



Flinders Mines Limited

ABN 46 091 118 044

**Financial Report
for the year ended 30 June 2014**

Flinders Mines Limited ABN 46 091 118 044

Financial Report - 30 June 2014

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These Financial Statements are the consolidated Financial Statements of the consolidated entity consisting of Flinders Mines Limited and its subsidiaries. The Financial Statements are presented in the Australian currency.

Flinders Mines Limited is a company limited by shares, is listed on the Australian Securities Exchange (ASX) under the code "FMS" and is incorporated and domiciled in Australia. Its registered office and principal place of business is:

Flinders Mines Limited
Level 1, 135 Fullarton Road
Rose Park
Adelaide South Australia 5067

Registered postal address is:

Flinders Mines Limited
PO Box 4031
Norwood South
Adelaide South Australia 5067

Through the use of the internet, we have ensured that our corporate reporting is timely and complete. All press releases, financial reports and other information are available on our website: www.flindersmines.com.

Directors' Report

Your Directors present their report on the consolidated entity (referred to hereafter as the Group, or Flinders) consisting of Flinders Mines Limited (Parent or Company) and the entities it controlled at the end of or during, the year ended 30 June 2014.

Directors

The following persons held office as Directors of Flinders Mines Limited from the start of the financial year to the date of this report, unless otherwise stated.

Robert Michael Kennedy (*Non-executive Chairman*)

Kevin John Malaxos (*Non-executive Director*)

Ewan John Vickery (*Non-executive Director*)

Ian Gordon (*Managing Director appointed 17 June 2014*)

Nicholas John Smart (*Alternate Director for RM Kennedy*)

Gregory Mornington May (*Alternate Director for EJ Vickery (to 30 January 2014)*)

Principal activities

The Group's principal continuing activities during the year consisted of mineral exploration and development. There were no significant changes in the nature of the activities of the Group during the year.

Dividends

No dividends have been declared or paid during the financial year (2013: \$nil).

Operating results and financial position

The net result of operations for the financial year was a loss of \$4,648,747 (2013: \$12,426,086).

The net assets of the Group have increased by \$9,175,005 during the financial year from \$64,578,553 at 30 June 2013 to \$73,753,558 at 30 June 2014.

Review of operations

Corporate

In March 2014 the Company announced that it intended to raise \$14.3m from a rights issue for the commencement of the Bankable Feasibility Study for the Pilbara Iron Ore Project (PIOP) in Western Australia. This capital raising was successfully concluded in the June quarter 2014.

In April 2014, the Company appointed Mr Ian Gordon as Managing Director. Mr Gordon commenced his duties in that role on the 17th of June 2014 and at that time Mr Robert Kennedy resumed his role as Non-executive Chairman.

Pilbara Iron Ore Project

During the Financial year, the Company continued to progress the Pilbara Iron Ore Project (PIOP) towards development with a number of key milestones completed.

The most significant of these was the signing of an agreement in February 2014 with the Balla Balla Joint Venture consisting of Rutila Limited and Todd Corporation of NZ for the development of port and rail infrastructure to the PIOP. Under the agreement the Balla Balla JV will provide port and rail services to the PIOP on a fee basis, with Flinders retaining the production and marketing rights.

This breakthrough agreement has allowed the Company to commit to the infill drilling program required for an expanded 25mtpa project and to further metallurgical test work to develop the final process flow sheet for the project based on a single fines product. A significant proportion of the infill drilling program was completed by the end of the Financial year.

Flinders also commenced the process of obtaining the required environmental approvals for the expanded 25mtpa project.

An extensional drilling program to identify further high grade mineralisation adjacent to the existing PIOP resource was undertaken in the second half of calendar 2013. This programme returned a number of significant BID intersections that will be reviewed as part of the next resource estimation for the project.

Canegrass and South Australia

No work was undertaken on the Canegrass (WA) and South Australian projects during the Financial year.

Significant changes in the state of affairs

There have been no significant changes in the state of affairs of the Group during the period.

Matters subsequent to the end of the financial year

On 1 July 2014 12,796,000 incentive rights, expiring 30 June 2016 were issued to nine Company employees.

On 15 July 2014 Mr Justin Nelson was appointed as Company Secretary of the Company, replacing the previous Company Secretary, Mr David Godfrey who retired from the Company on 15 July 2014.

No matter or circumstance has arisen since 30 June 2014 that has significantly affected, or may significantly affect:

- (a) the Group's operations in future financial years, or
- (b) the results of those operations in future financial years, or
- (c) the Group's state of affairs in future financial years.

Future developments, prospects and business strategies

The Company intends to remain focussed on its high quality Pilbara Iron Ore Project (PIOP) in the 2014-15 financial year. The PIOP now has a potential path to market and a Bankable Feasibility Study based on the Balla Balla JV proposal has commenced.

The final work required for completion of the Bankable Feasibility Study including the infill drilling, metallurgical test work, process design and marketing are well underway and are expected to be completed by the end of the 2014-15 financial year.

Environmental regulation

The Group's operations are subject to significant environmental regulation under both Commonwealth and relevant State legislation in relation to the discharge of hazardous waste and materials arising from any exploration or mining activities and development conducted by the Group on any of its tenements. The Group believes it has complied with all environmental obligations.

Information on directors

Robert Michael Kennedy ASAIT, Grad Dip (Systems Analysis), FCA, ACIS, Life Member AIM, FAICD

Independent Non-executive Chairman

Experience and expertise

Mr Kennedy has been non-executive chairman of Flinders Mines Limited since December 2001. He is a chartered accountant and a consultant to Kennedy & Co, Chartered Accountants, a firm he founded. Mr Kennedy brings to the Board his expertise and extensive experience as chairman and non-executive director of a range of listed public companies in the resources sector.

Mr Kennedy was temporarily appointed by the Board to the role of Executive Chairman from mid-April 2013 to mid-June 2014. He conducts the review of the Board including the Managing Director in his executive role. Mr Kennedy leads the development of strategies for the development and future growth of the Company. Apart from his attendance at Board and Committee meetings Mr Kennedy leads the Board's external engagement of the Company, meeting with Government, investors and is engaged with the media. He is a regular attendee of Audit Committee functions of the major accounting firms.

Other current directorships

Mr Kennedy is also a director of ASX listed companies Ramelius Resources Limited (since 2003), Maximus Resources Limited (since 2004), Tychean Resources Limited (since 2006), Monax Mining Limited (since 2004), Marmota Energy Limited (since 2006), and Tellus Resources Limited (since 2013).

Former directorships in last 3 years

Adelaide Energy Limited (from December 2011 to January 2012)

Beach Energy Limited (from December 1991 to November 2012)

Impress Energy Limited (from November 2011 to April 2012)

Somerton Energy Limited (from April 2010 to June 2012)

Special responsibilities

Chairman of the Board.

Chairman of the Nominations and Remuneration Committee.

Member of the Audit Committee.

Interests in shares and options

42,000,000 ordinary shares in Flinders Mines Limited.

Information on directors (continued)

Kevin John Malaxos BEng, MAICD. *Non-executive Director.*

Experience and expertise

A director since December 2010, Mr Malaxos, a mining engineer, has over 27 years' experience in the resources sector in senior management and executive roles across a suite of commodities including gold, nickel, iron ore, silver, lead, zinc and chromium. He has managed large and small scale surface and underground mining operations and brings a wealth of experience in project evaluation and development, project approval and Government liaison.

Mr Malaxos' previous roles include CEO for Mt Gibson Mining (MGX) and COO of listed iron ore developer Centrex Metals Limited (CXM), where he was responsible for project development, project approvals and community and government consultation.

Other current directorships

Mr Malaxos is also the Managing Director of ASX listed company Maximus Resources Limited (since December 2010).

Former directorships in last 3 years

None.

Special responsibilities

Member of the Audit Committee.

Member of the Corporate Governance Committee.

Interests in shares and options

2,200,000 ordinary shares in Flinders Mines Limited.

Ewan John Vickery LLB, *Non-executive Director.*

Experience and expertise

A director since June 2001, Mr Vickery is a corporate and business lawyer with over 40 years' experience in private practice in Adelaide. He has acted as an advisor to companies on a variety of corporate and business issues including capital and corporate restructuring, native title and land access issues, and as lead native title advisor and negotiator for numerous mining and petroleum companies.

He is a member of the Exploration Committee of the South Australian Chamber of Mines and Energy Inc, the International Bar Association Energy and Resources Law Section, the Australian Institute of Company Directors and is a past national president and Life Member of Australian Mining and Petroleum Law Association (AMPLA Limited).

Other current directorships

Mr Vickery is also a Non-Executive Director of ASX listed company Maximus Resources Limited (since 2004) and he re-joined the Board of Tychean Resources Limited (formerly ERO Mining Limited) in May 2013.

Former directorships in last 3 years

ERO Mining Limited (from 2006 to 2011).

Special responsibilities

Chairman of the Audit Committee.

Chairman of the Risk Committee.

Member of Nominations and Remuneration Committee.

Member of the Corporate Governance Committee.

Interests in shares and options

6,000,000 ordinary shares in Flinders Mines Limited.

Information on directors (continued)

Gregory Mornington May LLB, GAICD *Alternate Director for E J Vickery (Non-executive) until 30 January 2014.*

Experience and expertise

An alternate director from April 2005 to January 2014, Mr May has been a corporate lawyer for over 28 years. He was previously General Counsel of the Adelaide and Darwin partnership of Minter Ellison until establishing his own firm in July 2013. He practices predominantly in the areas of corporate law, revenue law, trusts and superannuation. Mr May has acted for many years for both vendors and purchasers in the acquisition and disposal of businesses and companies. He advises on all aspects of those transactions, including taxation (and structuring issues), stamp duty and superannuation.

Other current directorships

None.

Former directorships in last 3 years

None.

Special responsibilities

None.

Interests in shares and options

743,571 ordinary shares in Flinders Mines Limited.

Nicholas John Smart *Alternate Director for R M Kennedy (Non-executive)*

Experience and expertise

An alternate director since December 2009, Mr Smart has held positions as a general manager in Australia and internationally. Previously a full Associate Member of the Sydney Futures Exchange and adviser with a national share broking firm, with over 25 years' experience in the corporate arena including capital raising for private and listed companies. Other experience includes startup companies in technology development including commercialisation of the Synroc process for safe storage of high level nuclear waste, controlled temperature and atmosphere transport systems and the beneficiation of low rank coals. Mr Smart currently consults to various public and private companies.

Other current directorships

Alternate director for Maximus Resources Limited (since 2005).

Former directorships in last 3 years

None.

Special responsibilities

None.

Interests in shares and options

838,095 ordinary shares in Flinders Mines Limited.

Information on directors (continued)

Ian Gordon, Bcom, MAICD. *Managing Director appointed 17 June 2014.*

Experience and expertise

Ian is a mining executive with experience in a variety of management positions and commodities. He has held management roles at Delta Gold Limited, Rio Tinto Exploration and Gold Fields. From 2007 until 2014 he was the COO and Managing Director of Ramelius Resources Limited, where he was responsible for the development of a number of mining operations. He has significant experience in project approvals, feasibility studies, capital raising and project finance.

Other current directorships

None.

Former directorships in last 3 years

Ramelius Resources Limited (until 31 August 2014).

Special responsibilities

Managing Director.

Interests in shares and options

2,000,000 ordinary shares in Flinders Mines Limited.

Company secretary

The Company secretary is Company Secretary David Wayne Godfrey BCom, GradDipAcc, ASA, FFin, CFTP (Snr), MAICD. Company Secretary Godfrey was appointed to the position of Company secretary in 2008 until his retirement 15 July 2014.

Experience and expertise

Mr Godfrey has more than 27 years' experience in the resources and finance industries and is a member of Australian Society of CPAs, Governance Institute of Australia, Australian Institute of Company Directors and a Fellow of the Financial Services Institute. He has previously held senior finance roles in major corporations and for the Treasury of New Zealand and has served as secretary of numerous publicly listed and subsidiary companies for the Normandy Mining Limited Group, Newmont Australia Limited Group and Uranium Exploration Australia Limited. He has been the Company Secretary since November 2008 to July 2014 and the Chief Financial Officer from November 2008 to June 2013.

Interests in shares, options and rights

458,769 ordinary shares in Flinders Mines Limited.
963,000 rights to acquire ordinary shares in Flinders Mines Limited.

Company secretary appointed

Justin Nelson, LLB, B.A.(Jur). *Company Secretary appointed 15 July 2014.*

Mr Justin Nelson has been appointed as Company Secretary of the Company, replacing the previous Company Secretary, Mr David Godfrey due to his retirement.

Mr Nelson is a Principal at DMAW Lawyers with expertise in the ASX Listing Rules and all other aspects of ASX-related matters. He was previously with the ASX in Adelaide, initially as Listings Advisor and then as South Australian State Manager for eight years, until the ASX offices were consolidated nationally. Mr Nelson has experience in relation to compliance issues in the resources and energy industries and is company secretary of four ASX-listed entities.

Meetings of directors

The numbers of meetings of the Company's board of Directors and of each board committee held during the year ended 30 June 2014, and the numbers of meetings attended by each Director were:

	Full meetings of directors		Meetings of committees							
	A	B	Audit		Nominations & Remuneration		Corporate Governance		Risk	
	A	B	A	B	A	B	A	B	A	B
Robert Michael Kennedy	15	15	2	2	1	1	-	-	-	-
Kevin John Malaxos	15	15	2	2	1	1	-	-	-	-
Ewan John Vickery	15	15	2	2	1	1	-	-	-	-
Gregory Mornington May*	-	-	-	-	-	-	-	-	-	-
Nicholas John Smart*	-	-	-	-	-	-	-	-	-	-
Ian Gordon**	1	1	-	-	-	-	-	-	-	-

A = Number of meetings attended

B = Number of meetings held during the time the Director held office or was a member of the committee during the period

* = Alternate Director

** = Appointed as Managing Director 17 June 2014.

Meetings of directors (continued)

Shares under option

Unissued ordinary shares of Flinders Mines Limited under option at the date of this report are as follows:

Date options granted	Expiry date	Issue price of shares	Number under options
11 February 2011	30 June 2015	\$0.085	120,000
			120,000

No option holder has any right under the options to participate in any other share issue of the Company or any other entity.

Indemnification and insurance of officers

The Group is required to indemnify the directors and other officers of the Company and its Australian-based controlled entities against any liabilities incurred by the directors and officers that may arise from their position as directors and officers of the Group. No costs were incurred during the financial year pursuant to this indemnity.

The Parent Entity has entered into deeds of indemnity with each director whereby, to the extent permitted by the *Corporations Act 2001*, the Group agreed to indemnify each director against all loss and liability incurred as an officer of the company, including all liability in defending any relevant proceedings.

Insurance premiums

Since the end of the previous year the Group has paid insurance premiums of \$51,750 to insure the directors and officers in respect of directors' and officers' liability and legal expenses insurance contracts.

Proceedings on behalf of the group

No person has applied to the Court under section 237 of the *Corporations Act 2001* for leave to bring proceedings on behalf of the Group, or to intervene in any proceedings to which the Group is a party, for the purpose of taking responsibility on behalf of the Group for all or part of those proceedings.

No proceedings have been brought or intervened in on behalf of the Group with leave of the Court under section 237 of the *Corporations Act 2001*.

