



ABN 51 140 351 033

Financial Report

For the year ended 30 June 2017

Flinders Exploration Limited

ABN 51 140 351 033

DIRECTORS' REPORT

Flinders Exploration Limited

ABN 51 140 351 033

Financial Report for the Year Ended 30 June 2017

Directors present their report on Flinders Exploration Limited(ASX: FEX) , the Company, for the financial year ended 30 June 2017.

Directors

The names of the directors in office at any time during, or since the end of, the year are:

Kevin John Anson Wills	(Chairman)
David Tucker	(Managing Director)
Peter Moloney	(Non-executive Director)

Directors have been in office since the start of the financial year to the date of this report.

Principal activities

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 last year, due to a very difficult capital raising market, the Company has been unable to advance these objectives. Instead, the Company has focussed 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 recent gold discovery at the Lost Dog prospect, and hopefully the Black Cat South project. 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.

Dividends

There were no dividends paid or declared by the Company during the year.

Operating results and financial position

The net result of the Company operations for the 2017 financial year was a profit of \$255,743 compared with the loss of \$49,734 in 2016.

The net assets of the Company have increased by \$255,743 the financial year from \$222,860 at 30 June 2016 to \$478,603 at 30 June 2017.

Review of operations

During the year the Company operated from a serviced office in Eastwood, South Australia, and from the Directors' offices.

During the year, the directors and support personnel have undertaken activities to further the Company's objectives.

At the end of the year, the Company's two projects have been sold via executed Tenement Sale Agreements (TSA's) and the process of transferring the tenements to the purchasers was in progress.

Flinders Exploration Limited

ABN 51 140 351 033

DIRECTORS' REPORT

The Black Cat project is located 35km northwest of Coolgardie, in the Jaurdi Hills gold mining centre in the Eastern Goldfields of Western Australia. The Company had acquired 100% of Ramelius Resources Ltd (Ramelius) share of the Joint Venture Mining Leases M16/34, and M16/115 which were then owned 90% by FEX and 10% by 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 share options. FEX has, since the end of the reporting period, received 90% of the consideration and JHM, 10%. The number of BCN shares to be distributed in specie will consist of most of FEX's share of 18 million fully paid shares and 5 million options less shares sold to cover the cost of FEX's 2016/2017 financial reporting.

Beacon Minerals have been actively exploring for paleochannel gold deposits in the Jaurdi Hills area during 2017. On 3 March 2017, they announced the discovery of significant gold mineralisation at the Lost Dog deposit, located about 3 km southeast of Black Cat. Mineral Resources at Lost Dog were upgraded in a 12 July 2017 announcement to 2.9 million tonnes at an average grade of 1.8 g/t containing 163,000 ounces of gold

Beacon Minerals have been actively exploring for paleochannel gold deposits in the Jaurdi Hills area during 2017. On 3 March 2017, they announced the discovery of significant gold mineralisation at the Lost Dog deposit, located about 3 km southeast of Black Cat. Mineral Resources at Lost Dog were upgraded in a 12 July 2017 announcement to 2.9 million tonnes at an average grade of 1.8 g/t containing 163,000 ounces of gold.

Since completing the TSA, on 22 September 2017, Beacon made another announcement that they had completed some infill and extension drilling at Black Cat which has confirmed previous exploration results. They released an updated Mineral Resource total of 408,000 tonnes at 1.7 g/t containing 21,880 ounces of gold. Beacon have also indicated their intention to develop a new gold mine at Lost Dog which would also enable the mining and treatment of ore from the Black Cat deposit.

The Marymia gold project is located approximately 30 km East of the Great Northern Highway, some 250 km northeast of Meekatharra, in the Plutonic Well Greenstone Belt of Western Australia. The Company was granted tenement E52/3104 which comprises 6 contiguous blocks on 12 March 2016. The Marymia project has been sold to Gladiator Resources for a consideration of 5 million Gladiator Resources (GLA) shares.

Significant changes in the state of affairs

On 24 March 2017, an agreement was executed with Ramelius which registered the transfer of a 90% interest in the Black Cat tenements to Flinders Exploration.

No other changes in the state of affairs occurred during the year.

Flinders Exploration Limited

ABN 51 140 351 033

DIRECTORS' REPORT

Events subsequent to the end of the reporting period

After the execution of the Black Cat and Marymia Tenement Sale Agreements on the 5 May and 19 June respectively, the Company has worked to complete the tenement transfer process via the Department of Mines and Petroleum (DMP) in Western Australia. At the date of the report, the transfer of the Black Cat tenements is complete and documents relating to the transfer of the Marymia project have been submitted to DMP.

