FLINDERS RESOURCES LIMITED

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE THREE MONTHS ENDED JANUARY 31, 2015

This discussion and analysis of financial position and results of operation is prepared as at March 25, 2015 and should be read in conjunction with the unaudited condensed consolidated interim financial statements for the three months ended January 31, 2015 of Flinders Resources Limited ("Flinders" or the "Company"). The following disclosure and associated financial statements are presented in accordance with International Financial Reporting Standards ("IFRS"). Except as otherwise disclosed, all dollar figures included therein and in the following management discussion and analysis ("MD&A") are quoted in Canadian dollars. Additional information relevant to the Company's activities can be found on SEDAR at www.sedar.com.

Forward Looking Statements

Certain information set out in this MD&A 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: failure to successfully complete the Arrangement (as defined); 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, in particular its President and CEO and director, Mr. Blair Way, 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 reserves 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; 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. The Company's decision to restart production at the Woxna Project is based on historical production and the Company's preliminary economic analysis ("PEA"). The Company has no current plans to complete a pre-feasibility or feasibility study on the Woxna Project and as a result, there is an increased risk of technical and economical failure of the Woxna Project. 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.

Company Overview

The Company was incorporated on October 27, 2010 under the *Business Corporations Act* (British Columbia) as Tasex Capital Limited ("Tasex"). The Company's common shares began trading on the TSX Venture Exchange (the "TSXV") as a capital pool company on June 10, 2011. On February 22, 2012 the Company completed the acquisition of the Woxna Project and changed its name to Flinders Resources Limited. The Company's common shares trade on the TSXV as a Tier 1 mining issuer under the symbol “FDR”. The Company’s principal office is located at #1305 - 1090 West Georgia Street, Vancouver, British Columbia, V6E 3V7.

Corporate Development

Termination of Proposed Acquisition

Effective August 28, 2014 the Company and Big North Graphite Corp. (“Big North”), a public company trading on the TSXV under the symbol “NRT”, entered into a binding letter agreement, under which the Company agreed to acquire all of the issued and outstanding common shares of Big North by way of a plan of arrangement (the “Arrangement”) under the Business Corporations Act (British Columbia) and Big North would become a wholly-owned subsidiary of the Company. On January 21, 2015 the Company terminated the agreement due to Big North’s failure to satisfy the due diligence process.

Woxna Project

Location

The Woxna Project is located some 8 kilometres (“km”) WNW of the town of Edsbyn, Sweden, approximately 3.5 hour drive north of Stockholm. Access is via 10 km of all-weather forest road from Highway 301.

Restart of Production

In November 2013 the Board of Directors of the Company approved the staged production plan for commencing production of graphite from Woxna. This staged plan spreads the PEA capital cost over the next four years as sales contracts are established but allows for lower production levels and costs until the sales warrant capacity expansion.

Procurement of equipment (new and used) and design work commenced in late 2013. Site works commenced in earnest in January 2014. The Company purchased floatation cells in January 2014 and, in February 2014, placed orders for a number of short lead time and key items, such as vertical regrind mills and process control hardware. The processing plant equipment refurbishment work was completed July 2014. The tailings storage facility refurbishment works was completed in August 2014 and the Company began operating the Woxna facility. During the initial months of operations, the Company completed progressive process improvements to ensure the plant met design specifications and that the graphite products produced fulfilled customer expectations. During this commissioning period, the quantity of graphite produced was limited and the grade was variable due to the ongoing plant refinements. The Company sold all of the 2014 production in January 2015 and is well positioned to grow graphite sales and production through 2015. The Company is working with a number of end users to negotiate supply contracts for the Woxna graphite.

The Company believes that the staged production plan will facilitate marketing of its products and allow the Woxna project to re-establish its former position as a key supplier of graphite to Europe. Flinders aims to position itself as the supplier of choice in terms of price, supply security and quality to the European graphite market. The production model being implemented will ensure the Company has developed an adequate customer base before ramping up to larger scale production and that the graphite products consistently meet end user specifications. Through the sale of reprocessed graphite over the last 12 months the Company has worked to establish marketing in-roads and is confident the Woxna brand will continue to be well received throughout Europe.

As at January 31, 2015 commercial production, as defined under IFRS, has not been achieved.

