



ABN 51 140 351 033

Financial Report

For the year ended 30 June 2018

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 2018

Directors present their report on Flinders Exploration Limited (ASX: FEX), the Company, for the financial year ended 30 June 2018.

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, initially through a successful Initial Public Offering (IPO), and later via a backdoor listing or reverse takeover on the Australian Securities Exchange (ASX). However, during 2016, due to a very difficult capital raising market, the Company was unable to advance its objectives. In 2017, the Company refocussed 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 achieved the sale of its principal assets being the Black Cat gold project and the Marymia gold project to Beacon Minerals and Gladiator Resources on 5 May and 19 June 2017 respectively. Since that time, during the 2017/18 financial year, the Company concentrated its activities on distributing its listed share assets to the Shareholders in specie. Shareholder approval was sought and gained at the delayed 2017 Annual General Meeting held on 18 April 2018. The in-specie distributions for Gladiator and Beacon shares were completed on 15 May 2018 and 28 June 2018 respectively.

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 2018 financial year was a loss of \$45,895 compared with the profit of \$255,743 in 2017.

The net assets of the Company have decreased by \$434,895 during the financial year from \$478,603 at 30 June 2017 to \$43,708 at 30 June 2018.

Review of operations

During the year, the Company operated from the Directors' offices in South Australia at no cost to the Company.

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

At the end of the year, the Company's available listed share assets were distributed to the Shareholders in specie.

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After deciding to sell the Company's principal assets late in the 2016/2017 financial year, the first part of the 2017/2018 year was spent completing the tenement transfer process via the department of Mines and Petroleum (DMP) in Western Australia. Transfer of the Black Cat project to Beacon Minerals Limited (BCN) was completed on 5 September 2017. At the time of writing, although the Marymia Exploration Licence E52/3104 is now beneficially owned by Gladiator Minerals Limited (GLA), the registration of the transfer has been held up by stamp duty and Native Title issues. It is expected to be completed during the third quarter of 2018.

FEX received the consideration from BCN for the Black Cat sale of \$200,000 cash, 20 million listed shares and five million unlisted options on 5 September 2017. Ten percent of this consideration was paid to Jaurdi Hills Mining Pty Ltd and this effectively terminated the JV between FEX and Jaurdi Hill Mining. FEX then proceeded to seek shareholder approval to distribute as many of the listed BCN shares to Shareholders as possible.

FEX received a consideration from GLA of five million shares for the Marymia Exploration Licence E52/3104 in September 2017. Following the original agreement, two million of these shares were transferred to the vendor, Mr Ray Francis. In order to create another listed investment, with possible upside, which could be distributed to Shareholders, FEX also decided in September 2017 to take a placement of 25 million GLA shares at \$0.004 for \$100,000. This left a total of 28 million GLA shares to be distributed to Shareholders in specie.

In order to carry out these in specie distributions, 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 respectively. The number of shares distributed was 28 million GLA shares and 13 million BCN shares. The number of BCN share 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.

Significant changes in the state of affairs

Having sold the Company's sole mineral exploration assets in the 2016/17 year, the available shares were distributed to shareholders during the 2017/18 financial year.

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Events subsequent to the end of the reporting period

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 gave an explanation of how a Shareholder's cost base should be calculated. The Directors then decided to complete the 2018 Financial Report and Audit directly in order to hold an early AGM at which the resolution to convert to a proprietary company could be put to a vote. All remaining shares in Beacon Resources Ltd (BCN) were sold in July 2018.

Likely future developments

In order 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 Pty Ltd company. The principal reasons for this recommendation are that FEX remains in a situation of financial constraint so needs to lower administrative, regulatory and compliance costs to achieve a more appropriate corporate structure for FEX's current asset base.

Dividends

There were no dividends paid or declared during the 2018 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, the Company did not pay premiums to insure Directors under a Directors and officers insurance policy.

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

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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 44 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 deposit.

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 calcrete sampling technique which, later, 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 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, (Managing Director)

Company Secretary (appointed 4 July 2013)

Experience and expertise

A Director since 26 November 2009, Dr Tucker is a geophysicist with 44 years' experience in minerals and petroleum exploration, mostly in Australia and Africa.

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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 DEM: Department for Energy and Mining).

Interests in shares and options

2,550,000 ordinary shares in Flinders Exploration Limited

Peter Moloney (Non-executive Director)

Peter Moloney has over 32 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

2,500,000 ordinary shares in Flinders Exploration Limited.

Directors' meetings

During the financial year, nine meetings of Directors (including committees of directors) were held. Attendances by each Director during the year are listed below.

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

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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 44 years' experience in minerals and petroleum exploration, mostly in Australia and Africa.

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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:

A handwritten signature in black ink, appearing to read "David Hamilton Tucker", is centered on a white background. The signature is written in a cursive style with a large initial 'D' and 'T'.

David Hamilton Tucker (Managing Director)

Dated this 9th of October 2018.



