	%	%
Cash and cash equivalents ¹	3,655	30	-	-	-	0.1%	0.27%
Trade and other receivables ²	-	-	-	-	7,117	-	-
Trade and other payables	-	-	-	-	1,336	-	-
Loans and borrowings	-	3,188	-	-	-	2.07%	-

¹ Includes restricted cash of \$1.603 million (2021: \$0.747 million) which relates to cash held by PIOP Mine Co NL, which is the incorporated Joint Venture vehicle under which the Farm-In Agreement with BBI Group Pty Ltd operates. This cash is only available for use to progress the feasibility study of the Pilbara Iron Ore Project.

² Includes the current receivable that has been recognised in relation to each of the anniversary years of the Farm-in Agreement (FIA) minimum annual expenditure required with BBI Group Pty Ltd of \$15.0 million offset by the actual expenditure incurred on the feasibility study under the Farm-In Agreement.

As at 30 June 2022, a movement of 1% in interest rates, with all other variables being held constant, results in an immaterial movement in post-tax loss and equity.

The movements in loss after income tax are due to higher/lower interest costs from fixed and variable rate financial liabilities and cash balances during the relevant year. Reasonably possible movements in interest rates were determined based on observations of historical movements in the past two years.

The net exposure at reporting date is representative of what the Group was and is expecting to be exposed to in the next twelve months from reporting date.

Credit risk

Credit risk arises from the financial assets of the Group, and its exposure to credit risk arises from potential default of the counter party, with a maximum exposure equal to the carrying amount of the instruments. The Group's exposure to credit risk is minimal and results only from its exposure in cash and cash equivalents and trade receivables.

Liquidity risk

The Group's objective is to ensure sufficient liquid funds are available to meet the Group's financial commitments in a timely and cost-effective manner.

The Group's treasury function continually reviews the Group's liquidity position including cash flow forecasts to determine the forecast liquidity position and maintain appropriate liquidity levels.

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18 Financial risk management (continued)

2022	< 1 year \$'000	1 – 5 years \$'000	Total \$'000
Cash and cash equivalents ¹	4,198	-	4,198
Trade and other receivables	34	-	34
Other current assets ²	11,691	-	11,691
Trade and other payables	(562)	-	(562)
Loans and borrowings	(1,261)	-	(1,261)
Net outflow	14,100	-	14,100
2021			
Cash and cash equivalents ¹	3,685	-	3,685
Trade and other receivables	40	-	40
Other current assets ²	7,077	-	7,077
Trade and other payables	(1,336)	-	(1,336)
Loans and borrowings	(3,188)	-	(3,188)
Net outflow	6,278	-	6,278

¹ Includes restricted cash of \$1.603 million (2021: \$0.747 million) which relates to cash held by PIOP Mine Co NL, which is the incorporated Joint Venture vehicle under which the Farm-In Agreement with BBI Group Pty Ltd operates. This cash is only available for use to progress the feasibility study of the Pilbara Iron Ore Project.

² Includes the current receivable that has been recognised in relation to each of the anniversary years of the Farm-in Agreement (FIA) minimum annual expenditure required with BBI Group Pty Ltd of \$15.0 million offset by the actual expenditure incurred on the feasibility study under the Farm-In Agreement.

Reconciliation of movements of liabilities to cash flows arising from financing activities:

	1 Jul 21 \$'000	Payments \$'000	Interest accrued \$'000	30 Jun 22 \$'000
Loans and borrowings	3,188	(2,000)	73	1,261

19 Subsidiaries

The Consolidated Financial Statements include the financial statements of Flinders Mines Limited and the subsidiaries listed in the following table:

Name of entity	Country of incorporation	Class of shares	Equity holding %	
			2022	2021
FME Exploration Services Pty Ltd	Australia	Ordinary	100	100
Flinders Canegrass Pty Ltd	Australia	Ordinary	100	100
Flinders Diamonds Pty Ltd	Australia	Ordinary	100	100
Flinders Iron Pty Ltd	Australia	Ordinary	100	100
PIOP Mine Co NL ¹	Australia	Ordinary	100	100

¹ In the years ended 30 June 2022 and 30 June 2021, the Company holds 100% economic interest and 90% of the voting interest in PIOP Mine Co NL. As control is maintained over PIOP Mine Co NL, the Company considers 100% consolidates PIOP Mine Co NL.