History of Project

The Woxna Project produced flake graphite from 1996 to 2001, when it closed due to depressed graphite prices. Since then the Woxna Project has been held on care and maintenance. The Woxna Project was acquired in August 2011 and since then the Company has been working to bring the property back to the production stage. The Woxna Project comprises four exploitation (mining) concessions located in the vicinity of the town of Edsbyn, northwest of the city of Gavle in Central Sweden. The Woxna Project comprises a partially depleted open pit and associated processing facility on the Kringel concession which had been in production from 1996 to 2001. The other three concessions remain undeveloped. Graphite is developed in distinct zones in silicified metasedimentary and metavolcanic rocks.

This type of mineralisation is particularly suited to discovery by electromagnetic geophysical methods. The project area is well placed in terms of infrastructure with access to water and connections to power grid. The site has good roads in place which give good access to European graphite markets as well as surrounding regional facilities and infrastructure.

The Woxna graphite product is known to the graphite market in Europe. All four mining concessions were drilled by prior operators in the period 1988-1993 and Flinders drilled the Kringel concession in 2012. A National Instrument 43-101 ("NI 43-101") measured and indicated resource was announced on September 18, 2012 at the Kringel deposit and significant historical resources exist at the other three deposits.

The Woxna Project is unique due to its strategic position within the European Union and a fully permitted and constructed status as well as being attractive due to its proven ability to produce high grade large flake graphite, long life high grade resource and considerable upside potential.

Preliminary Economic Analysis

On September 3, 2013, as amended October 29, 2013, the Company announced positive results from its preliminary economic analysis ("PEA") of the Woxna Project.

The PEA was prepared by GBM Minerals Engineering Consultants of the United Kingdom ("GBM") (Mineral Project Engineering), with contributions from Golder Associates AB of Sweden ("Golder") (Mining Plan), Reed Leyton Consulting (Mineral Resource), Aminpro Metallurgical Services of Chile ("Aminpro") (Metallurgical Test Work and Process Design), Tailings Consultants Scandinavia ("TCS") (Tailings Facility Design) and the Company. The amended PEA was filed on SEDAR November 5, 2013.

Mineral Resources

Woxna Graphite AB, Flinders' 100% owned Swedish subsidiary, owns four mining concessions over graphite deposits (Kringel, Gropabo, Mattsmyra and Månsberg - the Woxna Project) located along a 40km trend in central Sweden. The PEA considers only one of these deposits, the Kringel deposit. The partially mined Kringel deposit lies adjacent to the processing plant, tailings dam and related infrastructure.

Table 1 - Kringel Mineral Resource Estimate (7 % Cg lower cut-off grade)

Classification	Tonnes (Mt)	Graphite ("Cg")
Measured	1.0	10.7%
Indicated	1.8	10.7%
Total	**2.8**	**10.7%**

Cautionary Note: Mineral Resources that are not Mineral Reserves do not have demonstrated economic viability. The PEA is preliminary in nature and there is no certainty that the PEA will be realized.

In addition to the Kringel graphite resource, the Gropabo, Mattsmyra and Månsberg flake graphite deposits contain historic resources. These will continue to be classified as historic resources until Flinders has the opportunity to upgrade them to NI43-101 standards, which work is in process. These historic resources are not included in the economic analysis of the PEA.

The Company advises that it has not based its production decision on a feasibility study of mineral reserves, demonstrating economic and technical viability, and, as a result, there may be an increased uncertainty of achieving any particular level of recovery of minerals or the cost of such recovery, including increased risks associated with developing a commercially mineable deposit. Historically, such projects have a much higher risk of economic and technical failure. There is no guarantee that production will begin as anticipated or at all or that anticipated production costs will be achieved. Failure to commence production would have a material adverse impact on the Company's ability to generate revenue and cash flow to fund operations. Failure to achieve the anticipated production costs would have a material adverse impact on the Company's cash flow and future profitability.

The Company further cautions that the Woxna PEA is preliminary in nature. No mining study has been completed. Mineral resources are not mineral reserves and do not have demonstrated economic viability. There is no certainty that the Woxna PEA will be realized.

Qualified Person

The qualified person for the Company's project, Mr. Blair Way B.S. (Geology) M.B.A., a Fellow of the Australasian Institute of Mining and Metallurgy, the Company's President and CEO, has reviewed and verified the contents of this document.