Grant Thornton

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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 2018, 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, 9 October 2018

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**Statement of Profit or Loss and Other Comprehensive Income
For year ended 30 June 2018**

	Note	2018	2017
		\$	\$
Gain on sale of non-current assets		16,518	308,385
Other income		5,127	-
Exploration expenditure		(27,644)	(21,735)
Other administration and overhead expenses		(39,896)	(30,907)
Profit before income tax		<u>(45,895)</u>	<u>255,743</u>
Tax expense	2	-	-
Profit for the year		<u>(45,895)</u>	<u>255,743</u>
Other comprehensive income:			
Other comprehensive income for the year, net of tax		<u>-</u>	<u>-</u>
Total comprehensive income		<u>(45,895)</u>	<u>255,743</u>

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

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**Statement of Financial Position
As at 30 June 2018**

	Note	2018 \$	2017 \$
ASSETS			
Cash and cash equivalents	4	21,160	921
Trade and other receivables	5	27,637	180,000
Financial assets	6	33,738	382,000
TOTAL ASSETS		<u>82,535</u>	<u>562,921</u>
LIABILITIES			
Trade and other payables	7	38,827	74,318
Borrowings	8	-	10,000
TOTAL LIABILITIES		<u>38,827</u>	<u>84,318</u>
NET ASSETS		<u>43,708</u>	<u>478,603</u>
EQUITY			
Issued capital	9	860,044	1,249,044
Accumulated losses		(816,336)	(770,441)
TOTAL EQUITY		<u>43,708</u>	<u>478,603</u>

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

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**Statement of changes in equity
For year ended 30 June 2018**

Note	Share Capital \$	Accumulated Losses \$	Total \$
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
Other comprehensive income	-	-	-
Total comprehensive income	-	255,743	255,743
Transactions with owners, in their capacity as owners			
Shares issued during the year	-	-	-
Transaction costs	-	-	-
Balance at 30 June 2017	1,249,044	(770,441)	478,603
Comprehensive income			
Profit or loss for the year	-	(45,895)	(45,895)
Total comprehensive income	-	(45,895)	(45,895)
Transactions with owners, in their capacity as owners			
Return of capital – in specie distribution Beacon shares	(221,000)	-	(221,000)
Return of capital – in specie distribution Gladiator shares	(168,000)	-	(168,000)
Balance at 30 June 2018	860,044	(816,336)	43,708

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

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Statement of Cash Flows
For year ended 30 June 2018

	Note	2018	2017
		\$	\$
Cash flows from operating activities			
Cash payments in the course of operations		(69,719)	(42,308)
GST		-	3,741
Net cash provided by operating activities	14	<u>(69,719)</u>	<u>(38,567)</u>
Cash flows from investing activities			
Purchase of other investments		(100,000)	-
Proceeds from sale of investments		239,262	-
Net cash used in investing activities		<u>139,262</u>	<u>-</u>
Repayment of convertible note and loan		(49,304)	-
Proceeds from receipt of loan from director		-	39,304
Net cash provided by financing activities		<u>(49,304)</u>	<u>39,304</u>
Net (decrease)/ increase in cash held		<u>20,239</u>	<u>737</u>
Cash and cash equivalents at beginning of year		<u>921</u>	<u>184</u>
Cash and cash equivalents at end of year	4	<u>21,160</u>	<u>921</u>

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

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Notes to the Financial Statements for the year ended 30 June 2018

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 the 27th of September 2018 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 2018, the Company has accumulated losses of \$816,336 and net assets of \$43,708.

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 considering that the Company is not expected to continue as a going concern in its present form in the foreseeable future.

The carrying value of assets at 30 June 2018 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.

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Notes to the Financial Statements for the year ended 30 June 2018

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. 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.

c. 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).

d. 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.

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e. 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.

f. 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.

g. Comparative figures

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

h. 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.

Key estimates

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.

i. Financial assets at fair value through profit and loss

Financial assets are classified at fair value through profit or loss when they are held for trading purpose of short term profit taking, where they are derivatives not held for hedging purposes, or designated as such to avoid an accounting mismatch or to enable performance evaluation where a group of financial assets is managed by key management personnel on a fair value basis in accordance with a documented risk management or investment strategy. Realised and unrealised gains and losses arising from changes in fair value are included in profit or loss in the period in which they arise.