The Marymia tenement has since been sold to Gladiator Resources for a consideration of 5 million Gladiator Resources (GLA) shares. The Company has also taken part in a placement of 25 million \$0.004 GLA shares for \$100,000. After paying a consideration of 2 million GLA shares to the original promoter, FEX will have a total of 28 million GLA shares to distribute to shareholders in specie. The prospect contains an extension of the shear zone which contains the Plutonic and Marymia gold mines. Previous exploration has located anomalous shallow gold intersections along this trend which require follow up drill testing.

The Company subscribed for 25 million shares in Gladiator Resources at a cost of \$100,000 in September 2017.

Likely future developments

The Company is intending to seek approval at the 2017 AGM for an in-specie distribution of its Beacon Minerals and Gladiator Resources shares to shareholders.

Dividends

There were no dividends paid or declared during the 2017 financial year.

Environmental regulation

The Group's operations are not regulated by any significant environmental regulation under a law of the Commonwealth or of a State or Territory.

Options

No options over issued shares or interests in the company were granted during or since the end of the financial year, and there were no options outstanding as at the date of this report.

No shares were issued during or since the end of the year as a result of the exercise of an option over unissued shares or interests.

Indemnification of officers

During the reporting period, up to the end of November 2016, the Company paid premiums to insure directors under a directors and officers insurance policy.

- *The insurer was AAI Limited trading as Vero Insurance*

Further disclosure of information relating to this policy is not permitted under the contract of insurance.

No indemnification has been obtained for the auditors of the company.

Flinders Exploration Limited

ABN 51 140 351 033

DIRECTORS' REPORT

Proceedings on behalf of company

No person has applied for leave of court to bring proceedings on behalf of the Company or intervene in any proceedings to which the company is a party for the purpose of taking responsibility on behalf of the company for all or any part of those proceedings.

The Company was not a party to any such proceedings during the year.

Information on Directors

Kevin John Anson Wills BSc, PhD, ARSM, FAus IMM (Non-executive Chairman)

Experience and expertise

A director since 26 November 2009, Dr Wills is a geologist with 42 years experience in multi-commodity mineral exploration including feasibility studies and mining operations in Australasia. Dr Wills spent seven years with CRA Exploration Pty Ltd, the highlight of which was involvement with the location and evaluation of the Argyle diamond deposit. Later, with Penarroya Australia Pty Ltd, his work led to an expansion of reserves at Thalanga, and the discovery of the Waterloo, base metals deposits.

In the late 1980's, Dr Wills was exploration manager with Metana Minerals NL. He built up a successful exploration team which extended known gold ore bodies and made new discoveries in the Murchison Region of Western Australia. In the early 1990s Dr Wills was regional exploration manager with Dominion Mining Limited, based in Adelaide. His work on the Gawler Craton led to the development of a calccrete sampling technique which, later on, was instrumental in the Challenger gold discovery. Dr Wills was Managing Director of Flinders Mines Limited (FMS) until his resignation on 31 August 2010. During this period FMS located a significant iron ore resource of over 1 billion tonnes at the Blacksmith Project in the Pilbara Region of Western Australia.

He is an Associate of the Royal School of Mines, past Chairman of the Adelaide Branch and a Fellow of the Australian Institute of Mining and Metallurgy.

Special responsibilities

Chairman of the Board

Interests in shares and options

7,750,000 ordinary shares in Flinders Exploration Limited

David Hamilton Tucker BSc, PhD, MGSA, ACTASEG, MAusIMM (Managing Director)

Company Secretary (appointed 4 July 2013)

Experience and expertise

A director since 26 November 2009, Dr Tucker is a geophysicist with 42 years' experience in minerals and petroleum exploration, mostly in Australia and Africa.

Flinders Exploration Limited

ABN 51 140 351 033

DIRECTORS' REPORT

Dr Tucker gained experience in base metals exploration with CRA Exploration Limited (Now Rio Tinto) and later as a geophysical consultant for major companies including CRA Ltd and Mount Isa Mines Ltd. He has worked as consultant in Australia and Canada in base and precious metals exploration and later as principal in a petroleum venture in South Australia. From 1995 to 1999 he was managing director of Kalahari Mining N.L., an exploration company that was active in base metals and gold exploration in Namibia and Botswana. From 2008 to 2009 he worked as exploration manager (diamonds, phosphate, copper) for Flinders Mines Ltd.

He has worked at various times for the Commonwealth Government, ultimately as Principal Research Scientist for the Bureau of Mineral Resources (now Geoscience Australia), as well as consulting for the South Australian Department of Mines and Energy (now DPC: Department for Premier and Cabinet).

Interests in shares and options

2,550,000 ordinary shares in Flinders Exploration Limited

Peter Moloney (Non-executive director)

Peter Moloney has over 30 years' experience working in the financial markets. Peter holds a Diploma of financial services and for over 20 years owned and managed a licensed financial services company dealing in the futures commodities markets around the world. After establishing the company in 1985, Peter managed the company which very quickly became one of the most successful future broking companies in Australia, with Peter becoming a licensed futures broker and a Full Associate Member of the Sydney Futures Exchange Ltd. Peter sold the business in November 2007.

