



FLINDERS
Resources

NEWS RELEASE

June 29, 2015

FLINDERS CLARIFIES DISCLOSURE

Vancouver, Canada - Flinders Resources Limited ("Flinders" or the "Company") (TSXV: FDR) wishes to clarify its disclosure relating to the status of production at its 100% owned Woxna graphite mine and processing plant in Sweden ("**Woxna**"). The Company has completed stage 1 of its development plan with the successful restart of the plant and mine, commissioning and establishment of meaningful graphite production at Woxna, however, commercial production, as determined under accepted accounting practice considering International Financial Reporting Standards, has not yet been achieved.

Commercial production is a convention for determining the point in time at which the commissioning of the mine and plant has been completed after which production costs are no longer capitalized and are reported as operating costs. The determination of when commercial production commences is based on several qualitative and quantitative factors.

The Woxna processing facility was refurbished and upgraded with new equipment in the first half of 2014 after which the processing plant commenced operation by feeding stockpiled graphitic material into the plant during July 2014. The plant was operated until the end of 2014 on stockpiled graphitic rock and mining of graphitic rock commenced in Q1 2015. The freshly mined graphitic rock was fed into the Woxna processing facility and operated at normal design capacity producing graphite concentrate inventory. This inventory was stockpiled instead of sold due to declining global flake graphite demand during 2015 that has pushed prices to a four year low. As previously disclosed, given these weakening conditions, the Board of Flinders has chosen to reduce production at Woxna and only supply larger volumes when improved graphite prices return thus conserving working capital.

The Woxna project has never defined a mineral reserve and the previous preliminary economic assessment ("**PEA**") on Woxna dated October 29, 2013, has been superseded by the Company's current technical report dated May 11, 2015 that increased the measured and indicated mineral resource on Woxna to 7.7Mt @ 9.3% Cg so the PEA is no longer valid. The decision to recommence mining at Woxna was not based on a feasibility study of mineral reserves demonstrating economic and technical viability as the Company is of the view that the establishment of mineral reserves is not necessary. There is increased uncertainty and risk of economic and technical failure associated with such production decisions. Mineral resources that are not mineral reserves do not have demonstrated economic viability. The estimate of mineral resources may be materially affected by environmental, permitting, legal, title, socio-political, marketing or other relevant issues.

The Board of Flinders is of the view that the costs of undertaking a feasibility study for a brownfield project of this type and scale is cost prohibitive. Therefore, the Company determined it was the most responsible utilization of financial resources to restart the mine and processing plant to establish itself in the graphite market as quickly as possible to develop credible sales and marketing presence. The Company acknowledges that there is increased uncertainty and risk of economic and technical failure associated with such production decisions not supported by pre-feasibility and feasibility studies that are structured for a large greenfield project. With the cost of this brownfield project, Flinders believes its financial decision to restart the Woxna mine was justified without the contribution from an extensive series of studies.

It is noteworthy that the Woxna mine and processing facility currently has all environmental, permitting, legal, title, sociopolitical approvals in place and is in operation. It was concluded that the risk of restarting the plant was manageable which is demonstrated in the cost effective manner the facility was refurbished and restarted for a low capital cost and rapidly integrated into the graphite market. As previously mentioned the graphite market is at a 4 year low so the decision was made to operate the plant on a production ready status until the graphite market conditions improve. The Woxna plant can be restarted in a matter of days once viable economics return to the graphite market. The qualified person as defined in National Instrument 43-101 for the Woxna project, Blair Way, President and Chief executive Officer and a director of the Company, and a Fellow of the Australasian Institute of Mining and Metallurgy, has reviewed and verified the contents of this release.

On behalf of the Board,

"Blair Way"

Blair Way, President and CEO

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Forward-Looking Information

Certain information in this news release may constitute forward-looking statements or forward-looking information within the meaning of applicable securities laws (collectively, "Forward-Looking Statements"). All statements, other than statements of historical fact that address activities, events or developments that the Company believes, expects or anticipates will or may occur in the future are Forward-Looking Statements. Forward-Looking Statements are often, but not always, identified by the use of words such as "seek," "anticipate," "believe," "plan," "estimate," "expect," and "intend" and statements that an event or result "may," "will," "can," "should," "could," or "might" occur or be achieved and other similar expressions. Forward-Looking Statements are based upon the opinions and expectations of the Company based on information currently available to the Company. Forward-Looking Statements are subject to a number of factors, risks and uncertainties that may cause the actual results of the Company to differ materially from those discussed in the Forward-Looking Statements including, among other things, the Company has yet to generate a profit from its activities; there can be no guarantee that the estimates of quantities or qualities of minerals disclosed in the Company's public record will be economically recoverable; uncertainties relating to the availability and costs of financing needed in the future; competition with other companies within the mining industry; the success of the Company is largely dependent upon the performance of its directors and officers and the Company's ability to attract and train key personnel; changes in world metal markets and equity markets beyond the Company's control; mineral resources are, in the large part, estimates and no assurance can be given that the anticipated tonnages and grades will be achieved or that the indicated level of recovery will be realized; production rates and capital and other costs may vary significantly from estimates; changes in corporate goals and strategies, the Company's preliminary economic assessment is no longer current or valid and the Company has no plans to complete a new preliminary economic assessment, a pre-feasibility or feasibility study on the project, as a result there is an increased risk of technical and economic failure for the Woxna graphite project; unexpected geological conditions; delays in obtaining or failure to obtain necessary permits and approvals from government authorities; all phases of a mining business present environmental and safety risks and hazards and are subject to environmental and safety regulation, and rehabilitation and restitution costs; the Company does not maintain insurance against environmental risks; and management of the Company have experience in mineral exploration but may lack all or some of the necessary technical training and experience to successfully develop and operate a mine. Although the Company believes that the expectations reflected in the Forward-Looking Statements, and the assumptions on which such Forward-Looking Statements are made, are reasonable, there can be no assurance that such expectations will prove to be correct. Readers are cautioned not to place undue reliance on Forward-Looking Statements, as there can be no assurance that the plans, intentions or expectations upon which the Forward-Looking Statements are based will occur. Forward-Looking Statements herein are made as at the date hereof, and unless otherwise required by law, the Company does not intend, or assume any obligation, to update these Forward-Looking Statements.

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