Non-audit services

The Board of Directors, in accordance with advice received from the Audit Committee, is satisfied that the provision of non-audit services is compatible with the general standard of independence for auditors imposed by the *Corporations Act 2001*. The Directors are satisfied that the provision of non-audit services by the auditor, as set out below, did not compromise the external auditor's independence for the following reasons:

- all non-audit services are reviewed and approved by the Audit Committee prior to commencement to ensure they do not adversely impact the integrity and objectivity of the auditor; and
- the nature of the services provided do not compromise the general principles relating to auditor independence in accordance with APES 110 *Code of Ethics for Professional Accountants* set by the Accounting Professional and Ethical Standards Board.

There were no fees paid or payable for non-audit services provided by the auditor of the Parent, its related practices and non-related audit firms during the year ended 30 June 2014.

Remuneration report - audited

The Directors are pleased to present your Company's 2014 remuneration report which sets out remuneration information for Flinders Mines Limited's non-executive Directors, executive Directors and other key management personnel.

The remuneration report is set out under the following headings:

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The information provided in this remuneration report has been audited as required by section 308(3C) of the *Corporations Act 2001*.

(a) Directors and key management personnel disclosed in this report

Non-executive and executive Directors - see pages 3 to 6 above

Robert Michael Kennedy Kevin John Malaxos Ewan John Vickery Gregory Mornington May Nicholas John Smart Ian Gordon	(to 30 January 2014)
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Other key management personnel

Name	Position
Nicholas John Corlis	GM - Business Development (until 31 December 2013)
Miro Rapaic	General Manager - Project Development
Mick Anstey	General Manager - HSEC & HR (until 8 August 2013)
David Wayne Godfrey	Company Secretary
Jim Panagopoulos	Chief Financial Officer

(b) Remuneration governance

The Nominations & Remuneration Committee is a committee of the Board. It is primarily responsible for making recommendations and to assist the Board to:

- ensure that it is of an effective composition, size and commitment to adequately discharge its responsibilities and duties; and
- independently ensure that the Company adopts and complies with remuneration policies that attract, retain and motivate high calibre executives and directors so as to encourage enhanced performance by the Company; and
- motivate directors and management to pursue the long-term growth and success of the Company within an appropriate framework.

Executive performance and remuneration packages are reviewed on a regular basis by the Nominations and Remuneration Committee. The review process includes consideration of individual performance, as well as overall performance of the Group.

The Corporate Governance Statement provides further information on the role of this committee.

Remuneration report - audited (continued)

(c) Use of remuneration consultants

The Nominations and Remuneration Committee seeks external remuneration advice as required. No such advice was obtained during the financial year ending 30 June 2014.

(d) Executive remuneration policy and framework

The Group's policy for determining the nature and amounts of emoluments of senior executives is as follows:

In determining executive remuneration, the Board aims to ensure that remuneration practices are:

- competitive and reasonable, enabling the Company to attract and retain key talent;
- aligned to the Company's strategic and business objectives and the creation of shareholder value.

The remuneration of the Managing Director is determined by the non-executive directors on the Board as part of the terms and conditions of his employment which are subject to review from time to time. The employment conditions of the Managing Director were formalised in a contract of employment. The base salary as set out in the employment contract is reviewed regularly. The Managing Director's contract may be terminated by mutual agreement or by the Managing Director on three months written notice and by the Company on six months written notice. The Company may terminate the contract without notice in serious instances of misconduct. The remuneration of the other executive officers and employees is determined by the Managing Director subject to the approval of the Board.

The Company's remuneration structure is based on a number of factors including the particular experience and performance of the individual in meeting key objectives of the Company. The Board is responsible for assessing relevant employment market conditions and achieving the overall, long term objective of maximising shareholder benefits, through the retention of high quality personnel.

The Company does not presently emphasise payment for results through the provision of cash bonus schemes or other incentive payments based on key performance indicators of the Company given the nature of the Company's business as a listed mineral exploration entity and the current status of its activities. However, the Board may approve the payment of cash bonuses from time to time in order to reward individual executive performance in achieving key objectives as considered appropriate by the Board.

Long-term incentives

The Company has an Employee Incentive Rights Plan (Plan) approved by shareholders at the 2010 Annual General Meeting that enables the Board to offer eligible employees rights to acquire ordinary fully paid shares in the Company. Under the terms of the Plan, rights to acquire ordinary fully paid shares at no cost may be offered to the Company's eligible employees as determined by the Board in accordance with the terms and conditions of the Plan. The objective of the Plan is to align the interests of employees and shareholders by providing employees of the Company with the opportunity to participate in the equity of the Company as a long term incentive to achieve greater success and profitability for the Company and to maximise the long term performance of the Company.

The Employee Incentive Rights Plan is designed to focus executives and staff on delivering long-term shareholder returns. Under the Plan, participants are granted rights which vest only if positive Total Shareholder Return (TSR) performance conditions are met and the employees are still employed by the Group at the end of the vesting period. Participation in the Plan is at the Board's discretion and no individual has a contractual right to participate in the Plan.

The issues have various vesting periods and are based on personal criteria, including continuity of service for the full vesting period and Company performance criteria including a positive return of the Company's TSR over the vesting period relative to that of a Comparator Group of peer companies (see below).

At the end of the Measurement Period the following vesting scale will be applied to Performance Rights based on the relative TSR achieved by the Company during the Measurement Period.

Remuneration report - audited (continued)

(d) Executive remuneration policy and framework (continued)

Long-term incentives (continued)

TSR Rank (provided it is positive)	Proportion of Performance Rights that vest
Less than 50% percentile	0%
50th percentile	25%
Between 50th and 62.5th percentile	Pro rata
62.5th percentile	50%
Between 62.5th and 75th percentile	Pro Rata
At or above 75th percentile	100%

No incentive rights were granted during the 2012, 2013 and 2014 financial years. For the incentive rights granted on 1 July 2011, the Comparator Group includes the following peer companies:

- | | |
|---|--|
| • Alcyone Resources Limited | • Arafura Resources Limited |
| • Alkane Resource Limited | • Base Resources Limited |
| • Aspire Mining Limited | • Blackgold International Holdings Limited |
| • BC Iron Limited | • Centrex Metals Limited |
| • Bougainville Copper Limited | • Discovery Metals Limited |
| • Crusader Resources Limited | • Focus Minerals Limited |
| • Exco Resources Limited | • Gold One International Limited |
| • Flinders Resources Limited | • Highlands Pacific Limited |
| • Galaxy Resources Limited | • Indo Mines Limited |
| • Grange Resources Limited | • Metals X Limited |
| • Hillgrove Resources Limited | • Mincor Resources NL |
| • Industrial Minerals Corporation Limited | • Mercantile Investments Limited |
| • Iron Ore Holdings Limited | • Northern Minerals Limited |
| • Kangaroo Resources Limited | • Nucoal Resources NL |
| • MHM Metals Limited | • Panoramic Resources Limited |
| • Mineral Deposits Limited | • Red 5 Limited |
| • Nkwe Platinum Limited | • Saracen Mineral Holdings Limited |
| • Northern Star Resources Limited | • Summit Resources Limited |
| • OM Holdings Limited | • White Energy Company Limited |
| • Platinum Australia Limited | • YTC Resources Limited |
| • Resource & Investments NL | • Tribune Resources Limited |
| • Sphere Minerals Limited | • WPG Resources Limited |

(e) Non-executive director remuneration policy

Non-executive directors receive a Board fee and are eligible for fees for extra exertion or chairing or participating on Board Committees, at the discretion of the full Board. Fees provided to non-executive directors are inclusive of superannuation.

Fees are reviewed periodically by the Board's Nominations & Remunerations Committee taking into account comparable roles and market data provided by the Board's independent remuneration adviser. The current base fees were reviewed with effect from 1 January 2010 and have not been increased since that time.

Non-executive director's fees are determined within an aggregate Directors' fee pool limit, which is periodically recommended for approval by shareholders. The maximum currently stands at \$750,000 per annum and was approved by shareholders at the Annual General Meeting on 6 November 2009. Directors may apportion any amount up to this maximum amount amongst the non-executive directors as they determine. Directors are also entitled to be paid reasonable travelling, accommodation and other expenses incurred in performing their duties as directors.

Non-executive director remuneration is by way of fee, statutory superannuation contributions and salary sacrifice. Non executive directors do not participate in schemes designed for remuneration of executives, nor do they receive options or bonus payments and are not provided with retirement benefits other than salary sacrifice and statutory superannuation.

Remuneration report - audited (continued)

(f) Voting and comments made at the company's 2013 Annual General Meeting

At the Company's last Annual General Meeting, there were no comments or queries on the remuneration report and a proxy vote of 84% for the resolution to adopt the remuneration report indicated a good level of support for, and understanding of the Company's remuneration structure and practices.

(g) Details of remuneration

The following tables show details of the remuneration received by the Directors and the key management personnel of the Group for the current and previous financial year.

2014	Short-term employee benefits		Post-employment benefits Super-annuation	Share based payments Rights	Total
	Director's fees	Salary			
	\$	\$	\$	\$	\$
Non-executive Directors					
Robert Michael Kennedy#	164,760	250,000	15,240	-	430,000
Kevin John Malaxos*	100,000	-	-	-	100,000
Ewan John Vickery	85,410	-	14,590	-	100,000
Sub-total non-executive directors	350,170	250,000	29,830	-	630,000
Executive Directors					
Ian Gordon###	-	20,191	-	-	20,191
Other key management personnel (Group)					
Nicholas John Corlis^	-	292,700	17,748	-	310,448
Miro Rapaic^	-	337,368	25,459	-	362,827
Michael Anstey^	-	53,509	2,980	-	56,489
David Wayne Godfrey^	-	144,174	13,151	-	157,325
Jim Panagopoulos##	-	207,116	19,158	-	226,274
Total key management personnel compensation (group)	350,170	1,305,058	108,326	-	1,763,554

2013	Short-term employee benefits		Post-employment benefits Super-annuation	Share based payments Rights	Total
	Directors' fees	Salary			
	\$	\$	\$	\$	\$
Non-executive Directors					
Robert Michael Kennedy#	165,138	250,000	14,862	-	430,000
Kevin John Malaxos*	90,000	-	-	-	90,000
Ewan John Vickery	82,569	-	7,431	-	90,000
Sub-total non-executive directors	337,707	250,000	22,293	-	610,000
Executive Directors					
Gary David Sutherland^^	-	619,930	25,000	-	644,930
Other key management personnel (Group)					
Nicholas John Corlis^	-	327,161	29,445	82,236	438,842
Miro Rapaic^	-	326,086	29,348	78,022	433,456
Michael Anstey^	-	298,357	26,852	66,480	391,689
David Wayne Godfrey^	-	269,953	24,293	63,139	357,385
Total key management personnel compensation (group)	337,707	2,091,487	157,231	289,877	2,876,302

Remuneration report - audited (continued)

(g) Details of remuneration (continued)

* Director's fees for Mr Malaxos were paid to a related party of the director.

^ During the 2012 financial year selected executives were granted incentive rights which have a three year vesting period and performance conditions. In accordance with the requirements of the Australian Accounting Standards, remuneration includes a proportion of the notional value of equity compensation granted or outstanding during the year. The fair value of equity instruments which do not vest during the reporting period is determined as at the grant date and is progressively allocated over the vesting period. The amount included as remuneration is not related to or indicative of the benefit (if any) that individuals may ultimately realise should the rights vest. The fair value of the rights as at the date of their grant has been determined in accordance with the Employee Incentive Rights Plan as set out in note 29.

^^ Mr Sutherland's incentive rights lapsed in April 2013 and he was paid 3 month's salary, plus his unused leave entitlements.

Mr Kennedy was temporarily appointed to the role of Executive Chairman from mid-April 2013 until June 2014 an extra exertion payment to Mr Kennedy has been made.

Mr Panagopoulos was appointed Chief Financial Officer June 2013.

Mr Gordon was appointed Managing Director June 2014.

The directors conclude that there are no executives requiring disclosure other than those listed.

The relative proportions of remuneration that are linked to performance and those that are fixed are as follows:

Name	Fixed remuneration		At risk - LTI *	
	2014 %	2013 %	2014 %	2013 %
Other key management personnel of the group				
Nicholas John Corlis	100	81	-	19
Miro Rapaic	100	82	-	18
Michael Anstey	100	83	-	17
David Wayne Godfrey	100	82	-	18
Jim Panagopoulos	100	-	-	-

* Long-term incentives (LTI) include equity grants issued via the Company's Employee Share Option and Incentive Rights Plans. These plans are designed to provide long-term incentives for executives to deliver long-term shareholder returns.

(h) Service agreements

During the financial year Mr Ian Gordon was appointed as Managing Director of the Company. Mr Gordon commenced on 17 June 2014 on a contract with no fixed term at a gross remuneration of \$450,000 per annum inclusive of base salary and remuneration contributions, reviewable annually.

Messrs Kennedy, Vickery and Malaxos are elected as non-executive directors, without formal employment agreements.

Remuneration and other terms of employment of group executives (Managing Director's direct reports) are formalised in service contracts. Each of the agreements is similar in nature and provides for the level of remuneration and other benefits relevant to each executive's role and responsibilities. Either party may terminate the agreement on the provision of an agreed notice period, or if terminated by the employer, a payment in lieu of notice. On termination, executives are entitled to receive statutory entitlements of accrued annual and long service leave plus superannuation benefits.

(i) Share-based compensation

Options

In past years, options over fully-paid ordinary shares in the capital of the Company were granted to employees under the Flinders Mines Limited Employee Share Option Plan (ESOP). The ESOP enabled the Board, at its discretion, to issue options to employees of the Company or its associated companies. Each option has a life of five years and was exercisable at a price determined by the Board. This price was not below the market price of a share at the time of issue. The options granted under the ESOP carry no voting or dividend rights. There were no options granted under the ESOP during the year ended 30 June 2014.

Remuneration report - audited (continued)

(i) Share-based compensation (continued)

Options (continued)

No option holder has any rights under the options to participate in any other share issue of the Company or any other entity.

Shares provided on exercise of remuneration options

No shares were issued to directors as a result of the exercise of remuneration options during the financial year (2013: Nil).

Options granted as remuneration

No options were granted to directors, key management personnel or employees of the Company during the financial year (2013: Nil).

Director's interests in shares and options

Directors' relevant interests in shares and options of the Company are disclosed in note 19 of the financial statements.

Employee Incentive Rights

The Company has an Employee Incentive Rights Plan that enables the Board to offer eligible employees rights to acquire ordinary fully paid shares in the Company. Under the terms of the Plan, rights to acquire ordinary fully paid shares at no cost may be offered to the Company's eligible employees as determined by the Board in accordance with the terms and conditions of the Plan. During past years a total of 23,325,700 rights were issued to employees with 17,673,728 subsequently lapsing prior to vesting pursuant to the rules of the Plan.

During the current financial year no rights were issued to employees. The accounting value of the rights does not represent actual cash payments to the employees and is not related to or indicative of the benefit, if any, that individuals may ultimately realise should the rights vest, but is a recognition of the value of the rights at grant date progressively allocated over the vesting period.

Post balance date, 12,796,000 incentive rights have been issued to nine Company employees. and will be considered and accounted for in future accounting periods.

Remuneration report - audited (continued)

(j) Equity instrument disclosures relating to key management personnel

(i) Option holdings

The numbers of options over ordinary shares in the Company held during the financial year by each Director of Flinders Mines Limited and other key management personnel of the Group, including their personally related parties, are set out below. There were no options over ordinary shares granted during the reporting period as compensation.