Since 2007 Peter has provided investment opportunities to high net worth individuals and in 2010 established a hedge fund company to invest in Greenfields projects and other early opportunities including small capitalised ASX listed companies.

Interests in shares and options

16,999,999 ordinary shares in Flinders Exploration Limited.

Directors' meetings

During the financial year, five meetings of directors (including committees of directors) were held. Attendances by each director during the year were as follows:

Directors	Directors' Meetings		Audit Committee		Compliance and Risk Management Committee	
	Eligible to Attend	Attended	Eligible to Attend	Attended	Eligible to Attend	Attended
Kevin John Anson Wills (Chairman)	9	9	1	1	1	1
David Hamilton Tucker	9	9	1	1	1	1
Peter Moloney	9	5	-	-	-	-

Flinders Exploration Limited

ABN 51 140 351 033

DIRECTORS' REPORT

Company secretary

The following held the position of Company Secretary at the end of the financial year:

David Hamilton Tucker BSc, PhD, MGSA, ACTASEG, MAusIMM (Managing Director)

Company Secretary (appointed 4 July 2013)

Experience and expertise

A director since 26 November 2009, Dr Tucker is a geophysicist with 40 years' experience in minerals and petroleum exploration, mostly in Australia and Africa.

Flinders Exploration Limited

ABN 51 140 351 033

DIRECTORS' REPORT

Auditor's Independence Declaration

A copy of the auditor's independence declaration as required under s 307C of the *Corporations Act 2001* is set out on page 9.

No officer of the Company/Group is or has been a partner/director of any auditor of the Group.

This directors' report is signed in accordance with a resolution of the Board of Directors:



Director.....

David Hamilton Tucker (Managing Director)

Dated this 25th of October 2017.

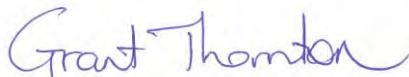
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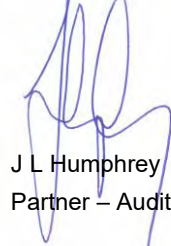
Auditor's Independence Declaration To the Directors of Flinders Exploration Limited

In accordance with the requirements of section 307C of the Corporations Act 2001, as lead auditor for the audit of Flinders Exploration Limited for the year ended 30 June 2017, I declare that, to the best of my knowledge and belief, there have been:

- a no contraventions of the auditor independence requirements of the Corporations Act 2001 in relation to the audit; and
- b no contraventions of any applicable code of professional conduct in relation to the audit.



GRANT THORNTON AUDIT PTY LTD
Chartered Accountants



J L Humphrey
Partner – Audit & Assurance

Adelaide, 25 October 2017

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Flinders Exploration Limited

ABN 51 140 351 033

**Statement of Profit or Loss and Other Comprehensive Income
For year ended 30 June 2017**

	Note	2017	2016
		\$	\$
Gain on sale of non-current assets		308,385	-
Exploration expenditure		(21,735)	(20,255)
Other administration and overhead expenses	3	(30,907)	(29,479)
Profit before income tax		<u>255,743</u>	<u>(49,734)</u>
Tax expense	2	-	-
Profit for the year		<u>255,743</u>	<u>(49,734)</u>
Other comprehensive income:			
Other comprehensive income for the year, net of tax		-	-
Total comprehensive income		<u>255,743</u>	<u>(49,734)</u>

This statement must be read in conjunction with the notes to the financial statements.

Flinders Exploration Limited
ABN 51 140 351 033

**Statement of Financial Position
As at 30 June 2017**

	Note	2017 \$	2016 \$
ASSETS			
Cash and cash equivalents	4	921	184
Trade and other receivables	5	180,000	899
Other current assets		-	2,140
Exploration assets	6	-	239,439
Financial assets	7	382,000	-
TOTAL ASSETS		562,921	242,662
LIABILITIES			
Trade and other payables	8	74,318	9,802
Borrowings	9	10,000	10,000
TOTAL LIABILITIES		84,318	19,802
NET ASSETS		478,603	222,860
EQUITY			
Issued capital	10	1,249,044	1,249,044
Accumulated losses		(770,441)	(1,026,184)
TOTAL EQUITY		478,603	222,860

This statement must be read in conjunction with the notes to the financial statements.

Flinders Exploration Limited

ABN 51 140 351 033

**Statement of changes in equity
For year ended 30 June 2017**

Note	Share Capital \$	Accumulated Losses \$	Total \$
Balance at 30 June 2015	1,227,248	(976,450)	250,798
Comprehensive income			
Profit or loss for the year	-	(49,734)	(49,734)
Total comprehensive income	-	(49,734)	(49,734)
Transactions with owners, in their capacity as owners			
Shares issued during the year	23,603	-	23,603
Transaction costs	(1,807)	-	(1,807)
Balance at 30 June 2016	1,249,044	(1,026,184)	222,860
Comprehensive income			
Profit or loss for the year	-	255,743	255,743
Total comprehensive income	-	255,743	255,743
Transactions with owners, in their capacity as owners			
Share issued during the year	-	-	-
Transaction costs	-	-	-
Balance at 30 June 2017	1,249,044	(770,441)	478,603

This statement must be read in conjunction with the notes to the financial statements.