20 Parent entity information

	2022 \$'000	2021 Restated ¹ \$'000
Current assets	17,126	12,500
Non-current assets	55,254	60,725
Current liabilities	1,338	4,492
Non-current liabilities	18,683	18,683
Issued capital	(160,645)	(160,645)
Reserves	(11,691)	(7,077)
Accumulated losses	119,976	117,672
Total equity	52,360	50,050
Loss for the year	(2,304)	(22,156)
Total comprehensive loss for the year	(2,304)	(22,156)

¹ Refer to note 4 for the correction of error.

The Company has no material contingent liabilities.

21 Contingent assets and liabilities

The Group had no contingent assets or liabilities at 30 June 2022 (2021: nil).

22 Remuneration of auditors

During the year the following fees were paid or payable for services provided by the auditor of the parent entity, its related practices and non-related audit firms:

	2022	2021
	\$	\$
Auditing and reviewing of financial reports	110,483	86,439
	110,483	86,439

The auditor of the parent entity for the year ended 30 June 2022 and 30 June 2021 is KPMG.

23 Commitments

Exploration and evaluation expenditure commitments

In order to maintain current rights of tenure to exploration tenements, the Group is required to meet the minimum expenditure requirements specified by various State and Territory Governments. These obligations are subject to renegotiation when application for a mining lease is made and at other times. These obligations are not provided for in this financial report.

The minimum level of exploration commitment expected in the year ending 30 June 2022 for the Group is approximately \$1.345 million (2021: \$1.345 million). These obligations are expected to be fulfilled in the normal course of operations.

24 Related party transactions

Parent entity

The Parent Entity within the Group is Flinders Mines Limited.

Loans to subsidiaries

Loans between entities in the wholly owned Group are non-interest bearing, unsecured and are payable upon reasonable notice having regard to the financial situation of the entity.

Other transactions with related parties

During the year ended 30 June 2022, the Company paid Director fees to TIO (NZ) Limited (TIO), its major shareholder, for Director services provided by Messrs Wolley and Davies. The total value of these services was \$124,758 (2021: \$140,000). Subsequent to financial year end, on 10 September 2022, Mr Wolley's directors fees will be paid directly to him following his departure from Todd Corporation, TIO (NZ) Limited's ultimate parent entity. Mr Wolley remains as a nominee director for Todd Corporation

During the year ended 30 June 2021, the Company received a \$1.0 million loan from BBI Group Pty Ltd (BBIG), a subsidiary of the Company's major shareholder TIO, to provide support 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 Group's Pilbara Iron Ore Project. The funding was only repayable if a transactions results from the discussions and subsequently completes on the later of the completion date and 31 December 2021. No agreement was executed or completed with BBIG to the period 31 December 2021 as such, this amount was recognised in Other Income in the Statement of Profit or Loss and Other Comprehensive Income.

As at 30 June 2022, the Company varied the terms of the \$3.0 million Loan Facility with PIO Mines Pty Ltd, a subsidiary of the Company's largest shareholder, TIO and made a partial repayment of \$2.0 million, representing \$1,738,708 in principal and \$261,292 of accrued interest

The remaining \$1,261,292 principal and accrued interest is to be repaid on the earlier of 31 December 2022 and/or any shortfall or withdrawal payment from BBI Group Pty Ltd (BBIG) under the provisions of the PIOP Farm-In Agreement (FIA). Interest is accrued at the bank bill swap mid-rate plus 2%. The value of interest capitalised at 30 June 2022 is nil (2021: \$187,911).

The FIA was terminated by BBIG on 2 September 2022 and as such a withdrawal payment of \$11.668 million is expected within 30 days of the termination date. The remaining PIO loan is required to repaid from these funds.

During the financial year ended 30 June 2022, BBIG provided the company with a waiver of the priority requirement in clause 4.1 and the exclusivity requirement in clause 4.2 of the FIA to allow discussions with third parties on potential mining trucking options.

The above transactions are all entered into at arm's length terms.

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25 Key management personnel disclosures

Details of key management personnel

The names and positions of the KMP of the Company and the Group during the financial year were:

Neil Warburton	Independent Non-Executive Chair (resigned 1 July 2022)
Cheryl Edwardes	Independent Non-Executive Chair
Michael Wolley	Non-Executive Director
Evan Davies	Non-Executive Director (resigned 11 April 2022)
James Gurry	Independent Non-Executive Director
Amy Jiang	Non-Executive Director
Andrew Whitehead	General Manager

Compensation of key management personnel

	2022	2021
	\$	\$
Short-term employee benefits	728,939	663,961
Post-employment benefits	21,819	16,154
	750,758	680,115

26 Events occurring after the reporting period

On 8 August 2022, Mr Daniel Harris was appointed as Independent Non-Executive Director.