Consolidated entity 2014	Balance at start of the year	Granted as compensation	Exercised (option)/ Vested (rights)	Other changes	Balance at the end of the year	Vested and exercisable	Unvested
Name							
G D Sutherland	300,000	-	-	(300,000)	-	-	-
N J Corlis	495,000	-	-	(495,000)	-	-	-
M Anstey	200,000	-	-	(200,000)	-	-	-

(ii) Rights holdings

The numbers of rights to acquire ordinary shares in the Company held during the financial year by each Director of Flinders Mines Limited and other key management personnel of the Group, including their personally related parties, are set out below. There were no rights granted during the reporting period as compensation.

Consolidated entity 2014	Balance at start of the year	Lapsed	Exercised (option)/ Vested (rights)	Other changes*	Balance at the end of the year	Vested and exercisable	Unvested
Name							
N J Corlis	2,619,100	-	-	(2,619,100)	-	-	-
M Rapaic	2,485,800	(2,485,800)	-	-	-	-	-
M Anstey	2,109,700	-	-	(2,109,700)	-	-	-
D W Godfrey	2,022,300	(2,022,300)	-	-	-	-	-

* Other Changes during the year reflect the expiration of rights on resignation.

(iii) Share holdings

The numbers of shares in the Company held during the financial year by each Director of Flinders Mines Limited and other key management personnel of the Group, including their personally related parties, are set out below. There were no shares granted during the reporting period as compensation.

Consolidated entity 2014	Balance at start of the year	Granted as compensation	Exercised (option)/ Vested (rights)	Acquired/ (disposed)	Balance at the end of the year
Name					
R M Kennedy#	32,161,000	-	-	7,839,000	40,000,000
K J Malaxos	1,000,000	-	-	1,200,000	2,200,000
E J Vickery	5,000,000	-	-	1,000,000	6,000,000
G M May	743,571	-	-	-	743,571
N J Smart	838,095	-	-	-	838,095
NJ Corlis	-	-	-	-	-
M Rapaic	-	-	-	-	-
J Panagopoulos	-	-	-	-	-
M Anstey	-	-	-	-	-
I Gordon#	-	-	-	500,000	500,000
D W Godfrey	338,769	-	-	120,000	458,769

Indicates Directors who have acquired shares on market subsequent to balance date.

Auditor's independence declaration

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

This report is made in accordance with a resolution of Directors.

A handwritten signature in black ink, consisting of several loops and a long horizontal stroke, positioned above the name and title of the signatory.

Robert Michael Kennedy
Director

Adelaide
09 September 2014

Level 1,
67 Greenhill Rd
Wayville SA 5034

Correspondence to:
GPO Box 1270
Adelaide SA 5001

T 61 8 8372 6666
F 61 8 8372 6677
E info.sa@au.gt.com
W www.grantthornton.com.au

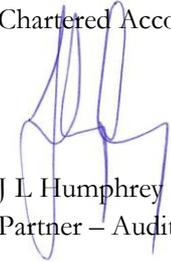
**AUDITOR'S INDEPENDENCE DECLARATION
TO THE DIRECTORS OF FLINDERS MINES LIMITED**

In accordance with the requirements of section 307C of the Corporations Act 2001, as lead auditor for the audit of Flinders Mines Limited for the year ended 30 June 2014, 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 September 2014

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Corporate Governance Statement

The Board of Directors is committed to improving and achieving good standards of corporate governance and has established corporate government policies and procedures, where appropriate and practicable, consistent with the revised Corporate Governance Principles and Recommendations with 2010 Amendments 2nd Edition issued by the ASX Corporate Governance Council ("ASX Recommendations"). To assist in the execution of its responsibilities the Board has established a Corporate Governance Committee consisting of two non-executive directors, whose objective is to ensure appropriate ethical and corporate governance standards and practices for the Company.

The following statement sets out a summary of the Group's corporate governance practices that were in place during the financial year and how those practices relate to the revised ASX Recommendations. The Company has reported against the revised Principles and Recommendations for each of the financial years ended 30 June 2008 through to 30 June 2014.

These recommendations are not intended to be prescriptions to be followed by all ASX listed companies, but rather guidelines designed to produce an effective, quality and integrity outcome. The Corporate Governance Council has recognised that a "one size fits all" approach to Corporate Governance is not required. Instead, it states aspirations of good practice for optimising corporate performance and accountability in the interests of shareholders and the broader economy. A company may consider that a recommendation is inappropriate to its particular circumstances and has flexibility not to adopt it and explain why.

In ensuring a good standard of ethical behaviour and accountability, the Board has included in its corporate governance policies those matters contained in the ASX Recommendations where applicable. However, the Board also recognises that full adoption of the above ASX Recommendations may not be practical nor provide the optimal result given the particular circumstances and structure of the Company. The Board is, nevertheless, committed to ensuring that appropriate Corporate Governance practices are in place for the proper direction and management of the Company. This statement outlines the main Corporate Governance practices of the Company disclosed under the ASX Recommendations, including those that comply with good practice and which unless otherwise disclosed, were in place during the whole of the financial year ended 30 June 2014.

From mid-April 2013 to mid-June 2014, Mr Robert Kennedy was appointed by the Board to the role of Executive Chairman. This role as an executive of the Company was temporary in nature, albeit not in accordance with the ASX Recommendations. In the opinion of the independent Directors the Company, in departing from its policies, did not in any way compromise the Company's adherence to the good corporate governance practices and principles contained within the ASX Recommendations.

Principle 1: Lay solid foundations for management and oversight

Recommendation 1.1 - Recommendation followed

The Board is governed by the Corporations Act 2001, ASX Listing Rules and a formal constitution revised and approved by members of the Company in 2009.

The role of the Board is to provide leadership and direction to management and to agree with management the aims, strategies and policies of the Company for the protection and enhancement of long term shareholder value.

The Board takes responsibility for the overall Corporate Governance of the Company including its strategic direction, management goal setting and monitoring, internal control, risk management and financial reporting.

The Board has an established framework for the management of the entity including a system of internal control, a business risk management process and appropriate ethical standards. In fulfilling its responsibilities, the Board is supported by an Audit Committee to deal with internal control and financial reporting, a Risk Committee to deal with the control environment in the area of operational risk and a Corporate Governance Committee to deal with ethical standards and corporate governance practices.

The Board appoints a Managing Director/Chief Executive Officer responsible for the day to day management of the Company including management of financial, physical and human resources, development and implementation of risk management, internal control and regulatory compliance policies and procedures, recommending strategic direction and planning for the operations of the business and the provision of relevant information to the Board.

The Board has adopted a formal board charter that details its functions and responsibilities and a formal statement of the areas of authority delegated to senior executives.

Principle 1: Lay solid foundations for management and oversight (continued)

Recommendation 1.2 - Recommendation followed

The Board has established a Nominations and Remuneration Committee, which takes responsibility for monitoring the composition of the Board and reviewing the performance and compensation of the Company's Executive Directors and senior management with the overall objective of motivating and appropriately rewarding performance.

The Board considers the Company's present circumstances and goals ensure maximum shareholder benefits from the attraction and retention of a high quality Board and senior management team. The Board on a regular basis reviews the performance of and remuneration for Executive Director's and senior management including any equity participation by such Executive Directors and senior management. The Board evaluates the performance of the Managing Director/CEO and Company Secretary on a regular basis and encourages continuing professional development.

Recommendation 1.3 - Recommendation followed

During the period the Board undertook an informal performance evaluation of the Executive Chairman, Company Secretary and senior management. The evaluation was in accordance with the Company's process for evaluation of senior executives.

Principle 2: Structure the board to add value

Recommendation 2.1 - Recommendation followed

The composition of the Board currently consists of four directors, three of whom, including the Chairman, are independent directors. Mr Kennedy's temporary appointment by the Board to the role of Executive Chairman from mid-April 2013 to mid-June 2014, is considered by the Board not to have affected his independent status.

The Audit Committee currently consists of three independent directors.

Recommendation 2.2 - Recommendation followed

The Chairman, Mr Kennedy is an independent director.

Recommendation 2.3 - Recommendation followed

Excepting the period when Mr Kennedy assumed the role of Executive Chairman on a temporary basis, Mr Kennedy's role as Chairman of the Board has been and currently is separate from that of the Managing Director/CEO who is responsible for the day to day management of the Company, this being in compliance with the ASX Recommendation that these roles not be exercised by the same individual.

Recommendation 2.4 - Recommendation followed

A Nominations and Remuneration Committee has been established consisting of the following non executive directors:

- R M Kennedy (Chair)
- E J Vickery

A formal committee charter has been adopted, that details the functions and responsibilities of the committee. The main responsibilities of the committee are to:

- conduct an annual review of the membership of the board having regard to present and future needs of the company and to make recommendations on board composition and appointments;
- conduct an annual review of and conclude on the independence of each director;
- propose candidates for board vacancies;
- oversee the annual performance assessment program;
- oversee board succession including the succession of the chair; and
- assess the effectiveness of the induction process.

Recommendation 2.5 - Recommendation not followed

The Board recognises that as a result of the Company's size and the stage of the entity's life as a publicly listed junior exploration and development company, the assessment of the Board's overall performance, its committees and individual directors and its own succession plan is conducted on an ad hoc basis. Whilst this is at variance with the ASX Recommendation 2.5, the directors consider that at the date of this report an appropriate and adequate process for the evaluation of directors is in place. A more formal process of Board assessment will be considered in the future as the Company develops.

Principle 2: Structure the board to add value (continued)

Recommendation 2.6 - Recommendation followed

The names of the directors of the Company and terms in office at the date of this Statement together with their skills, experience, expertise and financial interests in the Company are set out in the Directors' Report section of this report.

The current directors, other than the Managing Director, are considered to be independent.

The Company has no relationships with any of the independent directors which the company believes would compromise the independence of these directors.

All directors are entitled to take such legal advice as they require at any time and from time to time on any matter concerning or in relation to their rights, duties and obligations as directors in relation to the affairs of the Company at the expense of the Company.

The Company's constitution specifies the number of directors must be at least three and at most seven. The Board may at any time appoint a director to fill a casual vacancy. Directors appointed by the Board are subject to election by shareholders at the following annual general meeting and thereafter directors (other than the Managing Director) are subject to re-election at least every three years. The tenure for executive directors is linked to their holding of executive office.

An assessment of the Board's overall performance and its own succession plan is conducted on an ad hoc basis, and will be conducted in future by the Nominations and Remuneration Committee. The Board is committed to appointing as directors, a diverse range of qualified persons with the appropriate level of experience and skills, and when vacancies on the Board may occur.

Principle 3: Promote ethical and responsible decision making

Code of conduct

Recommendation 3.1 - Recommendation followed

The Board acknowledges its responsibility to set the required standards and ethical tone of the Company. Accordingly, it clarified the standards of ethical and professional behaviour required of Directors, employees and contractors by establishment of a Code of Conduct.

The Code of Conduct addresses such matters as compliance with applicable laws, fitness for work, equal opportunity and diversity, appropriate standards of behaviour, the management of conflicts of interest and dealings in both employment and other situations.

A copy of the Code of Conduct is located on the Company's website.

Diversity policy

Recommendation 3.2 - Recommendation followed

The Company has established and adopted a Diversity & Equal Opportunity Policy which establishes the Company's commitment to recognising the benefits of attracting and retaining a diverse range of people based on merit, qualifications, experience, skills, knowledge and potential regardless of gender, ethnicity, age or other status.

The Diversity & Equal Opportunity Policy sets out the responsibility of the Board and every Company employee to support diversity and equal opportunity, by developing policy, monitoring outcomes and setting and disclosing measurable objectives.

A copy of the Diversity & Equal Opportunity Policy can be found on the Company's website.

Recommendation 3.3 - Recommendation followed

In accordance with the policy, the Board has set a number of measurable objectives for achieving diversity in the workplace. Responsibility for implementation of each objective has been assigned to the relevant Board Committee or senior executive.

Principle 3: Promote ethical and responsible decision making (continued)

Diversity policy (continued)

The measurable objectives are as follows:

Diversity Objective	Status as at 30 June 2014
Establish responsibility at Board level and amend Nominations & Remuneration Committee Charter to incorporate diversity as one of its objectives.	The Nominations & Remuneration Committee Charter will be amended in the 2014 - 15 financial year, to include diversity as one of its objectives.
Appoint a member of the executive group with responsibility for diversity and equal opportunity.	The Managing Director has been appointed by the Board with the responsibility for diversity.
Develop and distribute Equal Opportunity and Diversity Guidelines to the Flinders Mines workforce.	Guidelines, including a complaints and grievances process, have been developed and distributed to the entire workforce.
Publish the Diversity and Equal Opportunity Policy on the Company's website.	The policy is now included in the Corporate section of the Company's website.
Conduct an annual review of the objectives and measure progress against them.	This is an ongoing commitment. The Company has continued to review and update measurable objectives to promote diversity during the 2014 reporting period.
Conduct workforce reviews and analysis to develop further measurable objectives in 2014 for achieving diversity.	Annual remuneration reviews are conducted to ensure no disparity or bias exists. Diversity Objectives were agreed by the Nominations & Remuneration committee in early FY 2014.
Update all Company policies to reflect the Company's commitment to diversity.	During the year, a comprehensive review of all Company policies was undertaken to ensure that all policies reflect the Company's values.
Develop Company-wide diversity communication, training and induction procedures.	The Company's updated policies, including diversity policy and objectives, were communicated to all employees. No cases of discrimination or harassment were reported during the period.
Appoint a diversity of Board members.	The Board remains committed to identifying suitably qualified persons, regardless of gender, for appointment to the Board should a vacancy occur.
Implement career and development planning as an integral part of employees' annual performance appraisal plan	Development planning is included as part of the Company's performance appraisal process for all employees. Flinders Mines encourages all employees to achieve their potential through the provision of career development opportunities, including; * Certified training; * Participation at conferences and seminars; and * Membership of professional societies and networks.

Recommendation 3.4 - Recommendation followed

As at 30 June 2014, women represented 36.3% of the Company's total workforce. There were no female senior executives (Managing Director's direct reports) and no female directors on the Board. The Board remains committed to identifying suitably qualified people regardless of gender, should a vacancy occur and for consideration as part of the Board's succession planning.

Recommendation 3.5 - Recommendation followed

The Company's Code of Conduct and Diversity & Equal Opportunity Policy have been posted to the Company's website.

Principle 4: Safeguard integrity in financial reporting

Recommendation 4.1 - Recommendation followed

An Audit Committee has been established to oversee corporate governance over internal controls, ethical standards, financial reporting, and external accounting and compliance procedures.

Principle 4: Safeguard integrity in financial reporting (continued)

The main responsibilities of the Audit and Corporate Governance Committee include;

- reviewing, assessing and making recommendations to the Board on the annual and half year financial reports released to the market by the Company;
- overseeing establishment, maintenance and reviewing the effectiveness of the Company's internal control and ensuring efficacy and efficiency of operations, reliability of financial reporting and compliance with applicable Accounting Standards and ASX Listing Rules;
- liaising with and reviewing reports of the external auditor; and
- reviewing performance and independence of the external auditor and where necessary making recommendations for appointment and removal of the Company's auditor.

Recommendation 4.2 - Recommendation followed

The Audit Committee consists of three non-executive, independent Board directors, Messrs Vickery, Kennedy and Malaxos and is chaired by Mr Vickery.