Selected Financial Data

The following selected financial information is derived from the unaudited condensed consolidated interim financial statements of the Company prepared in accordance with IFRS.

	Fiscal 2015	Fiscal 2014				Fiscal 2013		
Three Months Ended	**January 31, 2015 $**	**October 31, 2014 $**	**July 31, 2014 $**	**April 30, 2014 $**	**January 31, 2014 $**	**October 31, 2013 $**	**July 31, 2013 $**	**April 30, 2013 $**
Operations								
Expenses	(789,525)	(855,274)	(594,671)	(767,754)	(459,159)	(1,616,104)	(334,935)	(737,880)
Other items	8,681	(120,409)	28,043	20,824	12,026	27,706	43,070	53,280
Net loss	(780,844)	(975,683)	(566,628)	(746,930)	(447,133)	(1,588,398)	(291,865)	(684,600)
Basic and diluted loss per share	(0.02)	(0.02)	(0.01)	(0.02)	(0.01)	(0.04)	(0.01)	(0.01)
Dividends per share	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Financial Position								
Working capital	5,291,824	6,246,646	7,215,788	8,802,420	10,284,604	11,047,446	12,532,476	13,370,213
Total assets	20,670,066	21,177,698	21,550,631	21,967,272	21,996,000	22,289,984	23,229,065	23,955,041
Total non-current liabilities	(5,602,133)	(5,199,894)	(5,001,587)	(4,882,060)	(4,489,454)	(4,259,830)	(4,382,988)	(4,750,292)

Results of Operations

Three Months Ended January 31, 2015 Compared to Three Months Ended October 31, 2014

During the three months ended January 31, 2015 (the "Q1/2015") the Company reported a net loss of $780,844 compared to a net loss of $975,683 for the three months ended October 31, 2014 (the "Q4/2014"), for a decrease in loss of $194,839. The decrease in loss is mainly attributed to the recognition of due diligence expenses of $139,827 in Q4/2014 compared to $15,211 in Q1/2015. During Q4/2014 the Company incurred significant due diligence expenses on the review of the Big North agreement. See also "Termination of Proposed Acquisition".

Three Months Ended January 31, 2015 Compared to Three Months Ended January 31, 2014

During the three months ended January 31, 2015 (the "2015 period") the Company reported a net loss of $780,844 ($0.02 per share), compared to a net loss of $447,133 ($0.01 per share) for the three months ended January 31, 2014 (the "2014 period"), an increase in loss of $333,711. The increase in loss is attributed to the refurbishment of the Woxna Graphite plant in the 2015 period resulting in higher levels of activities particularly in staffing and casual labour hires.

General and administrative expenses increased by $330,366 from $459,159 during the 2014 period to $789,525 during the 2015 period. Specific general and administrative expenses of note during the 2015 period are as follows:

- incurred a total of $29,713 (2014 - $34,805) for accounting and administrative services of which $9,500 (2014 - $8,200) was for accounting and administration services provided by Chase Management Ltd. ("Chase"), a private corporation controlled by Mr. DeMare, a director and the CFO of the Company, and $20,213 (2014 - $26,605) was for third party accounting services provided in Sweden;
- recorded $17,000 (2014 - $28,981) share-based compensation on the granting and vesting of share options granted;

- incurred consulting fees of $76,209 (2014 - $44,272) of which $16,871 (2014 - $17,623) was paid to consultants in Sweden for mine management and maintenance, $26,838 (2014 - $26,649) was paid to consultants in Canada for financial advisory services and $32,500 (2014 - $nil) was incurred by directors of the Company;

- incurred $49,998 (2014 - $49,998) for management fees charged by the Company's President and CEO. The Company has also agreed to reimburse its President for relocation costs incurred, up to a total of $70,000. During the 2015 period the Company reimbursed $64,111. See also "Related Party Transactions and Balances";
- incurred $22,246 (2014 - $16,195) for equipment rentals, $13,577 (2014 - $1,570) for plant maintenance, $51,409 (2014 - $24,533) for fuel, electricity and utilities, and $26,106 (2014 - $13,906) for plant supplies and consumables to facilitate the refurbishment of the Woxna Graphite plant;
- incurred salaries, compensation and benefits expense of $255,001 (2014 - $60,198) for staff in the mining office and Woxna Project in Sweden. During the 2015 period the Company increased staffing and casual labour hires specifically to facilitate the refurbishment of and commencement of operations at the Woxna Graphite plant; and
- incurred corporate development expenses of $13,435 (2014 - $7,063) for participation in international investment conferences and market awareness programs.