Flinders Exploration Limited

ABN 51 140 351 033

Statement of Cash Flows
For year ended 30 June 2017

	Note	2017	2016
		\$	\$
Cash flows from operating activities			
Payments to suppliers and employees		(42,308)	(53,759)
GST		3,741	3,971
Net cash provided by operating activities	14	<u>(38,567)</u>	<u>(49,788)</u>
Cash flows from investing activities			
Purchase of exploration assets and other investments		-	(2,488)
Refund of stamp duty		-	17,865
Net cash used in investing activities		<u>-</u>	<u>15,377</u>
Cash flows from financing activities			
Proceeds from issue of shares		-	21,796
Convertible notes issue		-	10,000
Proceeds from receipt of loan from director		39,304	-
Other financing activities		-	965
Net cash provided by financing activities		<u>39,304</u>	<u>32,761</u>
Net (decrease)/ increase in cash held		<u>737</u>	<u>(1,650)</u>
Cash and cash equivalents at beginning of year		<u>184</u>	<u>1,834</u>
Cash and cash equivalents at end of year	4	<u>921</u>	<u>184</u>

This statement must be read in conjunction with the notes to the financial statements.

Flinders Exploration Limited

ABN 51 140 351 033

Notes to the Financial Statements for the year ended 30 June 2017

The financial statements and notes represent those of Flinders Exploration Limited.

Flinders Exploration Limited is a company limited by shares, incorporated and domiciled in Australia.

The financial statements were authorised for issue on 24th October 2017 by the directors of Flinders Exploration Limited.

1 Summary of significant accounting policies

1.1 Basis of preparation

The financial statements are general purpose financial statements that have been prepared in accordance with Australian Accounting Standards (including Australian Accounting Interpretations) of the Australian Accounting Standards Board and the *Corporations Act 2001*. The Company is a for-profit entity for financial reporting purposes under Australian Accounting Standards.

Australian Accounting Standards set out accounting policies that the Australian Accounting Standards Board has concluded would result in financial statements containing relevant and reliable information about transactions, events and conditions. Compliance with Australian Accounting Standards ensures that the financial statements and notes also comply with International Financial Reporting Standards (IFRS). Material accounting policies adopted in the preparation of the financial statements are presented below and have been consistently applied unless stated otherwise.

The financial statements, except for cash flow information, have been prepared on an accruals basis and are based on historical costs, modified, where applicable, by the measurement at fair value of selected non-current assets, financial assets and financial liabilities.

1.2 Realisation Basis of Preparation

Based on current plans, there is significant uncertainty as to the Company's ability to meet its ongoing operating and financing commitments over the foreseeable future. Consequently, the financial statements have not been prepared on a "going concern" basis but rather have been prepared on an "alternate" basis representing a planned orderly realisation of assets and settlement of liabilities.

As at 30 June 2017, the Company has accumulated losses of \$770,441 and net assets of \$478,603.

1.3 Realisation Basis of Accounting

The "realisation basis" of accounting adopted by the Company in the preparation of its financial statements continues to apply the requirements of Australian Accounting Standards taking into account that the Company is not expected to continue as a going concern in its present form in the foreseeable future and the directors are contemplating an in specie distribution of the assets to shareholders subject to approvals.

The carrying value of assets at 30 June 2017 reflects the directors' assessment of recoverable value (or amortised cost if lower than recoverable value) based on fair value less costs to sell.

No additional provisions or liabilities have been recognised as a result of adopting the alternate basis of accounting as the Directors have not incurred any additional legal or contractual obligations.

Flinders Exploration Limited

ABN 51 140 351 033

Notes to the Financial Statements for the year ended 30 June 2017

1.4 Accounting Policies

a. Income tax

The income tax expense (income) for the year comprises current income tax expense (income) and deferred tax expense (income).

Current income tax expense charged to profit or loss is the tax payable on taxable income. Current tax liabilities (assets) are therefore measured at the amounts expected to be paid to (recovered from) the relevant taxation authority.

Deferred income tax expense reflects movements in deferred tax asset and deferred tax liability balances during the year as well as unused tax losses.

Current and deferred income tax expense (income) is charged or credited outside profit or loss when the tax relates to items that are recognised outside profit or loss.

Except for business combinations, no deferred income tax is recognised from the initial recognition of an asset or liability, where there is no effect on accounting or taxable profit or loss.