The Board believes that given the size of the Company and the stage of the entity's life as a publicly listed junior exploration and development company the existing composition of the Audit Committee is such that review and authorisation of the integrity of the Company's financial reporting and the independence of the external auditor is via the exercise of independent and informed judgment.

Recommendation 4.3 - Recommendation followed

A formal Audit Committee Charter has been adopted, that details the functions and responsibilities of the Committee.

Recommendation 4.4 - Recommendation followed

Mr Kennedy is a qualified Chartered Accountant. Details of the Audit Committee member's qualifications and attendance at meetings are set out in the Directors' Report section of this report.

The Committee meets at least twice per annum and reports to the Board. The Managing Director/CEO, CFO/Company Secretary and external auditor may by invitation attend meetings at the discretion of the Committee.

Details of directors' attendance at Audit Committee meetings are set out in the Directors' report.

Principles 5 and 6: Make timely and balanced disclosures and respect the rights of shareholders

Recommendation 5.1 & 5.2 - Recommendations followed

The Company has adopted a Continuous Disclosure Policy and the Company operates under the continuous disclosure requirements of the ASX Listing Rules and ensures that all information which may be expected to affect the value of the Company's securities or influence investment decisions is released to the market in order that all investors have equal and timely access to material information concerning the Company. The information is made publicly available on the Company's website following release to the ASX.

Recommendation 6.1 & 6.2 - Recommendations not followed

The Board aims to ensure that shareholders are informed of all major developments affecting the Company's state of affairs. In accordance with the ASX Recommendations, information is communicated to shareholders as follows:

- the annual financial report which includes relevant information about the operations of the Company during the year,
- changes in the state of affairs of the entity and details of future developments, in addition to the other disclosures required by the Corporations Act 2001;
- the half yearly financial report lodged with the ASX and Australian Securities and Investments Commission (ASIC) and sent to all shareholders who request it;
- notifications relating to any proposed major changes in the Company which may impact on share ownership rights that are submitted to a vote of shareholders;
- notices of all meetings of shareholders;
- publicly released documents including full text of notices of meetings and explanatory material made available on the Company's website; and
- disclosure of the Company's Corporate Governance practices and communications strategy on the entity's website.

Principles 5 and 6: Make timely and balanced disclosures and respect the rights of shareholders (continued)

The Board encourages full participation of shareholders at the Annual General Meeting to ensure a high level of accountability and identification with the Company's strategy and goals. Important issues are presented to the shareholders as single resolutions. The external auditor of the Company is also invited to the Annual General Meeting of shareholders and is available to answer any questions concerning the conduct, preparation and content of the auditor's report. Pursuant to section 249K of the Corporations Act 2001 the external auditor is provided with a copy of the notice of meeting and related communications received by shareholders.

Due to the size of the Company and the stage of life of the entity as a publicly listed junior exploration and development company, the Board does not believe a formal policy for shareholder communication is required. However, a summary describing how the Company will communicate with its shareholders is posted on the Company's website, www.flindersmines.com/governance.html

Principle 7: Recognise and manage risk

Recommendation 7.1, 7.2 & 7.4 - Recommendations followed

A Risk Committee has been established consisting of the following non-executive directors and senior executives:

- Mr E J Vickery (Chair)
- Mr I Gordon

The Board recognises that there are inherent risks associated with the Company's operations including mineral exploration and mining, environmental, title and native title, legal and other operational risks. The Board endeavours to mitigate such risks by continually reviewing the activities of the Company in order to identify key business and operational risks and ensuring that they are appropriately assessed and managed. Continues review of the risk management and internal control systems and formal reports in relation to the Company's management of its material business risk will be presented to the Board.

Recommendation 7.3 - Recommendation followed

In accordance with ASX Recommendation 7.3 the Managing Director/Chief Executive Officer and Chief Financial Officer have provided assurances that the written declarations under s295A of the Corporations Act 2001 are founded on a sound system of risk management and internal control and that the system is operating effectively in all material respects in relation to financial reporting risks. Both the Managing Director/Chief Executive Officer and Chief Financial Officer provided said assurances at the time the s295A declarations were provided to the Board.

Principle 8: Remunerate fairly and responsibly

Recommendation 8.1 - Recommendation followed

A Nominations and Remuneration Committee has been established consisting of the following non-executive directors:

- R M Kennedy (Chair)
- E J Vickery

Details of these directors' attendance at remuneration committee meetings are set out in the Directors' report.

The remuneration committee advises the Board on remuneration and incentive policies and practices generally, and makes specific recommendations on remuneration packages and other terms of employment for executive directors, other senior executives and non-executive directors.

Each member of the senior executive team signs a formal employment contract at the time of their appointment covering a range of matters including their duties, rights, responsibilities and any entitlements on termination. The standard contract refers to a specific formal job description. This job description is reviewed by the remuneration committee on an annual basis and, where necessary, is revised in consultation with the relevant employee.

Further information on directors' and executives' remuneration, including principles used to determine remuneration, is set out in the directors' report under the heading "Remuneration report".

Principle 8: Remunerate fairly and responsibly (continued)

Recommendation 8.2 - Recommendation not followed

A remuneration committee has been established, consisting solely of independent directors and chaired by an independent director. The committee has only two members, which is at variance with the ASX Recommendations. Given the stage of life of the entity and the relative size of the Company and its Board, the Board does not believe that a larger remuneration committee is warranted. The Board will consider enlarging the remuneration committee as the Company continues to grow in future years.

Recommendation 8.3 - Recommendation followed

In accordance with ASX Recommendation 8.3 the Company's remuneration practices are set out as follows. The Company's Constitution specifies that the total amount of remuneration of non-executive directors shall be fixed from time to time by a general meeting. The current maximum aggregate remuneration of non-executive directors has been set at \$750,000 per annum. Directors may apportion any amount up to this maximum amount amongst the non-executive directors as they determine. Directors are also entitled to be paid reasonable travelling, accommodation and other expenses incurred in performing their duties as directors.

Non-executive director remuneration is by way of fees and statutory superannuation contributions. Non-executive directors do not participate in schemes designed for remuneration of executives nor do they receive options or bonus payments and are not provided with retirement benefits other than salary sacrifice and statutory superannuation.

The remuneration of the Managing Director/CEO is determined by the Board as part of the terms and conditions of his employment which are subject to review from time to time. The remuneration of employees is determined by the Managing Director/CEO subject to the approval of the Board.

The Company's remuneration structure is based on a number of factors including the particular experience and performance of the individual in meeting key objectives of the Company. The Board is responsible for assessing relevant employment market conditions and achieving the overall, long term objective of maximising shareholder benefits, through the retention of high quality personnel.

The Company does not presently emphasise payment for results through the provision of cash bonus schemes or other incentive payments based on key performance indicators of the Company given the nature of the Company's business as a junior listed mineral exploration and development entity and the current status of its activities. However, the Board may approve the payment of cash bonuses from time to time in order to reward individual executive performance in achieving key objectives as considered appropriate by the Board.

The Company also has an Employee Incentive Rights Plan approved by shareholders that enables the Board to offer eligible employees rights to acquire ordinary fully paid shares in the Company. Under the terms of the Plan, rights to acquire ordinary fully paid shares at no cost may be offered to the Company's eligible employees as determined by the Board in accordance with the terms and conditions of the Plan. The objective of the Plan is to align the interests of employees and shareholders by providing employees of the Company with the opportunity to participate in the equity of the Company as a long term incentive to achieve greater success and profitability for the Company and to maximise the long term performance of the Company. The non-executive directors are not eligible to participate in the Plan.

The employment conditions of the Managing Director are formalised in a contract of employment. The Managing Director's contract may be terminated at any time by mutual agreement or by Mr Gordon on three months written notice and by the Company on six months written notice.

Recommendation 8.4 - Recommendation followed

Further details of director's remuneration, superannuation and retirement payments are set out in the Remuneration Report section of the Directors' Report.

The Company's Corporate Governance Policies can be found at www.flindersmines.com/governance.html

Flinders Mines Limited ABN 46 091 118 044
Financial Statements - 30 June 2014

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Flinders Mines Limited
Consolidated statement of profit or loss and comprehensive income
For the year ended 30 June 2014

		Consolidated Year ended	
	Notes	30 June 2014	30 June 2013
		\$	\$
Revenue from continuing operations			
Other revenue from ordinary activities	4	200,601	520,968
Other expenses from ordinary activities			
Loss on disposal of assets		(25,628)	(98,646)
Marketing expenses	5	(1,610,205)	(1,409,232)
Exploration expenditure written off	5	(388,073)	(9,367,865)
Administrative expenses	5	(3,501,323)	(3,832,864)
Finance costs	5	(11,409)	(24,519)
(Loss) before income tax		(5,336,037)	(14,212,158)
Income tax benefit/(expense)	6	687,290	1,786,072
(Loss) for the year		(4,648,747)	(12,426,086)
<i>Item that may be reclassified to profit or loss</i>			
Changes in the fair value of available-for-sale financial assets	18(a)	(4,900)	(46,979)
Other comprehensive income for the year, net of tax		(4,900)	(46,979)
Total comprehensive income for the year		(4,653,647)	(12,473,065)
(Loss) is attributable to:			
Owners of Flinders Mines Limited		(4,648,747)	(12,426,086)
Total comprehensive income for the year is attributable to:			
Owners of Flinders Mines Limited		(4,653,647)	(12,473,065)
Total comprehensive income for the year attributable to owners of Flinders Mines Limited arises from			
Continuing operations		(4,653,647)	(12,473,065)
		Cents	Cents
Earnings per share for loss attributable to the ordinary equity holders of the Company:			
Basic earnings per share	28	(0.235)	(0.682)

The above consolidated statement of profit or loss and comprehensive income should be read in conjunction with the accompanying notes.

Flinders Mines Limited
Consolidated statement of financial position
As at 30 June 2014

	Notes	Consolidated 30 June 2014 \$	30 June 2013 \$
ASSETS			
Current assets			
Cash and cash equivalents	7	9,868,548	5,996,247
Trade and other receivables	8	337,146	219,830
Other current assets	9	262,276	67,736
Total current assets		10,467,970	6,283,813
Non-current assets			
Available-for-sale financial assets	10	36,611	43,611
Plant and equipment	11	727,328	1,083,841
Exploration and evaluation	12	64,038,405	58,375,649
Other non-current assets	13	27,000	27,000
Total non-current assets		64,829,344	59,530,101
Total assets		75,297,314	65,813,914
LIABILITIES			
Current liabilities			
Trade and other payables	14	1,282,922	810,524
Provisions	15	207,149	316,940
Total current liabilities		1,490,071	1,127,464
Non-current liabilities			
Provisions	16	53,685	107,897
Total non-current liabilities		53,685	107,897
Total liabilities		1,543,756	1,235,361
Net assets		73,753,558	64,578,553
EQUITY			
Contributed equity	17	119,106,233	105,277,581
Reserves	18(a)	18,580	1,257,521
Retained losses		(45,371,255)	(41,956,549)
Capital and reserves attributable to owners of Flinders Mines Limited		73,753,558	64,578,553
Total equity		73,753,558	64,578,553

The above consolidated statement of financial position should be read in conjunction with the accompanying notes.

Flinders Mines Limited
Consolidated statement of changes in equity
For the year ended 30 June 2014

Consolidated entity	Notes	Attributable to owners of Flinders Mines Limited			Total equity \$
		Contributed equity \$	Reserves \$	Retained losses \$	
Balance at 1 July 2012		105,277,581	1,312,734	(29,530,463)	77,059,852
Loss for the year		-	-	(12,426,086)	(12,426,086)
Revaluation of financial assets (net of tax)		-	(46,979)	-	(46,979)
Total comprehensive income for the period		-	(46,979)	(12,426,086)	(12,473,065)
Transactions with owners in their capacity as owners:					
Rights expensed during the year	18	-	718,619	-	718,619
Rights expired during the year	18	-	(726,853)	-	(726,853)
		-	(8,234)	-	(8,234)
Balance at 30 June 2013		105,277,581	1,257,521	(41,956,549)	64,578,553
Balance at 1 July 2013		105,277,581	1,257,521	(41,956,549)	64,578,553
Loss for the year		-	-	(4,648,747)	(4,648,747)
Revaluation of financial assets (net of tax)		-	(4,900)	-	(4,900)
Total comprehensive income for the period		-	(4,900)	(4,648,747)	(4,653,647)
Transactions with owners in their capacity as owners:					
Contributions of equity, net of transaction costs and tax	17	13,828,652	-	-	13,828,652
Rights expired during the year	18	-	(1,234,041)	1,234,041	-
		13,828,652	(1,234,041)	1,234,041	13,828,652
Balance at 30 June 2014		119,106,233	18,580	(45,371,255)	73,753,558

The above consolidated statement of changes in equity should be read in conjunction with the accompanying notes.

Flinders Mines Limited
Consolidated statement of cash flows
For the year ended 30 June 2014

	Notes	Consolidated Year ended	
		30 June 2014 \$	30 June 2013 \$
Cash flows from operating activities			
Payments to suppliers and employees (inclusive of GST)		(4,970,019)	(4,759,870)
Research and Development tax incentive received		917,100	2,671,547
Interest received		219,124	541,077
Net cash (outflow) from operating activities	27	(3,833,795)	(1,547,246)
Cash flows from investing activities			
Payments for plant and equipment	11	(34,509)	(51,408)
Proceeds from sale of plant and equipment		71,604	16,150
Payments for exploration activities		(5,931,942)	(8,492,853)
Net cash (outflow) from investing activities		(5,894,847)	(8,528,111)
Cash flows from financing activities			
Proceeds from issues of shares and other equity securities		13,828,653	-
Transaction costs		(227,710)	-
Net cash inflow from financing activities		13,600,943	-
Net increase (decrease) in cash and cash equivalents		3,872,301	(10,075,357)
Cash and cash equivalents at the beginning of the financial year		5,996,247	16,071,604
Cash and cash equivalents at the end of the financial year	7	9,868,548	5,996,247

The above consolidated statement of cash flows should be read in conjunction with the accompanying notes.

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1 Summary of significant accounting policies

The principal accounting policies adopted in the preparation of these consolidated Financial Statements are set out below. These policies have been consistently applied to all the periods presented, unless otherwise stated. The Financial Statements are for the consolidated entity consisting of Flinders Mines Limited and its subsidiaries.

(a) Basis of preparation

These general purpose financial statements have been prepared in accordance with Australian Accounting Standards and interpretations issued by the Australian Accounting Standards Board (AASB) and the Corporations Act 2001. Flinders Mines Limited is a for profit entity for the purpose of preparing the financial statements.

(i) Compliance with IFRS

These consolidated financial statements also comply with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB).

(ii) New and amended standards adopted by the Group

The Group has adopted the following revisions and amendments to AASB's issued by the Australian Accounting Standards Board and IFRS issued by the International Accounting Standards Board, which are relevant to and effective for the Group's financial statements for the annual period beginning 1 July 2013:

- AASB 10 Consolidated Financial Statements;
- AASB 12 Disclosure of Interests - Other;
- AASB 13 Fair Value Measurement; and

Management has reviewed the requirements of the above standards and has concluded that there was no effect on the classification or presentation of balances.

(b) Basis of consolidation

The Group financial statements consolidate those of the Parent Company and all of its subsidiaries as of 30 June 2014. The Parent controls a subsidiary if it is exposed, or has rights, to variable returns from its involvement with the subsidiary and has the ability to affect those returns through its power over the subsidiary. All subsidiaries have a reporting date of 30 June.