On 2 September 2022, the Company received a withdrawal notice from BBIG, which terminates the Farm-In Agreement (FIA) effective immediately. Pursuant to the FIA, the termination amount is \$11.668 million, of which \$9.045 million will be received by the Company within 30 days of the termination date, and \$2.624 million will be contributed to the rehabilitation program currently being progressed by BBIG under a Services Agreement dated 2 September 2022. This Services Agreement allows for continuation of the rehabilitation program for a further 3 months, after which time, it is expected that the rehabilitation activities at the PIOP will be majority complete. The Services Agreement has a 60 day notice period for termination.

The termination of the FIA will enable the Company to pursue a more flexible and staged development approach to its PIOP. The Company considers that a staged development of PIOP, encompassing a Stage One lower volume and near-term trucking operation to take advantage of current iron ore prices is the optimum strategy to commence operations on site and provide a near term cashflow. The Company will continue to investigate the development of Stage Two of PIOP, a higher volume operation involving rail, road and/or port facilities.

On 19 September 2022, the Company announced that it had extended the term of Dr Andrew Whitehead's appointment as General Manager until 17 September 2023, with a further 3 month extension at the election of the Company. All other terms of Dr Whitehead's contract remain the same.

No other matter or circumstance has arisen since 30 June 2022 that has significantly affected, or may significantly affect the Group's operations, the results of those operations, or the Group's state of affairs in future financial years.

27 Critical accounting estimates and assumptions

The preparation of the consolidated financial statements requires management to make estimates and assumptions. These estimates and assumptions are continually evaluated and are based on historical experience and other factors, including expectations of future events that may have a financial impact on the Group and that are believed to be reasonable under the circumstances.

The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below:

Exploration and evaluation

The future recoverability of capitalised exploration and evaluation expenditure is dependent on a number of factors, including whether the Group decides to exploit the related area of interest itself or, if not, whether it successfully recovers the related exploration and evaluation asset through sale.

Factors which could impact the future recoverability include the level of reserves and resources, future technological changes which could impact the cost of mining, future legal changes (including changes to environmental obligations) and changes to commodity prices.

To the extent that capitalised exploration and evaluation expenditure is determined not to be recoverable in the future, this will reduce profits and net assets in the period in which this determination is made.

In addition, exploration and evaluation expenditure is capitalised if rights to tenure of the area of interest are current and activities in the area of interest have not yet reached a stage which permits a reasonable assessment of the existence or otherwise of economically recoverable reserves. To the extent that is determined in the future that this capitalised expenditure should be written off, this will reduce profits and net assets in the period in which this determination is made.

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27 Critical accounting estimates and assumptions (continued)

Rehabilitation

The Group assesses rehabilitation liabilities annually. The provision recognised is based on an assessment of the estimated cost of closure and reclamation of the areas using internal information concerning environmental issues in the exploration area, together with input from various environmental consultants, discounted to present value. Significant estimation is required in determining the provision for site rehabilitation as there are many factors that may affect the timing and ultimate cost to rehabilitate sites where mining and/or exploration activities have previously taken place. These factors include future development and exploration activity, changes in the cost of goods and services required for restoration activity and changes to the legal and regulatory framework. These factors may result in future actual expenditure differing from the amounts currently provided.

28 Changes in accounting policy

In the year ended 30 June 2022, the directors have reviewed all the new and revised Standards and Interpretations issued by the AASB that are relevant to the Company and effective for the current annual reporting period.

As a result of this review, the directors have determined that there is no material impact of the new and revised Standards and Interpretations on the Company and, therefore, no material change is necessary to Group accounting policies.

29 New accounting standards and interpretations

Australian Accounting Standards and Interpretations that have recently been issued or amended but are not yet effective and have not been adopted by the Group for the financial year ended 30 June 2022 with relevant standards and interpretations outlined below.

- a) Reference to the Conceptual Framework – Amendments to IFRS 3 (effective 1 July 2023)
- b) Classification of Liabilities as Current or Non-Current (effective 1 January 2023)
- c) Disclosure of Accounting Policies – Amendments to IAS 1 and IFRS Practice Statement 2 (effective 1 January 2023)
- d) Definition of Accounting Estimates – Amendments to IAS 8 (effective 1 January 2023)
- e) Property, Plant and Equipment: Proceeds before Intended Use – Amendments to IAS 16 (effective 1 July 2023)
- f) Annual improvements to IFRS Standards (2018-2020) (effective 1 January 2022)

The Group has considered the impact on its Consolidated Financial Statements and assessed that the effect of the above mentioned new accounting standards and interpretations, will be minimal.