Deferred tax assets and liabilities are calculated at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled and their measurement also reflects the manner in which management expects to recover or settle the carrying amount of the related asset or liability. With respect to non-depreciable items of property, plant and equipment measured at fair value and items of investment property measured at fair value, the related deferred tax liability or deferred tax asset is measured on the basis that the carrying amount of the asset will be recovered entirely through a sale.

Deferred tax assets relating to temporary differences and unused tax losses are recognised only to the extent that it is probable that future taxable profit will be available against which the benefits of the deferred tax asset can be utilised.

Current tax assets and liabilities are offset where a legally enforceable right of set-off exists and it is intended that net settlement or simultaneous realisation and settlement of the respective asset and liability will occur. Deferred tax assets and liabilities are offset where: (a) a legally enforceable right of set-off exists; and (b) the deferred tax assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities, where it is intended that net settlement or simultaneous realisation and settlement of the respective asset and liability will occur in future periods in which significant amounts of deferred tax assets or liabilities are expected to be recovered or settled.

b. Exploration and development expenditure

Exploration, evaluation and development expenditure incurred is capitalised in respect of each identifiable area of interest. These costs are only capitalised to the extent that they are expected to be recovered through the successful development of the area or where activities in the area have not yet reached a stage that permits reasonable assessment of the existence of economically recoverable reserves.

Accumulated costs in relation to an abandoned area are written off in full against profit in the year in which the decision to abandon the area is made.

A regular review is undertaken of each area of interest to determine the appropriateness of continuing to capitalise costs in relation to that area of interest.

Flinders Exploration Limited

ABN 51 140 351 033

Notes to the Financial Statements for the year ended 30 June 2017

All capitalised exploration and evaluation expenditure is assessed for impairment if facts and circumstances indicate that 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.

c. Cash and cash equivalents

Cash and cash equivalents include cash on hand, deposits held at-call with banks, other short-term highly liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown as short-term borrowings in current liabilities in the statement of financial position.

d. Revenue and other income

Interest revenue is recognised using the effective interest method, which for floating rate financial assets is the rate inherent in the instrument.

All revenue is stated net of the amount of goods and services tax (GST).

e. Trade and other receivables

Trade and other receivables include amounts due from customers for goods sold and services performed in the ordinary course of business.

Trade and other receivables are initially recognised at fair value and subsequently measured at amortised cost using the effective interest method, less any provision for impairment.

f. Trade and other payables

Trade and other payables represent the liabilities for goods and services received by the Company that remain unpaid at the end of the reporting period. The amounts are normally paid within 30 days of recognition of the liability.

g. Goods and services tax (GST)

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Australian Taxation Office (ATO).

Receivables and payables are stated inclusive of the amount of GST receivable or payable. The net amount of GST recoverable from, or payable to, the ATO is included as part of receivables or payables in the statement of financial position.

Cash flows are presented on a gross basis. The GST components of financing and investing activities which are recoverable from, or payable to, the ATO are presented as operating cash flows included in receipts from customers or payments to suppliers.

h. Comparative figures

When required by Accounting Standards, comparative figures have been adjusted to conform to changes in presentation for the current financial year.

i. Critical accounting estimates and judgments

The directors evaluate estimates and judgments incorporated into the financial statements based on historical knowledge and best available current information. Estimates assume a reasonable expectation of future events and are based on current trends and economic data, obtained both externally and within the Company.

Flinders Exploration Limited

ABN 51 140 351 033

Notes to the Financial Statements for the year ended 30 June 2017

Key estimates

(i) Impairment

The Company assesses impairment at the end of each reporting period by evaluation of conditions and events specific to the Company that may be indicative of impairment triggers. Recoverable amounts of relevant assets are reassessed using value-in-use calculations, which incorporate various key assumptions.

j. Adoption of new and revised accounting standards

During the current year, the Company adopted all of the new and revised Australian Accounting Standards and Interpretations applicable to its operations which became mandatory.

The adoption of these Standards has not significantly impacted the recognition, measurement and disclosure of any transactions.

2. Income tax expense

	2017	2016
	\$	\$
a. The components of tax expense/(income) comprise:		
– current tax expense/(income)	-	-
– deferred tax expense/(income)	-	-
	-	-
b. The prima facie tax on profit:		
Prima facie profit before tax	255,743	(49,734)
Prima facie tax benefit on profit or loss at 27.5%	70,329	(13,676)
Tax loss benefit not recognised	(70,329)	13,676
Income tax attributable to entity	-	-
The applicable income tax rate is the Australian federal tax rate of 27.5% (2016: 28.5%) applicable to Australian resident companies.		
– current tax	-	-
– deferred tax	-	-

A deferred tax asset (DTA) has not been recognised in respect of the temporary differences as they do not meet the recognition criteria as outlined in Note 1(a) of the financial statements. A DTA has not been recognised in respect of tax losses as realisation of the benefit is not regarded as likely.