All transactions and balances between Group companies are eliminated on consolidation, including unrealised gains and losses on transactions between Group companies. Where unrealised losses on intra-group asset sales are reversed on consolidation, the underlying asset is also tested for impairment from a group perspective. Amounts reported in the financial statements of subsidiaries have been adjusted where necessary to ensure consistency with the accounting policies adopted by the Group.

Profit or loss and other comprehensive income of subsidiaries acquired or disposed of during the year are recognised from the effective date of acquisition, or up to the effective date of disposal, as applicable.

Non-controlling interests, presented as part of equity, represent the portion of a subsidiary's profit or loss and net assets that is not held by the Group. The Group attributes total comprehensive income or loss of subsidiaries between the owners of the parent and the non-controlling interests based on their respective ownership interests.

1 Summary of significant accounting policies (continued)

(c) Business combinations

The Group applies the acquisition method in accounting for business combinations. The consideration transferred by the Group to obtain control of a subsidiary is calculated as the sum of the acquisition-date fair values of assets transferred, liabilities incurred and the equity interests issued by the Group, which includes the fair value of any asset or liability arising from a contingent consideration arrangement. Acquisition costs are expensed as incurred.

The Group recognises identifiable assets acquired and liabilities assumed in a business combination regardless of whether they have been previously recognised in the acquiree's financial statements prior to the acquisition. Assets acquired and liabilities assumed are generally measured at their acquisition-date fair values.

Goodwill is stated after separate recognition of identifiable intangible assets. It is calculated as the excess of the sum of (a) fair value of consideration transferred, (b) the recognised amount of any non-controlling interest in the acquiree, and (c) acquisition-date fair value of any existing equity interest in the acquiree, over the acquisition-date fair values of identifiable net assets. If the fair values of identifiable net assets exceed the sum calculated above, the excess amount (i.e. gain on a bargain purchase) is recognised in profit or loss immediately.

(d) Investments in associates and joint ventures

Associates are those entities over which the Group is able to exert significant influence but which are not subsidiaries.

A joint venture is an arrangement that the Group controls jointly with one or more other investors, and over which the Group has rights to a share of the arrangement's net assets rather than direct rights to underlying assets and obligations for underlying liabilities. A joint arrangement in which the Group has direct rights to underlying assets and obligations for underlying liabilities is classified as a joint operation.

Investments in associates and joint ventures are accounted for using the equity method. Interests in joint operations are accounted for by recognising the Group's assets (including its share of any assets held jointly), its liabilities (including its share of any liabilities incurred jointly), its revenue from the sale of its share of the output arising from the joint operation, its share of the revenue from the sale of the output by the joint operation and its expenses (including its share of any expenses incurred jointly).

Any goodwill or fair value adjustment attributable to the Group's share in the associate or joint venture is not recognised separately and is included in the amount recognised as investment. The carrying amount of the investment in associates and joint ventures is increased or decreased to recognise the Group's share of the profit or loss and other comprehensive income of the associate and joint venture, adjusted where necessary to ensure consistency with the accounting policies of the Group.

Unrealised gains and losses on transactions between the Group and its associates and joint ventures are eliminated to the extent of the Group's interest in those entities. Where unrealised losses are eliminated, the underlying asset is also tested for impairment.

(e) Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker. The chief operating decision maker has been identified as the Board of Directors.

(f) Revenue recognition

Interest income

Interest income is recognised on a proportional basis taking into account the interest rates applicable to the financial assets.

1 Summary of significant accounting policies (continued)

(g) Income tax

The income tax expense or revenue for the period is the tax payable on the current period's taxable income based on the applicable income tax rate for each jurisdiction adjusted by changes in deferred tax assets and liabilities attributable to temporary differences and to unused tax losses.

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the end of the reporting period in the countries where the Company's subsidiaries and associates operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However, deferred tax liabilities are not recognised if they arise from the initial recognition of goodwill. Deferred income tax is also not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the end of the reporting period and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred tax assets are recognised for deductible temporary differences and unused tax losses only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

Deferred tax liabilities and assets are not recognised for temporary differences between the carrying amount and tax bases of investments in foreign operations where the company is able to control the timing of the reversal of the temporary differences and it is probable that the differences will not reverse in the foreseeable future.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets and liabilities and when the deferred tax balances relate to the same taxation authority. Current tax assets and tax liabilities are offset where the entity has a legally enforceable right to offset and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Current and deferred tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity, respectively.

(h) Impairment of non-financial assets

Assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment, or more frequently if events or changes in circumstances indicate that they might be impaired. Other assets are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows which are largely independent of the cash inflows from other assets or groups of assets (cash generating units). Non-financial assets other than goodwill that suffered an impairment are reviewed for possible reversal of the impairment at each reporting date.

(i) Cash and cash equivalents

For the purpose of presentation in the consolidated statement of cash flows, cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short term, highly liquid investments with original maturities of 12 months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value, and bank overdrafts. Any bank overdrafts the Group have are shown within borrowings in current liabilities in the consolidated statement of financial position.

1 Summary of significant accounting policies (continued)

(j) Trade receivables

Trade receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment. Trade receivables are generally due for settlement within 30 days. They are presented as current assets unless collection is not expected for more than 12 months after the reporting date.

(k) Investments and other financial assets

Recognition and derecognition

Regular purchases and sales of financial assets are recognised on trade-date - the date on which the Group commits to purchase or sell the asset. Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Group has transferred substantially all the risks and rewards of ownership.

When securities classified as available-for-sale are sold, the accumulated fair value adjustments recognised in other comprehensive income are reclassified to profit or loss as gains and losses from investment securities.

Measurement

At initial recognition, the Group measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at fair value through profit or loss are expensed in profit or loss.

Loans and receivables and held-to-maturity investments are subsequently carried at amortised cost using the effective interest method.

Available-for-sale financial assets and financial assets at fair value through profit or loss are subsequently carried at fair value. Gains or losses arising from changes in the fair value of the 'financial assets at fair value through profit or loss' category are presented in profit or loss within other income or other expenses in the period in which they arise. Dividend income from financial assets at fair value through profit or loss is recognised in profit or loss as part of revenue from continuing operations when the Group's right to receive payments is established. Interest income from these financial assets is included in the net gains/(losses).

Changes in the fair value of monetary securities denominated in a foreign currency and classified as available-for-sale are analysed between translation differences resulting from changes in amortised cost of the security and other changes in the carrying amount of the security. The translation differences related to changes in the amortised cost are recognised in profit or loss, and other changes in carrying amount are recognised in other comprehensive income. Changes in the fair value of other monetary and non-monetary securities classified as available-for-sale are recognised in other comprehensive income. Details on how the fair value of financial instruments is determined are disclosed in note 2.

Fair value

The fair values of quoted investments are based on current bid prices. If the market for a financial asset is not active (and for unlisted securities), the Group establishes fair value by using valuation techniques. These include the use of recent arm's length transactions, reference to other instruments that are substantially the same, discounted cash flow analysis, and option pricing models making maximum use of market inputs and relying as little as possible on entity specific inputs.

Impairment

The Group assesses at the end of each reporting period whether there is objective evidence that a financial asset or group of financial assets is impaired. A financial asset or a group of financial assets is impaired and impairment losses are incurred only if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (a 'loss event') and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated. In the case of equity investments classified as available for sale, a significant or prolonged decline in the fair value of the security below its cost is considered an indicator that the assets are impaired.

1 Summary of significant accounting policies (continued)

(k) Investments and other financial assets (continued)

If there is evidence of impairment for any of the Group's financial assets carried at amortised cost, the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows, excluding future credit losses that have not been incurred. The cash flows are discounted at the financial asset's original effective interest rate. The loss is recognised in profit or loss.

(l) Plant and equipment

Each class of plant and equipment is carried at historical cost or fair value less, where applicable, any accumulated depreciation and impairment losses. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Plant and equipment

Plant and equipment is measured on a cost basis. The carrying amount of plant and equipment is reviewed annually by directors to ensure it is not in excess of the recoverable amount. The recoverable amount is assessed on the basis of the expected net cash flows that will be received from the assets' employment and subsequent disposal. The expected net cash flows have been discounted to their present values in determining recoverable amounts.

Subsequent costs are included in the assets' carrying amounts or recognised as separate assets as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost can be measured reliably. All other repairs and maintenance are charged to the statement of comprehensive income during the financial year in which they are incurred.

Depreciation

The depreciable amount of all fixed assets is depreciated on a straight line basis over their useful lives to the Group commencing from the time the asset is held ready for use. The depreciation rates used for plant and equipment range from 12.5 to 40%.

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each reporting date.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount (note 1(h)).

Gains and losses on disposals are determined by comparing proceeds with carrying amount. These are included in the consolidated statement of comprehensive income. When revalued assets are sold, it is Group policy to transfer any amounts included in other reserves in respect of those assets to retained earnings.

(m) Trade and other payables

These amounts represent liabilities for goods and services provided to the Group prior to the end of financial year which are unpaid. The amounts are unsecured and are usually paid within 30 days of recognition. Trade and other payables are presented as current liabilities unless payment is not due within 12 months from the reporting date. They are recognised initially at their fair value and subsequently measured at amortised cost using the effective interest method.

(n) Employee benefits

(i) Short-term obligations

Liabilities for wages and salaries, including non-monetary benefits and annual leave expected to be settled within 12 months after the end of the period in which the employees render the related service are recognised in respect of employees' services up to the end of the reporting period and are measured at the amounts expected to be paid when the liabilities are settled. The liability for annual leave is recognised in the provision for annual leave. All other short term employee benefit obligations are presented as payables.

1 Summary of significant accounting policies (continued)

(n) Employee benefits (continued)

(ii) Other long-term employee benefit obligations

The liability for long service leave and annual leave which is not expected to be settled within 12 months after the end of the period in which the employees render the related service is recognised in non-current liabilities provisions and measured as the present value of expected future payments to be made in respect of services provided by employees up to the end of the reporting period using the projected unit credit method. Consideration is given to expected future wage and salary levels, experience of employee departures and periods of service. Expected future payments are discounted using market yields at the end of the reporting period on national government bonds with terms to maturity and currency that match, as closely as possible, the estimated future cash outflows.

The obligations are presented as current liabilities in the consolidated statement of financial position if the Group does not have an unconditional right to defer settlement for at least 12 months after the reporting date, regardless of when the actual settlement is expected to occur.

(iii) Share-based payments

Share based compensation benefits are provided to employees via the Flinders Mines Limited Employee Incentive Rights Plan. Information relating to the scheme is set out in note 29.

The cost of equity settled transactions is measured by the fair value at the date at which the equity instruments are granted. The fair value is determined using the Black Scholes or Binomial pricing model. The cost is recognised as an expense in the statement of comprehensive income with a corresponding increase in the share based payments reserve or issued capital when the options, rights or shares are issued.

(o) Earnings per share

(i) Basic earnings per share

Basic earnings per share is calculated by dividing:

- the profit attributable to equity holders of the Company, excluding any costs of servicing equity other than ordinary shares
- by the weighted average number of ordinary shares outstanding during the financial year, adjusted for bonus elements in ordinary shares issued during the year and excluding treasury shares.

(ii) Diluted earnings per share

Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account:

- the after income tax effect of interest and other financing costs associated with dilutive potential ordinary shares, and
- the weighted average number of additional ordinary shares that would have been outstanding assuming the conversion of all dilutive potential ordinary shares.

(p) Exploration and evaluation expenditure

Exploration and evaluation costs related to an area of interest are written off as incurred except they may be carried forward as an item in the consolidated statement of financial position where the rights of tenure of an area are current and one of the following conditions is met:

- the costs are expected to be recouped through successful development and exploitation of the area of interest, or alternatively, by its sale; and
- exploration and/or evaluation activities in the area of interest have not at the end of each reporting period reached a stage which permits a reasonable assessment of the existence or otherwise of economically recoverable reserves, and active and significant operations in, or in relation to, the area of interest are continuing.

1 Summary of significant accounting policies (continued)

(p) Exploration and evaluation expenditure (continued)

Capitalised costs include costs directly related to exploration and evaluation activities in the relevant area of interest. General and administrative costs are allocated to an exploration or evaluation asset only to the extent that those costs can be related directly to operational activities in the area of interest to which the asset relates.

Capitalised exploration and evaluation expenditure is written off where the above conditions are no longer satisfied.

Exploration and evaluation expenditure incurred subsequent to the acquisition in respect of an exploration asset acquired is accounted for in accordance with the policy outlined above.

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

(q) Goods and Services Tax (GST)

Revenues, expenses and assets are recognised net of the amount of associated GST, unless the GST incurred is not recoverable from the taxation authority. In this case it is recognised as part of the cost of acquisition of the asset or as part of the expense.

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 taxation authority is included with other receivables or payables in the consolidated statement of financial position.

Cash flows are presented on a gross basis. The GST components of cash flows arising from investing or financing activities which are recoverable from, or payable to the taxation authority, are presented as operating cash flows.

(r) Comparative figures

Comparative figures are adjusted to conform to Accounting Standards when required.

(s) Contributed equity

Ordinary shares are classified as equity.

Incremental costs directly attributable to the issue of new shares are shown in equity as a deduction, net of tax, from the proceeds.

Where any group company purchases the Company's equity instruments, for example as the result of a share buy back or a share based payment plan, the consideration paid, including any directly attributable incremental costs (net of income taxes) is deducted from equity attributable to the owners of Flinders Mines Limited as treasury shares until the shares are cancelled or reissued. Where such ordinary shares are subsequently reissued, any consideration received, net of any directly attributable incremental transaction costs and the related income tax effects, is included in equity attributable to the owners of Flinders Mines Limited.

(t) Key estimates

The preparation of the consolidated financial statements requires management to make estimates and judgments. These estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that may have a financial impact on the Group and that are believed to be reasonable under the circumstances.

The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below:

1 Summary of significant accounting policies (continued)

(t) Key estimates (continued)

(i) Estimated impairment

The Group assesses impairment at each reporting date by evaluating conditions specific to the Group that may lead to impairment of assets. Where an impairment trigger exists, the recoverable amount of the asset is determined. Value-in-use calculations performed in assessing recoverable amounts incorporate a number of key estimates.

(ii) Exploration and evaluation

The Group's policy for exploration and evaluation is discussed in note 1 (o). The application of this policy requires management to make certain assumptions as to future events and circumstances. Any such estimates and assumptions may change as new information becomes available. If, after having capitalised exploration and evaluation expenditure, management concludes that the capitalised expenditure is unlikely to be recovered by future sale or exploration, then the relevant capitalised amount will be written off through the statement of profit or loss. The related carrying amounts are disclosed in note 3.

(iii) Share-based payments

The Group measures share based payments at fair value at the grant date using the Black Scholes or Binomial formula taking into account the terms and conditions upon which the instrument was granted, as discussed in note 29.

(u) New accounting standards and interpretations

The accounting standards that have not been early adopted for the year ended 30 June 2014, but will be applicable to the Group in future reporting periods are detailed below. Apart from these standards, we have considered other accounting standards that will be applicable in future reporting periods, however they have been considered insignificant to the Group.