There are no other standards that are not yet effective and that would be expected to have a material impact on the entity in the current or future reporting periods and on foreseeable future transactions.

In the Directors' opinion:

- (a) the Consolidated Financial Statements and notes and Remuneration Report are in accordance with the *Corporations Act 2001*, including:
- (i) complying with Accounting Standards, the *Corporations Regulations 2001* and other mandatory professional reporting requirements, and
 - (ii) giving a true and fair view of the Consolidated Entity's financial position as at 30 June 2022 and of its performance for the year ended on that date, and
- (b) there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable, and
- (c) the financial statements and notes thereto are in accordance with the International Financial Reporting Standards issued by the International Accounting Standards Board.

The Directors have been given the declarations as required by section 295A of the *Corporations Act 2001*.

This declaration is made in accordance with a resolution of Directors.



The Hon. Cheryl Edwards, AM
Independent Non-Executive Chair

Perth, Western Australia
30 September 2022

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Independent Auditor's Report

To the shareholders of Flinders Mines Limited

Report on the audit of the Financial Report

Opinion

We have audited the **Financial Report** of Flinders Mines Limited (the Company).

In our opinion, the accompanying Financial Report of the Company is in accordance with the *Corporations Act 2001*, including:

- giving a true and fair view of the **Group's** financial position as at 30 June 2022 and of its financial performance for the year ended on that date; and
- complying with *Australian Accounting Standards* and the *Corporations Regulations 2001*.

The **Financial Report** comprises:

- Consolidated Statement of financial position as at 30 June 2022
- Consolidated Statement of profit or loss and other comprehensive income, Consolidated Statement of changes in equity, and Consolidated Statement of cash flows for the year then ended
- Notes including a summary of significant accounting policies
- Directors' Declaration.

The **Group** consists of the Company and the entities it controlled at the year end or from time to time during the financial year.

Basis for opinion

We conducted our audit in accordance with *Australian Auditing Standards*. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the Financial Report* section of our report.

We are independent of the Group in accordance with the *Corporations Act 2001* and the ethical requirements of the *Accounting Professional and Ethical Standards Board's APES 110 Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to our audit of the Financial Report in Australia. We have fulfilled our other ethical responsibilities in accordance with these requirements.

Emphasis of Matter – Restatement of Comparative Balances

We draw attention to Note 4 to the Financial Report which states that the amounts reported in the previously issued financial report for the year ended 30 June 2021 have been restated and disclosed as comparatives in this financial report. Our opinion is not modified in respect of this matter.

Key Audit Matters

The **Key Audit Matters** we identified are:

- Capitalised Exploration and Evaluation Expenditure; and
- Rehabilitation provision.

Key Audit Matters are those matters that, in our professional judgement, were of most significance in our audit of the Financial Report of the current period.

These matters were addressed in the context of our audit of the Financial Report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Capitalised Exploration and Evaluation Expenditure (\$78.315m)

Refer to Note 12 and Note 27 to the Financial Report

The key audit matter	How the matter was addressed in our audit
<p>Capitalised exploration and evaluation expenditure (E&E) is a key audit matter due to:</p> <ul style="list-style-type: none"> • the significance of the activity to the Group's business and the balance being 82.8% of total assets; and • the greater level of audit effort to evaluate the Group's application of the requirements of AASB 6 <i>Exploration for and Evaluation of Mineral Resources</i> and the presence of impairment indicators. The presence of impairment indicators would necessitate a detailed analysis by the Group of the value of E&E. Given the criticality of this to the scope of our work, we involved senior team members to challenge the Group's determination that no such indicators existed. <p>In assessing the conditions allowing capitalisation of relevant expenditure, we focused on:</p> <ul style="list-style-type: none"> • the determination of the areas of interest (areas); • documentation available regarding rights to tenure, via licensing, and compliance with relevant conditions, to maintain current rights to an area of interest and the Group's intention and capacity to continue the relevant E&E activities; and • the Group's determination of whether the E&E are expected to be recouped through successful development and exploitation of the area of interest, or alternatively, by its sale. 	<p>Our procedures included:</p> <ul style="list-style-type: none"> • Evaluating the Group's accounting policy to recognise exploration and evaluation assets using the criteria in the accounting standard; • We assessed the Group's determination of its areas of interest for consistency with the definition in the accounting standard. This involved analysing the licenses in which the Group holds an interest and the exploration programmes planned for those for consistency with documentation such as license related technical conditions and planned work programmes; • For each area of interest, we assessed the Group's current rights to tenure by checking the ownership of the relevant license to government registries. We also tested for compliance with conditions, such as minimum expenditure requirements, on a sample of licenses; • We tested the Group's additions to E&E for the year by evaluating a sample of recorded expenditure. We tested consistency to underlying records, the capitalisation requirements of the Group's accounting policy, and the requirements of the accounting standard; • We evaluated Group documents, such as minutes of Board meetings, for consistency with their stated intentions for continuing E&E in certain areas and results from latest activities regarding the potential existence of reserves for consistency with the requirements of the accounting standard. We challenged this through interviews with key operational and finance personnel;