The tax rates applicable to each potential tax benefit are as follows:

- Timing differences – 27.5%
- Tax losses – 27.5%

Flinders Exploration Limited

ABN 51 140 351 033

Notes to the Financial Statements for the year ended 30 June 2017

3. Auditors remuneration

	2017	2016
	\$	\$
Remuneration of the auditor is as follows:		
Auditing or reviewing the financial statements	1,500	1,350
Taxation and other services	-	-
Total auditors' remuneration	1,500	1,350

4. Cash and cash equivalents

	2017	2016
	\$	\$
Cash at bank and on hand	921	184
Total cash and cash equivalents	921	184

The effective interest rate on short-term bank deposits was 1.5% (no change from 2016: 1.5%)

5. Trade and other receivables

	2017	2016
	\$	\$
Trade receivables: Other	180,000	-
GST receivables	-	899
Total current receivables	180,000	899

During the year, the Company sold exploration assets to Beacon Minerals Ltd for \$180,000 cash consideration.

Flinders Exploration Limited

ABN 51 140 351 033

Notes to the Financial Statements for the year ended 30 June 2017

6. Exploration assets

Jaurdi Hills Joint Venture

	2017	2016
	\$	\$
Exploration asset (Jaurdi Hills)	-	239,439
Total exploration assets	-	239,439

The tenements were sold during the year. 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 recent gold discovery at the Lost Dog prospect, and hopefully the Black Cat South project. The consideration was 18,000,000 shares, and 4,500,000 share options and \$180,000 cash.

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) for 5,000,000 shares in the Company; GLA are planning an exploration program to test previous anomalous gold drilling results

7. Financial assets

	2017	2016
	\$	\$
Other non current assets: Investments		
Beacon Minerals Ltd dated 5 May 2017 (90% of 20,000,000 @ \$0.02)	360,000	-
Gladiator Resources Ltd dated 19 June 2017 (5,000,000 @ \$0.004) plus GST	22,000	-
Total financial assets	382,000	-

Flinders Exploration Limited

ABN 51 140 351 033

Notes to the Financial Statements for the year ended 30 June 2017

8. Trade and other payables

	2017	2016
	\$	\$
Current		
Unsecured liabilities:		
Trade payables	5,529	242
Sundry payables and accrued expenses	20,198	9,560
GST payable	1,287	-
Other creditors	8,000	-
Loan from Director – Willis Family Short Term	39,304	-
Total trade and other payables	74,318	9,802

The Company has received working capital financial support from directors in the 2017 financial year. All obligations to directors were repaid after balance date.

9. Borrowings

	2017	2016
	\$	\$
Unsecured liabilities:		
Convertible notes – 10,000 notes @ \$10,000 principal amount – 15% per annum	10,000	10,000
Total borrowings	10,000	10,000

Flinders Exploration Limited

ABN 51 140 351 033

Notes to the Financial Statements for the year ended 30 June 2017

10. Issued capital

	2017	2017	2016	2016
	shares	\$	shares	\$
Opening ordinary shares	64,340,085	1,249,044	58,939,335	1,295,648
Shares issued	-	-	5,400,750	23,603
Less: accumulated transaction costs	-	-		(70,207)
Total share capital	<u>64,340,085</u>	<u>1,249,044</u>	<u>64,340,085</u>	<u>1,249,044</u>

The company has authorised share capital amounting to 64,340,085 ordinary shares of no par value.

	2017	2016
	No.	No.
a. Movements in issued capital		
Fully paid ordinary shares:		
At the beginning of the reporting period	64,340,085	58,939,335
Shares issued during the year	-	5,400,750
At the end of the reporting period	<u>64,340,085</u>	<u>64,340,085</u>

Ordinary shares participate in dividends and the proceeds on winding up of the entity in proportion to the number of shares held. At the shareholders' meetings each ordinary share is entitled to one vote when a poll is called, otherwise each shareholder has one vote on a show of hands.

Capital management

Management controls the capital of the Company in order to maintain a satisfactory debt to equity ratio and to ensure that the Company can fund its operations and continue as a going concern.

The Company's debt and capital includes ordinary share capital and financial liabilities, supported by financial assets. Currently, the Company does not consider it necessary to finance its operations through debt capital. Accordingly, the Company's only material financial liabilities at the end of the reporting period are trade and other payables.

Management manages the Company's capital by assessing the Company's financial risks and adjusting its capital structure in response to changes in these risks and in the market.

There have been no changes in the capital structure or the objectives, policies, processes and the strategy adopted by management to manage the capital of the Company from the previous year.

Flinders Exploration Limited

ABN 51 140 351 033

Notes to the Financial Statements for the year ended 30 June 2017

11. Contingent liabilities and contingent assets

The Company has no contingent liabilities. In accordance with environmental law statutes the Company has obligations to make good tenements which it controls. The cost of rehabilitation are not determinable at this time.