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Notes to the Financial Statements for the year ended 30 June 2018

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

	2018	2017
	\$	\$
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/(loss) before tax	(45,895)	255,743
Prima facie tax benefit on profit/(loss) at 27.5%	12,621	70,329
Tax loss benefit not recognised	(12,621)	(70,329)
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%

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Notes to the Financial Statements for the year ended 30 June 2018

3. Auditors remuneration

	2018	2017
	\$	\$
Remuneration of the auditor is as follows:		
Auditing or reviewing the financial statements	2,000	1,500
Taxation and other services	-	-
Total auditors' remuneration	2,000	1,500

4. Cash and cash equivalents

	2018	2017
	\$	\$
Cash at bank and on hand	21,160	921
Total cash and cash equivalents	21,160	921

The effective interest rate on short-term bank deposits was 1.5% (no change from 2017: 1.5%)

5. Trade and other receivables

	2018	2017
	\$	\$
Trade receivables: Other	24,670	180,000
GST receivables	2,967	-
Total current receivables	27,637	180,000

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6. Financial assets

	2018	2017
	\$	\$
Other non current assets: Investments		
Beacon Minerals Ltd dated 5 May 2017 (90% of 20,000,000 @ \$0.0178) balance represented at fair value	33,738	360,000
Gladiator Resources Ltd dated 19 June 2017 (5,000,000 @ \$0.004) plus GST	-	22,000
Total financial assets	33,738	382,000

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Notes to the Financial Statements for the year ended 30 June 2018

7. Trade and other payables

	2018	2017
	\$	\$
Current		
Unsecured liabilities:		
Trade payables	27,777	5,529
Sundry payables and accrued expenses	11,050	20,198
GST payable	-	1,287
Other creditors	-	8,000
Loan from Director – Willis Family Short Term	-	39,304
Total trade and other payables	38,827	74,318

8. Borrowings

	2018	2017
	\$	\$
Unsecured liabilities:		
Convertible notes – 10,000 notes @ \$10,000 principal amount – 15% per annum	-	10,000
Total borrowings	-	10,000

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9. Issued capital

	2018	2018	2017	2017
	shares	\$	shares	\$
Opening ordinary shares	66,840,085	1,249,044	64,340,085	1,249,044
Less: reduction of capital (1)	-	(389,000)	-	-
Total share capital	66,840,085	860,044	64,340,085	1,249,044

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

- (1) During the year, the company's shareholders approved the Capital Reduction resolution at the EGM, on 15 May 2018.

	2018	2017
	No.	No.
a. Movements in issued capital		
Fully paid ordinary shares:		
At the beginning of the reporting period	66,840,085	64,340,085
At the end of the reporting period	66,840,085	64,340,085

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.

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.

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Notes to the Financial Statements for the year ended 30 June 2018

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 costs of rehabilitation are not determinable currently.

12. Events after the reporting period

As had been flagged in the notice for the 18 April AGM, FEX wrote to Shareholders on 13 July 2018 advising on the cost base of GLA, BCN and FEX shares and gave an explanation of how a Shareholder's cost base should be calculated. The Directors then decided to complete the 2018 Financial Report and Audit directly in order to hold an early AGM at which the resolution to convert to a proprietary company could be put to a vote. All remaining shares in Beacon Resources Ltd (BCN) were sold in July 2018.

In order 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 Pty Ltd company. The principal reasons for this recommendation are that FEX remains in a situation of financial constraint so needs to lower administrative, regulatory and compliance costs to achieve a more appropriate corporate structure for FEX's current asset base.

13. Related party transactions

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

14. Cash flow information

	2018	2017
	\$	\$
a. Reconciliation of cash flow from operations with profit		
Profit(loss) for the year	(45,895)	255,743
Non-cash items included in profit or loss:		
Gain on disposal of non-current assets	(16,517)	(308,385)
Changes in assets and liabilities:		
(Increase)/decrease in trade and other receivables	(11,120)	899
(Increase)/decrease in prepayments	-	2,140
Increase/(decrease) in trade and other payables	3,813	11,036
Net cash provided by operating activities	(69,719)	(38,567)

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ABN 51 140 351 033

Notes to the Financial Statements for the year ended 30 June 2018

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:

	2018	2017
	\$	\$
Financial assets		
Cash and cash equivalents (net of bank overdrafts)	21,160	921
Trade and other receivables	27,637	180,000
Total financial assets	48,797	180,921
Financial liabilities		
Trade and other payables	38,827	74,318
Convertible note interest bearing	-	10,000
Total financial liabilities	38,827	84,318

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.

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Notes to the Financial Statements for the year ended 30 June 2018

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.

	2018	2017
	\$	\$
Cash and cash equivalents:	21,160	921

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;

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 2018, 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

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Notes to the Financial Statements for the year ended 30 June 2018

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.

16. Retained losses

Movements in retained losses were as follows:

	2018	2017
	\$	\$
Opening balance 1 July 2017	(770,441)	(1,026,184)
Net profit or (loss) for the period	(45,895)	255,743
Closing balance 30 June 2018	(816,336)	(770,441)

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 2018

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 25, 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 2018 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 9th of October 2018

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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 2018, 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 2018 and of its performance for the year ended on that date; and
- b complying with Australian Accounting Standards 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 financial report for the year ended 30 June 2018, 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 accordingly 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. We have nothing to report in this regard.

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*. The Directors' responsibility also includes 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 intend to liquidate the Company or to cease operations, or have 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, 9 October 2018