<p>In assessing the presence of impairment indicators, we focused on those that may draw into question the commercial continuation of E&E activities where significant capitalised E&E exists. In addition to the assessments above, and given the financial position of the group, we paid particular attention to:</p> <ul style="list-style-type: none"> • The ability of the Group to fund the continuation of activities; and • Results from latest activities regarding the existence or otherwise of economically recoverable reserves. 	<ul style="list-style-type: none"> • We obtained project and corporate budgets identifying areas with existing funding. We compared this for consistency with areas with E&E, for evidence of the ability to fund continued activities; and • We analysed the Group's determination of recoupment through successful development and exploitation of the area or by its sale by evaluating the Group's documentation of planned future activities including work programmes and project and corporate budgets for a sample of areas.
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Rehabilitation provision (\$3.459m)	
<p>Refer to Note 15 and Note 27 to the Financial Report</p>	
The key audit matter	How the matter was addressed in our audit
<p>The rehabilitation provision is considered to be a key audit matter. This is due to the significant audit effort applied by us resulting from the inherent complexity in the Group estimating future environmental restoration and rehabilitation costs and their judgement applied therein.</p> <p>The estimate of the provision is influenced by:</p> <ul style="list-style-type: none"> • The complexity in current environmental and regulatory requirements, and the impact to completeness of the provision; • The expected environmental management strategy of the Group and the nature of the costs incorporated into the provision; and • The expected timing of expenditure and the associated inflation and discounting of costs in the present value calculation of the provision. <p>The Group uses third party and internal experts when assessing their obligations for restoration and rehabilitation activities and associated estimates of future costs.</p>	<p>Our procedures included:</p> <ul style="list-style-type: none"> • Comparing the basis for recognition and measurement of the provision for consistency with environmental and regulatory requirements and criteria in the accounting standards; • Evaluating the methodology applied by the Company's third party expert in determining the nature and extent of rehabilitation activities by comparison to industry practice; • Obtaining the Group's rehabilitation provision estimation, and critically evaluated the provision by: <ul style="list-style-type: none"> - Using a sample, comparing the nature, timing and the quantum of the costs contained in the Group's rehabilitation provision to the Group's third party expert reports, as well as internal and external underlying documentation; - Assessing the planned timing of restoration and rehabilitation activities through comparison to the Group's exploration and rehabilitation plans; - Assessing the competence, scope and objectivity of the Group's internal and third party experts used in the determination of the provision estimate; and

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	<ul style="list-style-type: none"> - Comparing inflation rate and discount rate assumptions in the Group's provision determination to external market data for Australian inflation targets and government bond rates. • Evaluating the completeness of the provision against the Group's analysis of each operating location to identify where disturbance requires rehabilitation or restoration and comparing to our understanding of the Group's operations; and • Assessing the disclosures in the Financial Report using our understanding obtained from our testing against the requirements of the accounting standard. This included evaluating the current and non-current rehabilitation provision disclosure for consistency to the planned timing of the rehabilitation expenditure.
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Other Information

Other Information is financial and non-financial information in Flinders Mines Limited's annual reporting which is provided in addition to the Financial Report and the Auditor's Report. The Directors are responsible for the Other Information.

Our opinion on the Financial Report does not cover the Other Information and, accordingly, we do not express an audit opinion or any form of assurance conclusion thereon, with the exception of the Remuneration Report and our related assurance opinion.

In connection with our audit of the Financial Report, our responsibility is to read the Other Information. In doing so, we consider whether the Other Information is materially inconsistent with the Financial Report or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

We are required to report if we conclude that there is a material misstatement of this Other Information, and based on the work we have performed on the Other Information that we obtained prior to the date of this Auditor's Report we have nothing to report.

