

Flinders Exploration Limited
ABN 31 140 351 033
31 Hauteville Terrace
EASTWOOD SA 5063
PO Box 781
KENT TOWN SA 5071



FLINDERS EXPLORATION LIMITED – ANNUAL GENERAL MEETING 2017 – CHAIRMAN’S ADDRESS

My Fellow Shareholders

Flinders Exploration Limited (FEX) experienced another challenging year in 2016/17 and the board decided to take action to resolve a difficult situation. Since incorporation on 26 November 2009, the Company’s main objective had been to work towards developing profitable mineral deposits through a successful Initial Public Offering (IPO), backdoor listing or reverse takeover on the Australian Stock Exchange (ASX). However, during the reporting year, due to a very difficult capital raising market, the Company has been unable to advance these objectives. Instead, the Company has focused its activities on the sale of its principal projects with a view to creating liquid assets which can be distributed to Shareholders.

During the year, the Company held discussions with interested parties and negotiated the most beneficial agreements it could for the sale of its two gold projects in Western Australia to ASX listed companies. The Black Cat project, located 35 km northwest of Coolgardie in the Eastern Goldfields, was sold to Beacon Mining Pty Ltd, a subsidiary of Beacon Minerals Limited (ASX: BCN). Beacon is developing a new operation in the area to mine their nearby recent discovery called the Lost Dog gold deposit. This would also enable the mining and treatment of ore from Black Cat.

FEX had owned 90% of the Black Cat leases in joint venture with Jaurdi Hills Mining Pty Ltd (JHM). With JHM’s agreement, the Company negotiated a Tenement Sale Agreement with Beacon Minerals Limited for 100% of MLs M16/34&115 for a total consideration of \$200,000 cash, 20 million fully paid shares and 5 million unlisted share options. FEX has, since the end of the reporting period, received 90% of the consideration and JHM, 10%. After selling 2 million BCN shares for ongoing Company operations, a total of 16 million fully paid shares remain to be distributed in-specie. The background information describing these transactions in detail is provided in the accompanying Notice Of Meeting document (NOM).

The Company’s other exploration project at Marymia, located 250 km northeast of Meekatharra in the Murchison Goldfield, was sold to Gladiator Resources Limited (ASX: GLA) who are planning an exploration program to test previous anomalous gold drilling results. The consideration was 5 million Gladiator Resources (GLA) shares. The Company has also taken out a placement of 25 million \$0.004 GLA shares for \$100,000. After having paid a consideration of 2 million GLA shares to the original Marymia promoter, FEX has a total of 28 million GLA shares to distribute to shareholders in-specie.

After the execution of the Black Cat and Marymia Tenement Sale Agreements on the 5 May and 19 June respectively, and since the end of the reporting year, the Company has worked to complete the tenement transfer process via the Department of Mines and Petroleum (DMP) in Western Australia Permission to hold a delayed AGM and distribute the NOM has also been granted by ASIC. The Company is requesting shareholder approval at the 2017 AGM, to be held on 18 April 2018, for an in-specie distribution of its Beacon Minerals and Gladiator Resources shares to shareholders.

The Company will be seeking your support for resolutions at the AGM to approve the return of capital via a pro-rata in-specie distribution to Shareholders.

A handwritten signature in black ink, appearing to read "Kevin Wills".

Kevin Wills

Chairman – Flinders Exploration Limited

16 March 2018