



FLINDERS EXPLORATION LIMITED – ANNUAL GENERAL MEETING 2016

CHAIRMAN'S ADDRESS

My fellow Shareholders,

Flinders Exploration Limited (FEX) has experienced another challenging year in 2015/2016. Capital raising has again been difficult and what little we have raised has been spent very judiciously. Activities have focussed on further feasibility analysis to improve the chances of a development at our Black Cat South Gold project.

The net operating result of the Company for the financial year was a loss of \$49,734, compared with a loss in the previous financial year of \$54,808. The net assets of the Company decreased by \$27,938 during the financial year from \$250,798 at 30 June 2015 to \$222,860 at 30 June 2016.

As previously, the Company operated from a serviced office in the Adelaide suburb of Eastwood, and from the director's offices in and near Adelaide. The company's activities have been undertaken by the directors and a small team of consultants. Most activities focussed on the Black Cat South Gold project.

Black Cat is located about 35km northwest of Coolgardie in the Jaurdi Hills gold mining centre of the highly prospective Eastern Goldfields of Western Australia. On 24 March 2016, an agreement was executed with Ramelius Resources Limited which registered the transfer of a 90% interest in the Black Cat Gold Mining Leases (M16/34 and M16/115) to Flinders Exploration Limited. JH Mining Pty Ltd retain the remaining 10% under a JV agreement with Flinders Exploration. This provides the Company with a potential gold development project.

Black Cat South contains a JORC compliant Indicated and Inferred Resource totalling 317,000 tonnes at 2.1 g/t containing about 21,400 ounces of gold. In the 2016 year, the Company carried out further scoping level feasibility analysis which refined and improved the mining plan and financial outcomes for a Black Cat South development. In May 2016, this enabled the Company to produce a new Information Memorandum on a potential gold heap leach development proposal to help promote the project.

Since the end of the financial year, the Company has been involved in a variety of negotiations with a view to a project or corporate transaction which will enable the development of the Black Cat South Project. At the time of writing these negotiations are continuing. The uncertainty associated with these negotiations has resulted in the delayed AGM held today on 28 February, 2017.

FEX holds another gold project under Exploration Licence E52/3104 at Marymia, some 200 km northeast of Meekatharra in the Plutonic Well Greenstone Belt of Western Australia. This project has reconnaissance bedrock gold anomalies worthy of additional drill testing along the structure containing the Marymia Gold Mine. FEX's intention remains to carry out infill drilling on these targets as soon as they can be funded.

The directors would like to thank those who have carried out corporate, project and administrative activities which have helped FEX continue to operate during difficult times. These efforts are very much appreciated. We look forward to a better financial environment to progress our exploration and mining proposals in future.

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

Kevin Wills

Chairman

28 February 2017

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