- (i) *AASB 9 Financial Instruments (December 2010). Consequential amendments arising from AASB 9 are contained in AASB 2010-7 Amendments to Australian Accounting Standards arising from AASB 9 (December 2010), AASB 2010-10 Further Amendments to Australian Accounting Standards - Removal of Fixed Dates for First-time Adopters, AASB 2012-6 Amendments to Australian Accounting Standards - Mandatory Effective Date of AASB 9 and Transition Disclosures, AASB 2013-9 Amendments to Australian Accounting Standards - Conceptual Framework, Materiality and Financial Instruments and AASB 2014-1 Amendments to Australian Accounting Standards.*

AASB 9 introduces new requirements for the classification and measurement of financial assets and liabilities. These requirements improve and simplify the approach for classification and measurement of financial assets compared with the requirements of AASB 139. The main changes are:

- Financial assets that are debt instruments will be classified based on (1) the objective of the entity's business model for managing the financial assets; and (2) the characteristics of the contractual cash flows.
- Allows an irrevocable election on initial recognition to present gains and losses on investments in equity instruments that are not held for trading in other comprehensive income (instead of in profit or loss).
- Dividends in respect of these investments that are a return on investment can be recognised in profit or loss and there is no impairment or recycling on disposal of the instrument.
- Financial assets can be designated and measured at fair value through profit or loss at initial recognition if doing so eliminates or significantly reduces a measurement or recognition inconsistency that would arise from measuring assets or liabilities, or recognising the gains and losses on them, on different bases.
- Where the fair value option is used for financial liabilities the change in fair value is to be accounted for as follows;
 - The change attributable to changes in credit risk are presented in other comprehensive income (OCI) and;
 - The remaining change is presented in profit or loss.

Otherwise, the following requirements have generally been carried forward unchanged from AASB 139 into AASB 9:

1 Summary of significant accounting policies (continued)

(u) New accounting standards and interpretations (continued)

(i) *AASB 9 Financial Instruments, AASB 2009-11 Amendments to Australian Accounting Standards arising from AASB 9, AASB 2010-7 Amendments to Australian Accounting Standards arising from AASB 9 (December 2010) and AASB 2012-6 Amendments to Australian Accounting Standards - Mandatory Effective Date of AASB 9 and Transition Disclosures* (effective from 1 January 2015) (continued)

- Classification and measurement of financial liabilities; and
- Derecognition requirements for financial assets and liabilities.

AASB 9 requirements regarding hedge accounting represent a substantial overhaul of hedge accounting that will enable entities to better reflect their risk management activities in the financial statements.

The Group has not yet assessed the full impact of AASB 9 as this standard does not apply mandatorily before 1 January 2018.

(ii) *AASB 2012-3 Amendments to Australian Accounting Standards - Offsetting Financial Assets and Financial Liabilities*

AASB 2012-3 adds application guidance to AASB 132 to address inconsistencies identified in applying some of the offsetting criteria of AASB 132, including clarifying the meaning of “currently has a legally enforceable right of set-off” and that some gross settlement systems may be considered equivalent to net settlement.

When AASB 2012-3 is first adopted for the year ended 30 June 2015, there will be no impact on the Group as this standard merely clarifies existing requirements in AASB 132.

(iii) *AASB 2013-3 Recoverable Amount Disclosures for Non-Financial Assets*

These narrow-scope amendments address disclosure of information about the recoverable amount of impaired assets if that amount is based on fair value less costs of disposal.

When developing IFRS 13 Fair Value Measurement, the IASB decided to amend IAS 36 Impairment of Assets to require disclosures about the recoverable amount of impaired assets. The IASB noticed however that some of the amendments made in introducing those requirements resulted in the requirement being more broadly applicable than the IASB had intended. These amendments to IAS 36 therefore clarify the IASB’s original intention that the scope of those disclosures is limited to the recoverable amount of impaired assets that is based on fair value less costs of disposal.

(iv) *AASB 2013-9 Amendments to Australian Accounting Standards - Conceptual Framework, Materiality and Financial Instruments (Part C: Financial Instruments)*

These amendments:

- add a new chapter on hedge accounting to AASB 9 Financial Instruments, substantially overhauling previous accounting requirements in this area;
- allow the changes to address the so-called ‘own credit’ issue that were already included in AASB 9 to be applied in isolation without the need to change any other accounting for financial instruments; and
- defer the mandatory effective date of AASB 9 from ‘1 January 2015’ to ‘1 January 2017’.

Note that, subsequent to issuing these amendments, the AASB has issued AASB 2014-1 which defers the effective date of AASB 9 to ‘1 January 2018’

1 Summary of significant accounting policies (continued)

The Group has not yet assessed the full impact of these amendments

(v) AASB 2014-1 Amendments to Australian Accounting Standards (Part A: Annual Improvements 2010-2012 and 2011-2013 Cycles)

Part A of AASB 2014-1 makes amendments to various Australian Accounting Standards arising from the issuance by the International Accounting Standards Board (IASB) of International Financial Reporting Standards Annual Improvements to IFRSs 2010-2012 Cycle and Annual Improvements to IFRSs 2011-2013 Cycle.

Among other improvements, the amendments arising from Annual Improvements to IFRSs 2010-2012 Cycle:

- clarify that the definition of a 'related party' includes a management entity that provides key management personnel services to the reporting entity (either directly or through a group entity); and
- amend AASB 8 Operating Segments to explicitly require the disclosure of judgements made by management in applying the aggregation criteria.

Among other improvements, the amendments arising from Annual Improvements to IFRSs 2011-2013 Cycle clarify that an entity should assess whether an acquired property is an investment property under AASB 140 Investment Property and perform a separate assessment under AASB 3 Business Combinations to determine whether the acquisition of the investment property constitutes a business combination.

When these amendments are first adopted for the year ending 30 June 2015, there will be no material impact on the Group.

Other standards not yet issued and not expected to impact on the Group:

- *AASB 2014-1 Amendments to Australian Accounting Standards (Part E: Financial Instruments)*

Other standards issued by the IASB, but not yet by the yet AASB:

- *IFRS 15 Revenue from Contracts with Customers*
- *Clarification of Acceptable Methods of Depreciation and Amortisation (Amendments to IAS 16 and IAS 38)*
- *Accounting for Acquisitions of Interests in Joint Operations (Amendments to IFRS 11)*

There are no other standards that are not yet effective and that are expected to have a material impact on the entity in the current or future reporting periods and on foreseeable future transactions

1 Summary of significant accounting policies (continued)

(v) Parent entity financial information

The financial information for the parent entity, Flinders Mines Limited, disclosed in note 30 has been prepared on the same basis as the consolidated financial statements, except as set out below.

Investments in subsidiaries, associates and joint venture entities

Investments in subsidiaries, associates and joint venture entities are accounted for at cost in the financial statements of Flinders Mines Limited.

2 Financial risk management

The Group's activities expose it to a variety of financial risks: market risk (including currency risk, interest rate risk and price risk), credit risk and liquidity risk. The Group's overall risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the financial performance of the Group.

Risk management is carried out by management under policies approved by the Board of Directors. Management identifies, evaluates and hedges financial risks in close co-operation with the Group's operating units. The Board provides principles for overall risk management, as well as policies covering specific areas, such as interest rate risk, credit risk, use of financial instruments and investment of excess liquidity where appropriate.

The Group's financial instruments consist mainly of deposits with banks, accounts receivable and payable, available-for-sale investments and loans to associated companies.

The Group holds the following financial instruments:

	Consolidated	
	30 June	30 June
	2014	2013
	\$	\$
Financial assets		
Cash and cash equivalents	9,868,548	5,996,247
Trade and other receivables	337,146	219,830
Available-for-sale financial assets	36,611	43,611
	10,242,305	6,259,688
Financial liabilities		
Trade and other payables	1,282,922	810,524

(a) Market risk

(i) Foreign exchange risk

Foreign exchange risk is the risk that financial loss will be suffered due to adverse movements in exchange rates. The Group is not exposed to foreign exchange risk.

(ii) Price risk

Price risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate as a result of changes in market prices (other than those arising from foreign exchange or interest rate risk). The Group is not exposed to any material price risk.

2 Financial risk management (continued)

(a) Market risk (continued)

(ii) Price risk (continued)

The Group is exposed to equity securities price risk. This arises from investments held by the Group and classified in the balance sheet as available-for-sale. The Group is not exposed to commodity price risk.

To manage its price risk arising from investments in equity securities, the Group marks-to-market its listed investments twice yearly and writes down any losses through profit and loss.

All of the Group's equity investments are publicly traded on the ASX and are therefore readily converted into cash.

(iii) Cash flow and fair value interest rate risk

Interest rate risk is the risk that a financial instrument's value will fluctuate as a result of changes in market interest rates and the effective weighted interest rates on classes of financial assets and financial liabilities. Interest rate risk is managed by the Group with the use of rolling short term deposits.

The Group has no long term financial liabilities upon which it pays interest.

As at the end of the reporting period, the Group had the following variable rate cash and cash equivalent holdings:

Consolidated entity	30 June 2014		30 June 2013	
	Weighted average interest rate %	Balance \$	Weighted average interest rate %	Balance \$
Cash and cash equivalents	3.73%	9,868,548	4.16%	5,996,247
Net exposure to cash flow interest rate risk		<u>9,868,548</u>		<u>5,996,247</u>

Sensitivity

At 30 June 2014, if interest rates had increased by 200 or decreased by 200 basis points from the period end rates with all other variables held constant, post-tax profit for the period would have been \$368,097 higher/\$368,097 lower (2013 changes of 200 bps/200 bps: \$119,924 lower/\$119,924 higher), mainly as a result of higher/lower interest income from cash and cash equivalents. Other components of equity would have been \$368,097 lower/\$368,097 higher (2013: \$119,924 lower/\$119,924 higher) mainly as a result of an increase/decrease in the fair value of the cash and cash equivalents.

(b) Credit risk

Credit risk is the risk of default by borrowers and transactional counterparties as well as the loss of value of assets due to deterioration in credit quality. Credit risk arises from cash and cash equivalents and deposits with banks and financial institutions, as well as credit exposures to wholesale and retail customers, including outstanding receivables and committed transactions. For banks and financial institutions, only independently rated parties with a minimum rating of 'A' are accepted. Individual risk limits are set based on internal or external ratings in accordance with limits set by the board. Sales to retail customers are required to be settled in cash or using major credit cards, mitigating credit risk. There are no significant concentrations of credit risk, whether through exposure to individual customers, specific industry sectors and/or regions.

(c) Liquidity risk

Liquidity risk is the risk that the Group may encounter difficulty in settling its debts or otherwise meeting its obligations. The Group manages liquidity risk by monitoring cash flows and ensuring that adequate funds are available to meet cash demands. At the reporting date the Group held deposits at call of \$9,350,000 (2013: \$5,665,807).

2 Financial risk management (continued)

(d) Fair value measurements

The fair value of financial assets and financial liabilities must be estimated for recognition and measurement or for disclosure purposes.

AASB 7 *Financial Instruments: Disclosures* requires disclosure of fair value measurements by level of the following fair value measurement hierarchy:

- (a) quoted prices (unadjusted) in active markets for identical assets or liabilities (level 1)
- (b) inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (as prices) or indirectly (derived from prices) (level 2), and
- (c) inputs for the asset or liability that are not based on observable market data (unobservable inputs) (level 3).

2 Financial risk management (continued)

(d) Fair value measurements (continued)

The following table presents the Group's assets and liabilities measured and recognised at fair value at 30 June 2014 and 30 June 2013:

Consolidated entity - at 30 June 2014	Level 1	Level 2	Level 3	Total
	\$	\$	\$	\$
Assets				
Available-for-sale financial assets				
Maximus Resources Limited	32,611	-	-	32,611
Caravel Energy Ltd (formerly Copper Range Limited)	-	-	-	-
Phoenix Copper Limited	4,000	-	-	4,000
Total assets	36,611	-	-	36,611
Consolidated entity - at 30 June 2013	Level 1	Level 2	Level 3	Total
	\$	\$	\$	\$
Assets				
Available-for-sale financial assets				
Maximus Resources Limited	32,611	-	-	32,611
Phoenix Copper Limited	11,000	-	-	11,000
Total assets	43,611	-	-	43,611

The fair value of financial instruments traded in active markets (such as available-for-sale securities) is based on quoted market prices at the end of the reporting period. The quoted market price used for financial assets held by the Group is the current bid price. These instruments are included in Level 1.

3 Segment information

(a) Description of segments

Identification of reportable segments

Management has determined the operating segments based on the reports reviewed and used by the Board of Directors (the chief operating decision maker) that are used to make strategic decisions. The Group is managed primarily on the basis of geographical area of interest, since the diversification of Group operations inherently has notably different risk profiles and performance assessment criteria. Operating segments are therefore determined on the same basis.

Reportable segments disclosed are based on aggregating operating segments where the segments are considered to have similar economic characteristics and are also similar with respect to the following:

- external regulatory requirements
- geographical and geological styles

Operations

The Group has exploration operations in two styles of iron mineralisation, gold and base metals. The costs associated with these operations are reported on in this segment.

Accounting policies developed

Unless stated otherwise, all amounts reported to the Board of Directors as chief decision maker with respect to operating segments are determined in accordance with accounting policies that are consistent to those adopted in the annual financial statements of the Group.

3 Segment information (continued)

(b) Business segments

Consolidated entity 2014	Pilbara Ore \$	Iron Canegrass Magnetite \$	Other Minerals \$	Total \$
Revenue from	-	-	-	-
Segment Result / Adjusted EBITDA	-	(201,946)	(186,128)	(388,074)
Impairment of assets (note 5)	-	(201,946)	(186,128)	(388,074)
Capital expenditure	5,662,757	201,946	186,128	6,050,831
Capital expenditure written off / impaired for the year	-	(201,946)	(186,128)	(388,074)
Total segment assets	64,038,405	-	-	64,038,405
Total segment liabilities	986,765	19,176	-	1,005,941

Consolidated entity 2013	Pilbara Ore \$	Iron Canegrass Magnetite \$	Other Minerals \$	Total \$
Segment result / Adjusted EBITDA	-	(6,455,783)	(2,912,082)	(9,367,865)
Impairment of assets	-	(6,455,783)	(2,912,082)	(9,367,865)
Capital expenditure	5,332,017	2,602,510	212,179	8,146,706
Capital expenditure written off / impaired for the year	-	(6,455,783)	(2,912,082)	(9,367,865)
Total segment assets	58,375,649	-	-	58,375,649
Total segment liabilities	142,278	-	2,519	144,797

(c) Other segment information

(i) Segment revenue

Segment revenue reconciles to total revenue from continuing operations as follows:

	Consolidated Year ended	
	30 June 2014 \$	30 June 2013 \$
Total segment revenue	-	-
Interest revenue	200,601	520,968
Total revenue from continuing operations (note 4)	200,601	520,968

3 Segment information (continued)

(c) Other segment information (continued)

(ii) Adjusted EBITDA

A reconciliation of adjusted EBITDA to operating profit/loss before income tax is provided as follows:

	Consolidated	
	Year ended	
	30 June	30 June
	2014	2013
	\$	\$
Adjusted EBITDA	(388,073)	(9,367,865)
Interest revenue	200,601	520,968
Loss on disposal of assets	(25,628)	(98,646)
Marketing expenses	(1,610,205)	(1,409,232)
Administrative expenses	(3,501,323)	(3,832,864)
Finance costs	(11,409)	(24,519)
Profit/loss before income tax from continuing operations	(5,336,037)	(14,212,158)

(iii) Segment assets

Reportable segments' assets are reconciled to total assets as follows:

	Consolidated	
	Year ended	
	30 June	30 June
	2014	2013
	\$	\$
Segment assets	64,038,405	58,375,649
Unallocated:		
Cash and cash equivalents	9,868,548	5,996,247
Trade and other receivables	337,146	219,830
Other current assets	262,276	67,736
Available-for-sale financial assets	36,611	43,611
Plant and equipment	727,328	1,086,841
Other non-current assets	27,000	27,000
Total assets as per the consolidated statement of financial position	75,297,314	65,816,914

3 Segment information (continued)

(c) Other segment information (continued)

(iv) Segment liabilities

Reportable segments' liabilities are reconciled to total liabilities as follows:

	Consolidated	
	30 June 2014	30 June 2013
	\$	\$
Segment liabilities	1,005,941	144,797
Unallocated:		
Trade and other payables	276,980	665,727
Provisions	207,149	424,837
Total liabilities as per the consolidated statement of financial position	1,490,070	1,235,361

4 Revenue

	Consolidated Year ended	
	30 June 2014	30 June 2013
	\$	\$
From continuing operations		
<i>Other revenue</i>		
Interest received	200,601	500,722
Fuel tax rebate	-	20,246
	200,601	520,968

5 Expenses

	30 June 2014	30 June 2013
	\$	\$
Profit before income tax includes the following specific expenses:		
Finance costs		
Bank fees	11,409	24,519
	11,409	24,519
Exploration expenses		
General exploration written off	134,564	141,219
Capitalised exploration expenditure impaired *	253,510	9,226,646
	388,074	9,367,865

* Capitalised exploration expenditure impaired consists of the following projects: Canegrass (\$201,946); Springfield (\$33,677); Jamestown (\$17,687); other projects (\$200).