12. Events after the reporting period

Since the end of the financial year the Company has been involved in the process of arranging the transfer of its mining tenements to the new owners. At the time of writing, the transfer of the Black Cat tenements is complete and documents relating to the transfer of the Marymia Project have been submitted to the Department of Mines and Petroleum in Western Australia.

The project has since been sold to Gladiator Resources for a consideration of 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 paying a consideration of 2 million GLA shares to the original promoter, FEX will have a total of 28 million GLA shares to distribute to shareholders in specie. The prospect contains an extension of the shear zone which contains the Plutonic and Marymia gold mines. Previous exploration has located anomalous shallow gold intersections along this trend which require follow up drill testing.

The Directors subscribed for 25 million shares in Gladiator Resources at the cost of \$100,000 in September 2017.

13. Related party transactions

The Company had no related party transactions during the financial year.

14. Cash flow information

	2017	2016
	\$	\$
a. Reconciliation of cash flow from operations with profit		
Profit(loss) for the year	255,743	(49,734)
Non-cash items included in profit or loss:		
Gain in disposal of non-current assets	(308,385)	
Changes in assets and liabilities:		
(Increase)/decrease in trade and other receivables	899	474
(Increase)/decrease in prepayments	2,140	(45)
(Increase)/decrease in trade and other payables	11,036	(483)
Net cash provided by operating activities	(38,567)	(49,788)

Flinders Exploration Limited

ABN 51 140 351 033

Notes to the Financial Statements for the year ended 30 June 2017

15. Financial risk management

The Company's financial instruments consists of cash held on deposit with banks; as well as accounts receivable and payable.

The totals for each category of financial instruments, measured in accordance with AASB 139 as detailed in the accounting policies, are as follows: .

	2017	2016
	\$	\$
Financial assets		
Cash and cash equivalents (net of bank overdrafts)	921	184
Trade and other receivables	180,000	899
Total financial assets	180,921	1,083
Financial liabilities		
Trade and other payables	74,318	9,802
Convertible note interest bearing	10,000	10,000
Total financial liabilities	84,318	19,802

Financial Risk Management Policies

The Board's overall risk management strategy seeks to assist the Company in meeting its financial targets, while minimising potential adverse effects on financial performance. Risk management policies are approved and reviewed by the Board on a regular basis. These include the credit risk policies and future cash flow requirements.

The Board meet on a regular basis to analyse financial risk exposure in the context of the most recent economic conditions and forecasts. The overall risk management strategy seeks to assist the Company in meeting its financial targets, while minimising potential adverse effects on financial performance.

Specific Financial Risk Exposures and Management

The main risks the Company is exposed to through its financial instruments are credit risk, liquidity risk and market risk relating to interest rate risk. There have been no substantive changes in the types of risks the Company is exposed to, how these risks arise, or the Board's objectives, policies and processes for managing or measuring the risks from the previous period.

a. Credit risk

Exposure to credit risk relating to financial assets arises from the potential non-performance by counterparties of contract obligations that could lead to a financial loss to the Company. The Company's objective in managing credit risk is to minimise the credit losses incurred, mainly on trade and other receivables and loans.

Credit risk is managed through maintaining procedures that ensure, to the extent possible, that clients and counterparties to transactions are of sound credit worthiness and their financial stability is monitored and assessed on a regular basis. Such monitoring is used in assessing receivables for impairment.

Flinders Exploration Limited

ABN 51 140 351 033

Notes to the Financial Statements for the year ended 30 June 2017

Credit risk exposures

The maximum exposure to credit risk by class of recognised financial assets at the end of the reporting period is equivalent to the carrying amount and classification of those financial assets as presented in the statement of financial position.

Trade and other receivables that are neither past due nor impaired are considered to be of high credit quality.

All cash and cash equivalents are held with large reputable financial institutions within Australia and therefore credit risk is considered minimal.

	2017	2016
	\$	\$
Cash and cash equivalents:	921	184

b. Liquidity risk

Liquidity risk arises from the possibility that the Company might encounter difficulty in settling its debts or otherwise meeting its obligations related to financial liabilities. The Company manages its liquidity risk through the following mechanisms:

- preparing forward-looking cash flow analyses in relation to its operational, investing and financing activities;
- maintaining a reputable credit profile;
- managing credit risk related to financial assets;
- only investing surplus cash with major financial institutions; and

c. Market risk

i. Interest rate risk

Exposure to interest rate risk arises on interest-bearing financial assets and financial liabilities recognised at the end of the reporting period whereby a future change in interest rates will affect either the future cash flows (in the case of variable interest instruments) or the fair value financial instruments (in the case of fixed rate instruments).

Interest rate risk is managed using a mix of fixed and floating rate instruments. At 30 June 2017, the Company had no interest-bearing financial liabilities.