Responsibilities of the Directors for the Financial Report

The Directors are responsible for:

- preparing the Financial Report that gives a true and fair view in accordance with *Australian Accounting Standards* and the *Corporations Act 2001*;
- implementing necessary internal control to enable the preparation of a Financial Report that gives a true and fair view and is free from material misstatement, whether due to fraud or error; and
- assessing the Group and Company's ability to continue as a going concern and whether the use of the going concern basis of accounting is appropriate. This includes disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless they either intend to liquidate the Group and Company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the Financial Report

Our objective is:

- to obtain reasonable assurance about whether the Financial Report as a whole is free from material misstatement, whether due to fraud or error; and
- to issue an Auditor's Report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with *Australian Auditing Standards* will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error. They are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the Financial Report.

A further description of our responsibilities for the audit of the Financial Report is located at the *Auditing and Assurance Standards Board* website at:

https://www.auasb.gov.au/admin/file/content102/c3/ar1_2020.pdf This description forms part of our Auditor's Report.

Report on the Remuneration Report

Opinion

In our opinion, the Remuneration Report of Flinders Mines Limited for the year ended 30 June 2022 complies with *Section 300A* of the *Corporations Act 2001*.

Directors' responsibilities

The Directors of the Company are responsible for the preparation and presentation of the Remuneration Report in accordance with *Section 300A* of the *Corporations Act 2001*.

Our responsibilities

We have audited the Remuneration Report included in pages 11 to 13 of the Directors' report for the year ended 30 June 2022.

Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with *Australian Auditing Standards*.



KPMG



R Gambitta
Partner

Perth

30 September 2022

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Additional information required by the Australian Securities Exchange Limited and not shown elsewhere in this report is as follows. The information is current as at 31 August 2022.

Issued Equity Capital

	Ordinary Shares
Number of holders	3,756
Number on issue	168,848,577

Voting Rights

Voting rights, on a show of hands, are one vote for every registered holder of Ordinary Shares and on a poll, are one vote for each share held by registered holders of Ordinary Shares. Options do not carry any voting rights.

Distribution of Holdings of Equity Securities

Holding ranges	Ordinary Shares		
	Number of Equity Security Holders	Units	%
1 – 1,000	2,107	757,519	0.45
1,001 – 5,000	986	2,386,633	1.41
5,001 – 10,000	272	1,983,142	1.17
10,001 – 100,000	340	10,479,964	6.21
100,001 and over	51	153,241,319	90.76
Total	3,756	168,848,577	100.00

Unmarketable Parcels

The number of shareholders holding less than a marketable parcel (being 1,000 shares based on a share price of \$0.50 at 31 August 2022) was 2,058.

Substantial Shareholders

Substantial shareholders as disclosed in substantial shareholder notices as at 31 August 2022.

	Number of Ordinary Shares	Percentage (%)
TIO (NZ) Limited ¹	2,258,958,869 ⁴	58.93
OCJ Investment (Australia) Pty Ltd and Associates ²	758,160,000 ⁴	21.75
Various Requisitioning Shareholders ³	210,302,405 ⁴	6.03

1. As lodged on ASX on 29 April 2020.

2. As lodged on ASX on 3 February 2017.

3. On 13 March 2019, various Shareholders lodged a Form 603 (Becoming a Substantial Shareholder Notice) with ASX disclosing an association pursuant to sections 12(2)(b) or (c) of the Corporations Act by reason of notices issued under sections 203D and 249D of the Corporations Act requiring the Company to call and arrange to hold a general meeting to consider resolutions to remove, as directors of the Company, Mr Neil Warburton, Mr Michael Wolley, Mr Evan Davies and any other persons appointed as directors of the Company prior to the requisitioned meeting, and to elect Mr Brendon Dunstan as a director of the Company. These resolutions were subsequently not carried at a general meeting of shareholders on 9 May 2019.

4. On a pre-consolidation basis. On 27 November 2020, the Company completed a consolidation of the Company's issued capital on the basis that every 25 shares be consolidated into 1.

On Market Buy Back

There is no current on-market buy-back.