5 Expenses (continued)

Marketing expenses

Marketing and promotion	1,610,205	1,409,232
	1,610,205	1,409,232

Administration expenses

Compliance	443,538	558,973
Depreciation	174,904	207,615
Administration costs	1,875,323	1,909,359
Legal fees	73,269	62,990
Employment costs	934,256	967,003
Scheme of arrangement costs	33	126,924
	3,501,323	3,832,864

6 Income tax expense

(a) Income tax expense

	Consolidated Year ended	
	30 June 2014	30 June 2013
	\$	\$
Deferred tax	229,810	20,134
Adjustments for Research & Development Tax Concession	(917,100)	(1,806,206)
	(687,290)	(1,786,072)
Income tax expense is attributable to:		
Loss from continuing operations	(687,290)	(1,786,072)

(b) Numerical reconciliation of income tax expense to prima facie tax payable

	Consolidated Year ended	
	30 June 2014	30 June 2013
	\$	\$
Loss from continuing operations before income tax expense	(5,336,037)	(14,212,158)
Tax at the Australian tax rate of 30% (2013 - 30%)	(1,600,811)	(4,263,647)
Tax effect of amounts which are not deductible (taxable) in calculating taxable income:		
Share-based payments	-	(2,470)
Other non-allowable items	8,421	4,024
Recognition of timing differences not brought to account	1,822,200	4,282,227
Adjustment for Research and Development tax offset	(917,100)	(1,806,206)
Income tax expense	(687,290)	(1,786,072)

6 Income tax expense (continued)

(b) Numerical reconciliation of income tax expense to prima facie tax payable (continued)

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

The Group has net DTAs arising in Australia of \$13,300,684 (2013: \$12,013,751) that are available for offset indefinitely against future taxable profits of the companies in which the losses arose.

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

- timing differences 30%
- tax losses 30%

7 Current assets - Cash and cash equivalents

	Consolidated	
	30 June	30 June
	2014	2013
	\$	\$
Cash at bank and in hand	518,548	330,440
Term deposits	9,350,000	5,665,807
	9,868,548	5,996,247

(a) Risk exposure

The Group's exposure to interest rate risk is discussed in note 2. The maximum exposure to credit risk at the end of the reporting period is the carrying amount of each class of cash and cash equivalents mentioned above.

(b) Cash weighted average interest rate

The cash at bank and term deposits are bearing a weighted average interest rate of 3.73% (2013: 4.16%). The term deposits have an average period to repricing of 65 days (2013: 65 days).

8 Current assets - Trade and other receivables

	Consolidated	
	30 June	30 June
	2014	2013
	\$	\$
Trade receivables	391,251	270,984
Provision for impairment of receivables	(56,314)	(73,922)
	334,937	197,062
GST clearing account	(313)	20,246
Income tax receivables	2,522	2,522
	2,209	22,768
	337,146	219,830

8 Current assets - Trade and other receivables (continued)

(a) Past due but not impaired

As at 30 June 2014 there were no material trade and other receivables that were considered to be past due and not impaired (2013: Nil).

9 Current assets - Other current assets

	Consolidated	
	30 June	30 June
	2014	2013
	\$	\$
Pre-paid insurance	262,276	67,736

10 Non-current assets - Available-for-sale financial assets

Available-for-sale financial assets include the following classes of financial assets:

	Consolidated	
	30 June	30 June
	2014	2013
	\$	\$
Listed securities		
Shares in listed companies	36,611	43,611

(a) Listed securities

Available for sale financial assets comprise investments in the ordinary capital of Maximus Resources Limited, Caravel Energy Limited (formerly Copper Range Limited) and Phoenix Copper Limited. There are no fixed returns or fixed maturity dates attached to these investments. On occasion, the Company acquires shares in listed entities through consideration for commercial transactions. The shares are held as available for sale and their value is marked to market at financial year end.

(b) Investments in related parties

Available for sale financial assets include shares in Maximus Resources Limited with a fair value of \$32,611 (2013: \$32,611). Messrs Kennedy, Malaxos and Vickery are directors of Maximus.

11 Non-current assets - Plant and equipment

Consolidated entity	Plant and equipment \$	Furniture, fittings and equipment \$	Machinery and vehicles \$	Computer software \$	Computer hardware \$	Total \$
At 1 July 2012						
Cost or fair value	1,284,916	316,913	616,768	463,496	473,635	3,155,728
Accumulated depreciation	(519,014)	(105,870)	(281,142)	(421,158)	(357,346)	(1,684,530)
Net book amount	765,902	211,043	335,626	42,338	116,289	1,471,198
Year ended 30 June 2013						
Opening net book amount	765,902	211,043	335,626	42,338	116,289	1,471,198
Additions	-	2,854	-	29,837	18,717	51,408
Disposals	(252,618)	-	-	-	-	(252,618)
Depreciation charge	18,438	(37,708)	(77,094)	(36,500)	(53,283)	(186,147)
Closing net book amount	531,722	176,189	258,532	35,675	81,723	1,083,841
At 30 June 2013						
Cost or fair value	1,032,298	319,767	616,768	493,333	492,352	2,954,518
Accumulated depreciation	(500,576)	(143,578)	(358,236)	(457,658)	(410,629)	(1,870,677)
Net book amount	531,722	176,189	258,532	35,675	81,723	1,083,841
Consolidated entity						
Year ended 30 June 2014						
Opening net book amount	531,722	176,189	258,532	35,675	81,723	1,083,841
Additions	-	5,950	-	26,836	1,723	34,509
Disposals	(9,484)	-	(82,079)	-	(5,668)	(97,231)
Depreciation charge	(121,688)	(37,760)	(57,188)	(31,576)	(45,579)	(293,791)
Closing net book amount	400,550	144,379	119,265	30,935	32,199	727,328
At 30 June 2014						
Cost	971,833	325,717	382,695	520,168	481,884	2,682,297
Accumulated depreciation	(571,283)	(181,338)	(263,430)	(489,233)	(449,685)	(1,954,969)
Net book amount	400,550	144,379	119,265	30,935	32,199	727,328

12 Non-current assets - Exploration and evaluation

	Consolidated	
	30 June	30 June
	2014	2013
	\$	\$
Exploration and evaluation assets		
Movement:		
Opening balance	58,375,649	59,596,807
Expenditure incurred	6,050,829	8,146,706
Less: expenditure written off / impaired	(388,073)	(9,367,864)
Closing balance	64,038,405	58,375,649
Closing balance comprises		
Exploration and evaluation - 100% owned	57,797,307	52,134,551
Exploration and evaluation phases - Joint Venture Operations	6,241,098	6,241,098
	64,038,405	58,375,649

13 Non-current assets - Other non-current assets

	Consolidated	
	30 June	30 June
	2014	2013
	\$	\$
Security bonds	27,000	27,000

14 Current liabilities - Trade and other payables

	Consolidated	
	30 June	30 June
	2014	2013
	\$	\$
Trade payables	1,221,699	461,503
Accrued expenses	21,000	328,223
Credit cards	40,223	20,798
	1,282,922	810,524

15 Current liabilities - Provisions

	Consolidated	
	30 June 2014	30 June 2013
Employee entitlements	\$ 207,149	\$ 316,940

16 Non-current liabilities - Provisions

	Consolidated	
	30 June 2014	30 June 2013
Employee entitlements	\$ 53,685	\$ 107,897

17 Contributed equity

(a) Share capital

	30 June 2014	30 June 2013	30 June 2014	30 June 2013
	Shares	Shares	\$	\$
Ordinary shares				
Ordinary shares - fully paid	2,400,995,602	1,821,300,404	119,106,233	105,277,581

(b) Movements in ordinary share capital

Date	Details	Number of shares	Issue price \$	\$
1 July 2013	Opening balance	1,821,300,404		105,277,581
30 June 2013	Balance	1,821,300,404		105,277,581
19 July 2013	Conversion of employee rights	3,543,272		-
19 December 2013	Conversion of employee rights	1,873,072		-
4 February 2014	Exercise of options - Proceeds received	150,000	\$0.045	6,750
10 March 2014	Share issue - Proceeds received	274,000,000	\$0.025	6,850,000
11 April 2014	Share issue - Proceeds received	220,328,329	\$0.025	5,508,213
14 April 2014	Share issue - Proceeds received	79,800,525	\$0.025	1,995,013
30 June 2014	Balance	2,400,995,602		119,637,557
	Transaction costs arising on share issue	-		(759,034)
	Deferred tax credit recognised directly in equity	-		227,710
30 June 2014	Balance	2,400,995,602		119,106,233

17 Contributed equity (continued)

(c) Ordinary shares

Ordinary shares entitle the holder to participate in dividends and the proceeds on winding up of the Company in proportion to the number of and amounts paid on the shares held.

On a show of hands every holder of ordinary shares present at a meeting in person or by proxy, is entitled to one vote, and upon a poll each share is entitled to one vote.

Ordinary shares have no par value and the Company does not have a limited amount of authorised capital.

(d) Options and rights

Information relating to the Flinders Mines Limited Employee Option and Incentive Rights Plans, including details of options and rights issued, exercised and lapsed during the financial year and options and rights outstanding at the end of the financial year, is set out in note 29.

(e) Capital risk management

The Group's debt and capital includes ordinary share capital supported by financial assets. There are no externally imposed capital requirements.

Management effectively manages the Group's capital by assessing the Group's financial risks and adjusting its capital structure in response to changes in these risks and in the market. These responses include the management of debt levels, distributions to shareholders and share issues.

There have been no changes in the strategy adopted by management to control the capital of the Group since the prior year. This strategy is to ensure that the Group has no debt.

18 Reserves and accumulated losses

(a) Other reserves

	Consolidated	
	30 June 2014	30 June 2013
	\$	\$
Available-for-sale investments revaluation reserve	(293,047)	(288,148)
Share-based payments	311,627	1,545,669
	18,580	1,257,521
Movements:		
<i>Available-for-sale financial assets</i>		
Opening balance	(288,149)	(241,170)
Revaluation (net of tax)	(7,000)	(46,979)
Deferred tax	2,100	-
Balance 30 June	(293,049)	(288,149)
<i>Share-based payments</i>		
Opening balance	1,545,670	1,553,904
Rights expensed during the period	-	718,619
Rights expired during the period	(1,234,041)	(726,853)
Balance 30 June	311,629	1,545,670

(b) Nature and purpose of other reserves

(i) Available-for-sale financial assets

Changes in the fair value of instruments, such as equities, classified as available-for-sale financial assets, are recognised in other comprehensive income as described in note 1(k) and accumulated in a separate reserve within equity. Amounts are reclassified to profit or loss when the associated assets are sold or impaired.

(ii) Share-based payments

The share based payments reserve records items recognised as expenses on valuation of employee options, employee rights and options issued to external parties in consideration for goods and services rendered.

19 Key management personnel disclosures

(a) Key management personnel compensation

	Consolidated	
	Year ended	
	30 June 2014	30 June 2013
	\$	\$
Short-term employee benefits	1,650,489	2,470,478
Post-employment benefits	103,065	160,947
Share-based payments	-	289,877
	1,753,554	2,921,302

19 Key management personnel disclosures (continued)

(a) Key management personnel compensation (continued)

Detailed remuneration disclosures are provided in the remuneration report on pages 9 to 15.

20 Remuneration of auditors

During the period the following fees were paid or payable for services provided by the auditor of the parent entity, its related practices and non-related audit firms:

Grant Thornton

	Consolidated	
	Year ended	
	2014	2013
	\$	\$
<i>Audit and other assurance services</i>		
Audit and review of financial statements	31,500	35,250
Total remuneration for audit and other assurance services	31,500	35,250
Total remuneration for other services	-	-
There were no other services provided.		

21 Contingencies

Contingent liabilities

The Group had no contingent liabilities at 30 June 2014 (2013: nil).

22 Commitments

(a) Lease commitments: group as lessee

Non-cancellable operating leases

At 30 June 2014 the Group leased one office under a non-cancellable operating lease. This lease is due to expire within one year of the end of the 2014 financial year. On renewal, the terms of the lease will be renegotiated.

	Consolidated	
	30 June	30 June
	2014	2013
	\$	\$
Commitments for minimum lease payments in relation to non-cancellable operating leases are payable as follows:		
Within one year	116,600	334,768
Later than one year but not later than five years	256,520	-
	373,120	334,768

22 Commitments (continued)

(b) Commitments for exploration and joint venture expenditure

In order to maintain current rights of tenure to exploration tenements the Group will be required to outlay amounts totalling approximately \$3,185,600 during the year ending 30 June 2015 (2014: \$2,960,000) to meet minimum expenditure requirements.

(c) Bank guarantees

The State Government departments responsible for mineral resources require performance bonds for the purposes of rehabilitation of areas disturbed by exploration activities. Financial institutions similarly require guarantees for credit card automatic payment facilities. At 30 June 2014, the Group had \$345,656 of bank guarantees in place for these purposes (2013: \$446,678).

23 Related party transactions

(a) Parent entity

The Parent Entity within the Group is Flinders Mines Limited.

(b) Subsidiaries

Interests in subsidiaries are set out in note 24.

(c) Key management personnel

Disclosures relating to key management personnel are set out in note 19.

(d) Transactions with other related parties

Transactions with other related parties are on normal commercial terms and conditions no more favourable than those available to other parties unless otherwise stated.

Transactions between the Parent Entity and its wholly owned subsidiaries, which are related parties of the Parent, are eliminated on consolidation and are not disclosed in this note.

There were no transactions with related parties other than those listed above during the year ended 30 June 2014.