The Company also manages interest rate risk by ensuring that, whenever possible, payables are paid within any pre-agreed credit terms.

ii. Other price risk

Other price risk relates to the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices largely due to demand and supply factors (other than those arising from interest rate risk) for securities. The Company's exposure to securities price risk arises mainly from available-for-sale financial assets. Such risk is managed through diversification of investments across industries and geographical locations.

Flinders Exploration Limited

ABN 51 140 351 033

Notes to the Financial Statements for the year ended 30 June 2017

d. Fair Values

Fair value estimation

The fair values of financial assets and financial liabilities are presented in the following table and can be compared to their carrying amounts as presented in the statement of financial position. Fair value is the amount at which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction. All financial assets are measured at fair value in the Statement of Financial Position.

The fair values disclosed in the Statement of Financial Position have been determined based on the following methodologies:

- (i) Cash and cash equivalents, trade and other receivables and trade and other payables are short-term instruments whose carrying amounts approximate their fair values. Trade and other payables exclude amounts relating to the provision of annual leave and deferred revenue which are outside the scope of AASB 139.
- (ii) For listed available-for-sale financial assets, fair value is based on closing quoted bid prices at the end of the reporting period. In determining the fair values of the unlisted available-for-sale financial assets, the directors have applied valuation methodologies and used inputs that are observable either directly (as prices) or indirectly (derived from prices).
- (iii) Loans and held-to-maturity investments are non-derivative financial assets with fixed or determinable payments that are not quoted in active markets. The fair values of these financial assets have been derived by discounting their fixed or determinable cash flow using market interest rates of a similar instrument.

There have been no changes in the above methods and valuation techniques from the previous years.

Flinders Exploration Limited

ABN 51 140 351 033

Notes to the Financial Statements for the year ended 30 June 2017

16. Retained losses

Movements in retained losses were as follows:

	2017	2016
	\$	\$
Opening balance 1 July 2016	(1,026,184)	(976,450)
Net profit or (loss) for the period	255,743	(49,734)
Closing balance 30 June 2017	<u>(770,441)</u>	<u>(1,026,184)</u>

17. Company Details

The Registered Office of the Company:

Flinders Exploration Limited

31 Hauteville Terrace

EASTWOOD SA 5063

The principal place of business is:

Flinders Exploration Limited

31 Hauteville Terrace

EASTWOOD SA 5063

Flinders Exploration Limited

ABN 51 140 351 033

Notes to the Financial Statements for the year ended 30 June 2017

DIRECTORS' DECLARATION

In accordance with a resolution of the directors of Flinders Exploration Limited, the directors of the company declare that:

1. The financial statements and notes, as set out on pages 10 to 28, are in accordance with the *Corporations Act 2001* and:
 - a. comply with Australian Accounting Standards which, as stated in accounting policy Note 1 to the financial statements, constitutes compliance with International Financial Reporting Standards (IFRS); and
 - b. give a true and fair view of the financial position as at 30 June 2017 and of the performance for the year ended on that date of the company and consolidated group.
2. In the directors' opinion there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

The declaration is made in accordance with a resolution of the Board of Directors.



.....
Kevin John Anson Wills (Chairman)



.....
David Hamilton Tucker (Director)

Dated this 25th of October 2017

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Independent Auditor's Report To the Members of Flinders Exploration Limited

Report on the audit of the financial report

Opinion

We have audited the financial report of Flinders Exploration Limited (the Company), which comprises the statement of financial position as at 30 June 2017, the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, and the directors' declaration.

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

- a Giving a true and fair view of the Company's financial position as at 30 June 2017 and of its performance for the year ended on that date in accordance with the accounting policies described in Note 1; and
- b Complying with Australian Accounting Standards to the extent described in Note 1 and the *Corporations Regulations 2001*.

Basis for Opinion

We conducted our audit in accordance with Australian Auditing Standards. 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 Company 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* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

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Emphasis of Matter: Basis of Accounting

We draw attention to Note 1.2 of the financial report, which describes the basis of accounting. The financial report has been prepared on the Realisation Basis of Accounting, which indicates the company's determination that they are no longer a going concern. The financial report has been prepared for the purpose of fulfilling the Directors' financial reporting responsibilities under the *Corporations Act 2001*. As a result, the financial report may not be suitable for another purpose. Our opinion is not modified in respect of this matter.

Information Other than the Financial Report and Auditor's Report Thereon

The Directors are responsible for the other information. The other information comprises the information included in the Company's annual report for the year ended 30 June 2017, but does not include the financial report and our auditor's report thereon.

Our opinion on the financial report does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, 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.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

Responsibilities of the Directors' for the Financial Report

The Directors of the Company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the Directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the Directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Report

Our objectives are 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 the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and 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 this 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:
http://www.auasb.gov.au/auditors_responsibilities/ar4.pdf. This description forms part of our auditor's report.



GRANT THORNTON AUDIT PTY LTD
Chartered Accountants



J L Humphrey
Partner – Audit & Assurance

Adelaide, 25 October 2017