Top 20 Shareholders

Rank	Name	Number of Ordinary Shares	Percentage (%)
1	TIO (NZ) LIMITED	100,398,172	59.46
2	OCJ INVESTMENT (AUSTRALIA) PTY LTD	35,060,675	20.76
3	MR KENNETH MARTIN KEANE	2,710,618	1.61
4	CITICORP NOMINEES PTY LIMITED	2,027,920	1.20
5	BNP PARIBAS NOMS PTY LTD <DRP>	1,175,389	0.70
6	MR KENNETH MARTIN KEANE + MS SALLY MORTON ROBERTS <KEANE SUPER FUND A/C>	1,076,108	0.64
7	MR CHUNLEI OUYANG	993,689	0.59
8	QUATTUOR REGIONIS PTY LTD <QUATTUOR REGIONIS A/C>	864,407	0.51
9	MR IAN DRUMMOND + MRS JANICE DRUMMOND <INSTIL ENTERPRISES S/F A/C>	719,000	0.43
10	VACHKODI PTY LTD <BEP INVESTMENT A/C>	600,000	0.36
11	MR BRENDON TONY DUNSTAN	483,750	0.29
12	DR ASHLEY MARTIN NEWLAND	460,000	0.27
13	MR ALEXANDER ILIEVSKI	377,157	0.22
14	DR STUART CLARKE + MRS MARGARET IRENE CLARKE <MACSE SUPER FUND A/C>	305,689	0.18
15	MR SANOJ XAVIER & MRS MARIA XAVIER	290,000	0.17
16	HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	289,585	0.17
17	MR WAYNE RAYMOND KEARNEY + MRS ROBYN KEARNEY <KEARNEY SUPER A/C>	270,919	0.16
18	MR WAYNE RAYMOND KEARNEY <W & R KEARNEY FAMILY A/C>	270,319	0.16
19	SEVENTH VEMALUX PTY LTD	246,203	0.15
20	BNP PARIBAS NOMINEES PTY LTD <IB AU NOMS RETAILCLIENT DRP>	239,024	0.14
	TOTAL	148,858,624	88.16

Corporate Governance

The Company's 2022 Corporate Governance Statement is available for in the Corporate Governance section of the Company's website: flindersmines.com/about-us/corporate-governance

Flinders Mines Limited
Interest in Mining Tenements
As at 30 June 2022

The below table details the Group's interest in mining tenements as at 30 June 2022.

Tenement	Location	Status	Registered Holder	Interest at 30 June 2022
R47/021	Western Australia	Granted	PIOP Mine Co NL	100%
E58/0232	Western Australia	Granted	Flinders Canegrass Pty Ltd	100%
E58/0236	Western Australia	Granted	Flinders Canegrass Pty Ltd	100%
E58/0282	Western Australia	Granted	Flinders Canegrass Pty Ltd	100%
E58/0520	Western Australia	Granted	Flinders Canegrass Pty Ltd	100%
E58/0521	Western Australia	Granted	Flinders Canegrass Pty Ltd	100%
E58/0522	Western Australia	Granted	Flinders Canegrass Pty Ltd	100%
L47/0728	Western Australia	Granted	PIOP Mine Co NL	100%
L47/0730	Western Australia	Granted	PIOP Mine Co NL	100%
L47/0734	Western Australia	Granted	PIOP Mine Co NL	100%
M47/1451	Western Australia	Granted	PIOP Mine Co NL	100%
L47/0731	Western Australia	Granted	PIOP Mine Co NL	100%

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Mineral Resources Annual Statement and Review

The Company carries out an annual review of its Mineral Resources as required by the ASX Listing Rules. The review was carried out as at 30 June 2022. The estimates for Mineral Resources were prepared and disclosed under the JORC Code 2012 Edition.

Estimation Governance Statement

The Company ensures that all Mineral Resource estimations are subject to appropriate levels of governance and internal controls.

Exploration results are collected and managed by an independent competent qualified geologist. All data collection activities are conducted to industry standards based on a framework of quality assurance and quality control protocols covering all aspects of sample collection, topographical and geophysical surveys, drilling, sample preparation, physical and chemical analysis and data and sample management.

Mineral Resource estimates are prepared by qualified independent Competent Persons. If there is a material change in the estimate of a Mineral Resource, the estimate and supporting documentation in question is reviewed by a suitable qualified independent Competent Persons.

The Company reports its Mineral Resources on an annual basis in accordance with JORC Code 2012.