Interest and other income is primarily generated from cash on deposit with the Bank of Montreal. During the 2015 period the Company reported interest of $19,433, a decrease of $19,671, compared to $39,104 during the 2014 period, reflecting the lower levels of cash held and lower yields obtained during the 2015 period.

No equity financings were conducted in either the 2015 or 2014 periods.

Property, Plant and Equipment

Cost:	**Vehicles $**	**Equipment and Tools $**	**Building $**	**Manufacturing and Processing Facility $**	**Mineral Property Acquisition and Development Costs $**	**Total $**
Balance - October 31, 2013	122,251	250,117	294,861	4,830,637	-	5,497,866
Additions	-	-	45,439	2,569,254	-	2,614,693
Reclassification from exploration and evaluation assets	-	-	-	-	5,891,334	5,891,334
Preproduction costs, net of sales recoveries	-	-	-	-	238,940	238,940
Adjustment to site restoration	-	-	-	-	174,283	174,283
Balance - October 31, 2014	122,251	250,117	340,300	7,399,891	6,304,557	14,417,116
Additions	40,882	6,999	3,839	140,815	29,529	222,064
Preproduction costs net of sales recoveries	-	-	-	-	23,364	23,364
Adjustment to site restoration	-	-	-	-	366,994	366,994
Balance - January 31, 2015	163,133	257,116	344,139	7,540,706	6,724,444	15,029,538
Accumulated Depreciation:						
Balance - October 31, 2013	(33,050)	(24,331)	-	(35,527)	-	(92,908)
Depreciation	(24,814)	(26,672)	-	(24,412)	-	(75,898)
Balance - October 31, 2014	(57,864)	(51,003)	-	(59,939)	-	(168,806)
Depreciation	(6,183)	(5,446)	-	(4,987)	-	(16,616)
Balance - January 31, 2015	(64,047)	(56,449)	-	(64,926)	-	(185,422)
Carrying Value:						
Balance - October 31, 2013	64,387	199,114	340,300	7,339,952	6,304,557	14,248,310
Balance - January 31, 2015	99,086	200,667	344,139	7,475,780	6,724,444	14,844,116

During the 2015 period the Company recorded total additions of $222,064 (2014 - $380,998) to property, plant and equipment, of which $140,815 (2014 - $319,899) was for manufacturing and processing facility, $3,839 (2014 - $nil) for building and $77,410 (2014 - $61,099) for equipment, tools and vehicles. The Company also recorded $23,364 (2014 - $nil) for pre-production costs, net of sales recoveries, incurred during the commissioning stage and $366,994 (2014 - $nil) increase to the provision for site restoration for the Kringel concession. See also "Woxna Project - Production Plan".

Cash Flows

During the 2015 period cash decreased by $1,148,589. Operations utilized $603,047 and investing activities mainly for additions to property, plant and equipment and expenditures on exploration and evaluation assets utilized $545,542.

During the 2014 period cash decreased by $805,593. Operations utilized $417,017 and investing activities mainly for additions to property, plant and equipment and expenditures on exploration and evaluation assets utilized $388,576.

Financial Condition / Capital Resources

As at January 31, 2015 the Company had cash resources of $5,357,628 a decrease of $1,148,589 from $6,506,217 as at October 31, 2014. The decrease in cash resources is attributed to the use of cash in operating activities and additions to property, plant and equipment during the 2015 period.

As at January 31, 2015 the Company had working capital of $5,291,824 non-current liabilities of $5,602,133 and an accumulated deficit of $14,285,811. The Company has now completed the refurbishment and commenced reactivation of the Woxna Graphite Mine and has developed a staged production plan for the commencement of operations. The staged plan spreads the PEA capital costs over several years as sales contracts are established but permits lower production levels and costs until sales warrant capacity expansion. The Company has sufficient funding to implement the staged production plan at Woxna and meet anticipated levels of corporate administration and overheads for the ensuing twelve months. The Company's ability to continue as a going concern may be dependent upon the ability of the Company to obtain necessary financing to further develop its properties and to establish future profitable production. While the Company has been successful in securing financings in the past, there can be no assurance that it will be able to do so in the future.