24 Subsidiaries and transactions with non-controlling interests

(a) Significant investments in subsidiaries

The consolidated Financial Statements incorporate the assets, liabilities and results of the following subsidiaries in accordance with the accounting policy described in note 1(b):

Name of entity	Country of incorporation	Class of shares	Equity holding *	
			2014 %	2013 %
FME Exploration Services Pty Ltd	Australia	Ordinary	100	100
Flinders Canegrass Pty Ltd	Australia	Ordinary	100	100
Flinders Diamonds Pty Ltd	Australia	Ordinary	100	100
Flinders Iron Pty Ltd	Australia	Ordinary	100	100

* The proportion of ownership interest is equal to the proportion of voting power held.

25 Interests in joint venture operations

The Group has the following interests in unincorporated joint venture operations:

State	Agreement name	Parties	Summary	Consideration
SA	Copper Range Agreement	FMS and Copper Range Ltd	Copper Range holds a 100% interest in the metal rights for EL4368.	
SA	Phoenix Agreement	FMS and Phoenix Copper Ltd	FMS sold most of its mineral rights in EL4370 to Phoenix but has retained the right to explore for and, if warranted, develop mining operations on the tenement for diamonds, barium, talc and phosphate.	FMS received a cash payment and shares in Phoenix for sale of its other mineral rights in EL4370. FMS to receive a production royalty from Phoenix.
SA	Tarcowie Agreement	FMS and Tarcowie Phosphate Pty Ltd	Tarcowie phosphate has the right to peg mining leases for phosphate on nominated small parcels of land within EL4368.	If Tarcowie Phosphate proceeds to mine phosphate from the nominated areas Tarcowie Phosphate will pay FMS a 1% gross sales royalty.
WA	Fortescue Agreement	FMS and Prenti Exploration Pty Ltd and FMG Pilbara Pty Ltd	Flinders/Prenti and FMG have agreed to grant reciprocal rights to explore and mine iron ore on the Flinders Tenements and to explore and mine diamonds on the FMG Tenements in the Hamersley Ranges.	If FMG proceeds to mining iron ore on the Flinders Tenements FMG shall pay Flinders a 1% royalty on iron ore production for the first 8 Mt mined.
WA	Maximus Canegrass Agreement	FMS and MXR	FMS purchased 100% of the mineral rights to the Canegrass Project for a cash plus share consideration of \$1.3 million. The 'Corporate Group' retains a 10% free carried interest to specified graticular blocks within E58/358 and E58/359.	FMS must pay MXR a 2% net smelter royalty on any future mineral production from Canegrass project tenements.
WA	Prenti Settlement Deed	FMS and Prenti Exploration Pty Ltd	FMS has earned a 100% interest in the tenements. Prenti retain the rights over non-iron ore minerals.	

26 Events occurring after the reporting period

On 1 July 2014, 12,796,000 incentive rights, expiring 30 June 2016 were issued to nine Company employees.

Company Secretary Mr David Godgfery retired from the Company on 15 July 2014. Mr Justion Nelson was appointed Company Secretary on 15 July 2014.

No matter or circumstance has occurred subsequent to period end that has significantly affected, or may significantly affect, the operations of the Group, the results of those operations or the state of affairs of the Group in subsequent financial years.

27 Reconciliation of profit after income tax to net cash inflow from operating activities

	Consolidated	
	Year ended	
	30 June	30 June
	2014	2013
	\$	\$
Loss for the period	(4,648,747)	(12,426,086)
Depreciation	174,904	207,615
Exploration expenditure written off	134,564	141,219
Deferred tax asset written off	229,810	20,133
Non-cash employee benefits expense - share-based payments	-	(8,234)
Impairment of exploration expenditure	253,509	9,226,646
Net loss on disposal of non-current assets	25,628	98,646
Change in operating assets and liabilities:		
(Increase) / decrease in trade and other receivables	(117,317)	867,202
(Increase) / decrease in other current assets	(194,540)	163,216
Increase / (decrease) in trade payables and accruals	472,397	(78,634)
Increase / (decrease) in provisions	(164,003)	241,031
Net cash inflow (outflow) from operating activities	(3,833,795)	(1,547,246)

28 Earnings per share

(a) Basic earnings per share

	Consolidated Year ended	
	30 June 2014	30 June 2013
	Cents	Cents
From continuing operations attributable to the ordinary equity holders of the company	(0.235)	(0.682)
Total basic earnings per share attributable to the ordinary equity holders of the Company	(0.235)	(0.682)

(b) Reconciliation of earnings used in calculating earnings per share

	Consolidated Year ended	
	30 June 2014	30 June 2013
	\$	\$
<i>Basic earnings per share</i>		
Profit (loss) attributable to the ordinary equity holders of the Company used in calculating basic earnings per share:		
From continuing operations	(4,648,747)	(12,426,086)

(c) Weighted average number of shares used as denominator

	Consolidated Year ended	
	2014	2013
	Shares	Shares
Weighted average number of ordinary shares used as the denominator in calculating basic earnings per share	1,977,164,601	1,821,300,404

(d) Information on the classification of securities

Options

Options granted to employees under Flinders Mines Limited Employee Share Option Plan are considered to be potential ordinary shares. These have a dilutive effect on the weighted average number of ordinary shares. As Flinders Mines Limited has reported a loss of \$4,648,747.00 this financial year (2013: \$12,426,086.00), the options have not been included in the determination of earnings per share. Details relating to the options are set out in note 29.

29 Share-based payments

(a) Employee Option Plan

The Flinders Mines Limited Employee Share Option Plan enables the Board, at its discretion, to issue options to employees of the Company or its associated companies. Each option will have a life of five years and be exercisable at a price determined by the Board. This price will not be below the market price of a share at the time of issue. The options granted under the plan are un-listed and carry no voting or dividend rights.

Set out below is a summary of options granted under the plan:

	Number of options	Weighted average exercise price
2013		
Outstanding at beginning of the year	1,981,666	\$0.052
Granted	-	-
Exercised	-	-
Expired	<u>(240,000)</u>	\$0.084
Outstanding at the end of the year	<u>1,741,666</u>	\$0.054
2014		
Outstanding at beginning of the year	1,741,666	\$0.054
Granted	-	-
Exercised	(150,000)	\$0.045
Expired	<u>(1,471,666)</u>	\$0.054
Outstanding at the end of the year	<u>120,000</u>	\$0.085

The options outstanding at 30 June 2014 had a weighted average exercise price of \$0.085 and a weighted average remaining contractual life of 12 months.

Fair value of options granted

There were no options granted during the year ended 30 June 2014. The fair value of options at grant date is determined using a Black Scholes option pricing model that takes into account the exercise price, the term of the option, the impact of dilution, the share price at grant date and expected price volatility of the underlying share, the expected dividend yield and the risk free interest rate for the term of the option.

29 Share-based payments (continued)

(b) Employee Incentive Rights Plan

The Flinders Mines Limited Employee Incentive Rights Plan enables the Board, at its discretion, to issue rights to employees of the Company or its associated companies. The vesting periods of the rights are set at the Board's discretion and all rights have conditions that must be met before they vest. All rights are un-listed and non-transferable. The rights granted under the plan carry no voting or dividend rights.

Set out below is a summary of incentive rights granted under the plan:

	Number of rights
2014	
Outstanding at beginning of the year	14,434,800
Converted to ordinary shares	(5,651,872)
Lapsed	<u>(8,782,928)</u>
Outstanding at the end of the year	<u>-</u>
2013	
Outstanding at beginning of the year	23,072,700
Lapsed	<u>(8,637,900)</u>
Outstanding at the end of the year	<u>14,434,800</u>

30 Parent entity financial information

(a) Summary financial information

The individual Financial Statements for the parent entity show the following aggregate amounts:

	30 June 2014	30 June 2013
	\$	\$
Current assets	11,641,584	7,004,121
Non-current assets	64,836,447	59,424,265
Total assets	76,478,031	66,428,386
Current liabilities	2,663,784	1,394,824
Non-current liabilities	53,685	33,599
Total liabilities	2,717,469	1,428,423
Net assets	73,760,562	64,999,963

30 Parent entity financial information (continued)

(a) Summary financial information (continued)

<i>Shareholders' equity</i>		
Issued capital	118,878,526	105,277,581
Reserves		
Available-for-sale investments revaluation reserve	945,894	(288,148)
Share-based payments	311,627	1,545,669
Retained earnings	(46,375,486)	(41,535,144)
	73,760,561	64,999,958
Profit or loss for the period	(4,418,937)	(12,296,557)
Total comprehensive income	(4,653,647)	(12,343,534)

(b) Guarantees entered into by the parent entity

The Parent Entity did not provide any guarantees during the year ended 30 June 2014 (2013: Nil).

(c) Contingent liabilities of the parent entity

The parent entity did not have any contingent liabilities as at 30 June 2014 (2013: Nil).

(d) Contractual commitments for the acquisition of property, plant or equipment

As at 30 June 2014, the Parent Entity had no contractual commitments for the acquisition of property, plant or equipment (2013: Nil).

31 Going concern

This financial report has been prepared on the basis of going concern.

The cash flow projections of the Group indicate that it will require positive cash flows from additional capital for continued operations. The Group incurred a loss of \$4,648,747.00 (2013: \$12,426,086.00) and operations were funded by a net cash gain of \$3,872,301 and outlay in (2013: \$10,075,357).

The Group's ability to continue as a going concern is contingent on obtaining additional capital. If additional capital is not obtained, the going concern basis may not be appropriate, with the result that the consolidated entity may have to realise its assets and extinguish its liabilities, other than in the ordinary course of business and at amounts different from those stated in the financial report. No allowance for such circumstances has been made in the financial report.

In the Directors' opinion:

- (a) the Financial Statements and notes set out on pages 25 to 64 are in accordance with the *Corporations Act 2001*, including:
 - (i) complying with Accounting Standards, the *Corporations Regulations 2001* and other mandatory professional reporting requirements, and
 - (ii) giving a true and fair view of the consolidated entity's financial position as at 30 June 2014 and of its performance for the year ended on that date, and
- (b) there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable, and
- (c) the financial statements comply with International Financial Reporting Standards as confirmed in note 1(a).

The Directors have been given the declarations by the chief executive officer and chief financial officer required by section 295A of the *Corporations Act 2001*.

This declaration is made in accordance with a resolution of Directors.



Robert Michael Kennedy
Director

Adelaide
09 September 2014

Level 1,
67 Greenhill Rd
Wayville SA 5034

Correspondence to:
GPO Box 1270
Adelaide SA 5001

T 61 8 8372 6666
F 61 8 8372 6677
E info.sa@au.gt.com
W www.grantthornton.com.au

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF FLINDERS MINES LIMITED

Report on the financial report

We have audited the accompanying financial report of Flinders Mines Limited (the "Company"), which comprises the consolidated statement of financial position as at 30 June 2014, the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information and the directors' declaration of the consolidated entity comprising the Company and the entities it controlled at the year's end or from time to time during the financial year.

Directors' responsibility 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. The Directors also state, in the notes to the financial report, in accordance with Accounting Standard AASB 101 Presentation of Financial Statements, the financial statements comply with International Financial Reporting Standards.

Auditor's responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. Those standards require us to comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial report is free from material misstatement.

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An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error.

In making those risk assessments, the auditor considers internal control relevant to the Company's preparation of the financial report that gives a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Directors, as well as evaluating the overall presentation of the financial report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Independence

In conducting our audit, we have complied with the independence requirements of the Corporations Act 2001.

Auditor's opinion

In our opinion:

- a the financial report of Flinders Mines Limited is in accordance with the Corporations Act 2001, including:
 - i giving a true and fair view of the consolidated entity's financial position as at 30 June 2014 and of its performance for the year ended on that date; and
 - ii complying with Australian Accounting Standards and the Corporations Regulations 2001; and
- b the financial report also complies with International Financial Reporting Standards as disclosed in the notes to the financial statements.

Report on the remuneration report

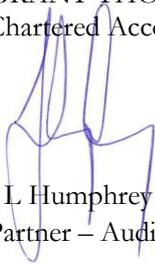
We have audited the remuneration report included in the directors' report for the year ended 30 June 2014. The Directors of the Company are responsible for the preparation and presentation of the remuneration report in accordance with section 300A of the Corporations Act 2001. Our responsibility is to express an opinion on the remuneration report, based on our audit conducted in accordance with Australian Auditing Standards.

Auditor's opinion on the remuneration report

In our opinion, the remuneration report of Flinders Mines Limited for the year ended 30 June 2014, complies with section 300A of the Corporations Act 2001.

Grant Thornton

GRANT THORNTON AUDIT PTY LTD
Chartered Accountants



J.L. Humphrey
Partner – Audit & Assurance

Adelaide, 9 September 2014

Flinders Mines Limited
Shareholder information
30 June 2014

The shareholder information set out below was applicable as at 31 August 2014.

A. Distribution of equity securities

Analysis of numbers of equity security holders by size of holding:

Holding	Class of equity security	
	Ordinary shares	Options
1 - 1000	411	-
1,001 - 5,000	991	-
5,001 - 10,000	1,434	-
10,001 - 100,000	5,311	-
100,001 and over	2,495	1
	10,642	1

There were 4,542 holders of less than a marketable parcel of ordinary shares. At a share price of 2.3 cents, an unmarketable parcel is 21,740 shares.

B. Equity security holders

Twenty largest quoted equity security holders

The names of the twenty largest holders of quoted equity securities are listed below:

Name	Ordinary shares	
	Number held	Percentage of issued shares
TIO (NZ) Limited	240,356,842	10.01
OCJ Investment (Australia) Pty Ltd	205,306,875	8.55
J P Morgan Nominees (Australia) Limited <Cash Income A/c>	104,837,655	4.37
Citicorp Nominees Pty Ltd	91,739,795	3.82
Mr Kenneth Martin Keane	38,608,921	1.61
HSBC Custody Nominees (Australia) Limited - <A/C 3>	36,292,923	1.51
Forsyth Barr Custodians Ltd <Forsyth Barr Ltd-Nominee A/C>	27,603,424	1.15
RMK Super Pty Ltd <RMK Personal S/F A/C>	27,205,715	1.13
Zero Nominees Pty Ltd	24,599,498	1.02
Nefco Nominees Pty Ltd	22,610,000	0.94
Miss Shuohang Wang	21,610,162	0.90
National Nominees Limited	19,369,873	0.81
Bispot Nominees Pty Ltd <House Head Nominee No. 1 A/C>	18,250,753	0.76
Mr Ian Drummond & Mrs Janice Drummond <Instil Enterprises S/F A/C>	15,617,143	0.65
HSBC Custody Nominees (Australia) Limited	12,149,911	0.51
Mr Grant Russell McGarry	12,000,001	0.50
Triple Eight Gold Pty Ltd <The Blue Sky A/C>	11,338,414	0.47
Mr Nicholas Baradakis	10,000,000	0.42
Healy Super Pty Ltd	10,000,000	0.42
Dr Wanfu Huang	9,949,286	0.41
	959,447,191	39.96

Unquoted equity securities

	Number on issue	Number of holders
Options @ \$0.085, expiring 30 June 2015	120,000	1
Incentive rights, expiring 30 June 2016	12,796,000	9

These securities were issued under employee incentive schemes.

C. Substantial holders

Substantial holders in the company are set out below:

	Number held	Percentage
TIO (NZ) Limited	240,356,842	10.01%
OCJ Investment (Australia) Pty Ltd	205,306,875	8.55%

D. Voting rights

The voting rights attaching to each class of equity securities are set out below:

- (a) **Ordinary Shares**
On a show of hands every member present at a meeting in person or by proxy shall have one vote and upon a poll each share shall have one vote.
- (b) **Options and rights**
No voting rights.