

Flinders Exploration Limited
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FLINDERS EXPLORATION LIMITED – ANNUAL GENERAL MEETING 2018 – CHAIRMAN'S ADDRESS

My Fellow Shareholders

Since incorporation on 26 November 2009, the Company's main objective has been to work towards developing profitable mineral deposits, initially through a successful Initial Public Offering, and later via a backdoor listing or reverse takeover on the Australian Securities Exchange. However, for several recent years due to a very difficult capital raising market, the Company was unable to advance its objectives. In 2017, the Company decided to refocus its activities on the sale of its principal projects with a view to creating liquid assets with potential upside which could be distributed to Shareholders.

The Company's operational result for the 2018 financial year was a loss of \$39,941 compared with the profit of \$255,743 in 2017. The net assets of the Company have decreased by \$428,941 during the financial year from \$478,603 at 30 June 2017 to \$49,662 at 30 June 2018. The Company has posted a copy of the Annual Financial Report on its website and may be accessed by going to: www.fexploration.com. If you wish to receive a hard copy please make a request to the above address.

The Company achieved the sale of its principal assets, being the Black Cat and the Marymia gold projects, to Beacon Minerals and Gladiator Resources on 5 May and 19 June 2017 respectively. To carry out in specie distributions of the resulting shares, it was necessary to obtain FEX shareholder approval. Also, to avoid having to write a costly compliance prospectus for the distribution, it was necessary to obtain relief from the disclosure obligations of Chapter 6D of the Corporations Act. FEX took legal advice to achieve this which was eventually approved by ASIC.

A Notice of General Meeting (NOM) was prepared for a combined Annual General Meeting and General Meeting which was held on 18 April 2018. Resolutions involved approval of the in-specie distributions, approval of the accounts and the re-election of Dr Kevin Wills as a Director. Shareholders approved the resolutions unanimously. According to the resolutions, the distributions to Shareholders were carried out for the GLA and BCN shares on 15 May and 28 June 2018 respectively. The number of shares distributed was 28 million GLA shares and 13 million BCN shares. The number of BCN shares had to be reduced to that which had been previously advised due to the need to sell three million BCN shares to cover legal, Native Title and administrative costs.

As had been flagged in the abovementioned NOM, FEX wrote to Shareholders on 13 July 2018 advising on the cost base of GLA, BCN and FEX shares and explained how a Shareholder's cost base should be calculated. The Directors then decided to complete the 2018 Financial Report and Audit directly to hold an early AGM at which the resolution to convert to a proprietary company could be put to a vote.

To reduce financial commitments, the Company is intending to seek shareholder approval at the 2018 AGM to convert the Company from an unlisted public company to a proprietary company limited by shares. The proprietary company structure is a more appropriate corporate structure for FEX given its current asset base and will bring with it the benefits of lower administrative, regulatory and compliance costs.

The Company will be seeking your support to approve the resolutions at the 2018 AGM. A copy of the new proposed Constitution is also available for perusal on the Company's www.fexploration.com website. I wish to thank my fellow directors and all support persons involved for carrying out their tasks efficiently and effectively during the year.

Kevin Wills

A handwritten signature in black ink, appearing to read "Kevin Wills", written in a cursive style.

Chairman – Flinders Exploration Limited
26 October 2018