Off-Balance Sheet Arrangements

The Company has no off-balance sheet arrangements.

Proposed Transactions

Effective August 28, 2014 the Company entered into a binding letter agreement under which the Company proposed to acquire all of the issued and outstanding common shares of Big North by way of a plan of arrangement under the Business Corporations Act (British Columbia). Upon completion of the arrangement, Big North would become a wholly-owned subsidiary of the Company. On January 21, 2015 the Company terminated the letter agreement as a result of Big North's inability to satisfy the due diligence process. See "Company Overview - Corporate Development" for details.

Critical Accounting Estimates

The preparation of financial statements in conformity with IFRS requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenditures during the reporting period. Examples of significant estimates made by management include estimating the fair values of financial instruments, valuation allowances for deferred income tax assets and assumptions used for share-based compensation. Actual results may differ from those estimates.

A detailed summary of all the Company's significant accounting policies is included in Note 3 to the October 31, 2014 audited annual consolidated financial statements.

Changes in Accounting Policies

There are no changes in accounting policies.

Related Party Transactions and Balances

A number of key management personnel, or their related parties, hold positions in other entities that result in them having control or significant influence over the financial or operating policies of those entities. Certain of these entities transacted with the Company during the reporting period.

(a) *Transactions with Key Management Personnel*

During the three months ended January 31, 2015 and 2014 the following amounts were incurred with respect to the Company's President and CEO (Mr. Blair Way), and the Company's CFO (Mr. Nick DeMare):

	2015 **$**	**2014** **$**
Management fees - Mr. Way	49,998	49,998
Consulting fees - Mr. DeMare	14,500	-
Relocation reimbursement costs - Mr. Way	64,111	-
	128,609	49,998

As at January 31, 2015, $7,000 (2014 - $nil) remained unpaid.

The Company has a management agreement with Mr. Way which provides that in the event Mr. Way's services are terminated without cause or upon a change of control of the Company, a termination payment of one year of compensation, at $16,666 per month, is payable. If the termination had occurred on January 31, 2015, the amount payable under the agreement would be $199,992.

(b) *Transactions with other Related Parties*

(i) During the three months ended January 31, 2015 and 2014 the following amounts were incurred with respect to non-management directors (Messrs. Michael Hudson, Mark Saxon and Robert Atkinson) of the Company:

	2015 **$**	**2014** **$**
Consulting fees - Mr. Hudson	6,000	-
Consulting fees - Mr. Saxon	6,000	-
Consulting fees - Mr. Atkinson	6,000	-
	18,000	-

As at January 31, 2015, $18,000 (2014 - $nil) remained unpaid.

(ii) During the three months ended January 31, 2015 the Company incurred $9,500 (2014 - $8,200) to Chase Management Ltd. ("Chase"), a private corporation owned by Mr. DeMare, for accounting and administrative services provided by Chase personnel, exclusive of Mr. DeMare, and $1,005 (2014 - $1,005) for rent. As at January 31, 2015, $3,335 (2014 - $7,370) remained unpaid.

(iii) During the three months ended January 31, 2015 the Company incurred $2,564 (2014 - $2,218) for shared administration costs with Tasman Metals Ltd., and Mawson Resources Limited, public companies with common directors and officers. As at January 31, 2015, $2,136 (2014 - $2,080) remained unpaid.

Investor Relations Activities

Effective February 23, 2012 the Company engaged Albis Capital Corp. ("Albis") to act as investor relations consultants to the Company. The principals of Albis are Mr. James Powell and Ms. Seema Sindwani. Albis works with the Company to, among other things, develop a strategy to enhance and expand the Company's exposure in North America and Europe, provide market awareness, promotion and arrange road shows (the "Investor Relations Program"). Under the contract, Albis was paid a monthly fee of $4,800. During the three months ended January 31, 2015 the Company paid Albis $14,400 (2014 - $18,000). Effective February 16, 2015 Mr. Powell resigned from his position and Ms. Sindwani took over the Investor Relations Program at a monthly fee of $1,750.

Outstanding Share Data

The Company's authorized share capital is unlimited common shares without par value. As at March 25, 2015, there were 46,820,730 issued and outstanding common shares, 2,100,000 share options outstanding at an exercise prices ranging from $0.10 to $1.25 per share and 9,570,000 warrants at an exercise price of $0.75 per share.