Total Mineral Resource Inventory as at 30 June 2022

M47/1451 – Blacksmith ¹

JORC Classification	Tonnes Mt	Fe%	SiO ₂ %	Al ₂ O ₃ %	P%	LOI%
Inferred	105	51.6	15.7	5.13	0.057	4.4
Indicated	1,148	52.6	14.1	4.81	0.067	4.93
Measured	54	59.8	6.24	4.28	0.064	2.98
Total	1,307	52.8	13.9	4.81	0.066	4.81

R47/1560 - Anvil ²

JORC Classification	Tonnes Mt	Fe%	SiO ₂ %	Al ₂ O ₃ %	P%	LOI%
Inferred	176	47.1	21.3	6.05	0.044	4.13
Total	176	47.1	21.3	6.05	0.044	4.13

Pilbara Iron Ore Project – Total ³

JORC Classification	Tonnes Mt	Fe%	SiO ₂ %	Al ₂ O ₃ %	P%	LOI%
Inferred	282	48.8	19.2	5.7	0.049	4.23
Indicated	1,148	52.6	14.1	4.81	0.067	4.93
Measured	54	59.8	6.24	4.28	0.064	2.98
Total	1,484	52.2	14.8	4.96	0.064	4.73

Note: Tonnage figures have been rounded and as a result may not add up to the totals quoted.

¹ The Blacksmith Mineral Resource includes the Ajax, Badger, Blackjack, Champion, Delta, Eagle and Paragon deposits. All the estimates making up the Blacksmith Mineral Resource are reported to JORC 2012 standards.

² The Anvil Mineral Resource includes the Area F, Area G, Area H and Area J deposits. All the estimates making up the Anvil Mineral Resource are reported to JORC 2012 standards.

³ Cut off: Ore types DID1, DID2, DID3 reported using Fe>40% and Al₂O₃<8%, ore types DID4, CID, BID reported using Fe>50% and Al₂O₃<6%

Following the completion of a drilling campaign and subsequent metallurgical laboratory analysis, the Company commissioned Snowden Mining Industry Consultants ('Snowden') to re-estimate and update the Mineral Resource to bring into compliance with JORC Code 2012. The Company released this update on the ASX on 1 March 2018. There have been no changes since the date of this announcement to the date of this report.

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The cut off grades are based on product optimisation carried out by Snowden based on metallurgical regressions provided by the Company for two ore processing facilities – known as Ore Processing Facility 1 ('OPF1') and Ore Processing Facility 2 ('OPF2'). The OPF1 processing route includes crushing, wet scrubbing, wet screening and hydrocyclone desliming. The Company propose to beneficiate relatively low grade DID1, DID2 and DID3 (detrital) mineralisation using the OPF2 processing route which includes crushing, scrubbing, wet screening and dense media separation. The metallurgical regressions based largely on the 2017 drilling campaign samples support this as being a viable processing path.

The Company is not aware of any new information or data that materially affects the information included in the Annual Statement with regard to Mineral Resources and confirms that all material assumptions and technical parameters underpinning the estimates continue to apply and have not materially changed.

Competent Person's Statement - PIOP

The information in this report that relates to the Pilbara Iron Ore Project Mineral Resources is based on, and fairly reflects, the ASX announcement dated 1 March 2018 (PIOP Mineral Resource Estimate Update) which was prepared by a Competent Person (Mr John Graindorge).

The Mineral Resource statement has been approved by Dr Tarrant Elkington, who consents to the inclusion in the report of the matters based on this information in the form and context in which it appears. Dr Elkington is a full-time employee of Snowden Mining Industry Consultants Pty Ltd and is a member of the Australasian Institute of Mining and Metallurgy.

Canegrass V205 >0.5% cut off grade, >210 m RL ⁴

JORC Classification	Tonnes Mt	Fe%	TiO ₂ %	V ₂ O ₅ %	SiO ₂ %	Al ₂ O ₃ %	P%
Inferred	79	29.7	6.0	0.64	23.6	12.2	.007
Total	79	29.7	6.0	0.64	23.6	12.2	.007

Note: Tonnage figures have been rounded and as a result may not add up to the totals quoted.

⁴ The Canegrass Mineral Resource includes the Fold Nose and Kinks deposits. All the estimates making up the Canegrass Mineral Resource are reported to JORC 2012 standards.

The Company released this update on the ASX on 30 January 2018. There have been no changes since the date of this announcement to the date of this report.

The Company is not aware of any new information or data that materially affects the information included in the Annual Statement with regard to Mineral Resources and confirms that all material assumptions and technical parameters underpinning the estimates continue to apply and have not materially changed.

Competent Person's Statement - Canegrass

The information in this report that relates to the Canegrass Project Mineral Resources is based on, and fairly reflects, information compiled by Mr Aaron Meakin, a Competent Person, who is a member of the Australasian Institute of Mining and Metallurgy. Mr Meakin is a consultant to Flinders Mines Limited, employed by CSA Global Pty Ltd, independent mining industry consultants. Mr Meakin 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 2012 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves'. Mr Meakin consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.

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