

26 October 2015

Corporate Governance Statement

30 June 2015

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, Third 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, unless otherwise disclosed, relate to the revised ASX Recommendations. The Company has reported against the Principles and Recommendations for each of the financial years ended 30 June 2008 through to 30 June 2015.

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 2015.

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 2013.

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 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.

Recommendation 1.2 - Recommendation followed

The Company considers the character, experience, education and skillset, as well as interests and associations of potential candidates for appointment to the Board and conducts appropriate checks to verify the suitability of the candidate, prior to their election.

The Company has appropriate procedures in place to ensure that material information in its possession relevant to a decision on whether or not to elect or re-elect a director is disclosed in the notice of meeting provided to shareholders.

Recommendation 1.3 - Recommendation followed

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 the Managing Director on three months' written notice and by the Company on six months' written notice.

The Company has written agreements, in the form of a letter of appointment, with each non-executive director setting out the term of appointment, remuneration, roles and responsibilities.

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 on an annual basis and where necessary, is revised in consultation with the relevant employee.

Recommendation 1.4 - Recommendation followed

The Company Secretary is accountable directly to the Board, through the chair, on all matters to do with the proper functioning of the Board.

Recommendation 1.5 - 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.

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.

Diversity Objective	Status as at 30 June 2015
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 2015 - 16 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 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 2015 reporting period.
Conduct workforce reviews and analysis to develop further measurable objectives in 2015 for achieving diversity.	Annual remuneration reviews are conducted to ensure no disparity or bias exists. Diversity Objectives were agreed in early FY 2015.
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.

As at 30 June 2015, women represented 33.3% 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, however, female applicants will be favourably viewed.

Recommendation 1.6 - 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 is conducted without a formal evaluation process. Whilst this is at variance with ASX Recommendation 1.6, 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 structured process of Board assessment will be considered in the future as the Company develops.

An evaluation of the performance of the Board, its committees and individual directors was conducted during the year by the Chairman.

Recommendation 1.7 - 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 performance of its senior executives is conducted without a formal evaluation process. Whilst this is at variance with ASX Recommendation 1.7, the directors consider that at the date of this report an appropriate and adequate process for the evaluation of senior executives is in place. A more structured process of assessment will be considered in the future as the Company develops.

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 directors and senior management including any equity participation by such executive directors and senior management. The Board evaluates the performance of the Managing Director and Company Secretary on a regular basis and encourages continuing professional development.

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.

No formal performance evaluation of senior management was undertaken during the reporting period.

Principle 2: Structure the Board to add value

Recommendation 2.1 - Recommendation not followed

A Nominations and 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 Committee is warranted. The Board will consider enlarging the Committee as the Company continues to grow in future years.

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. A copy of the charter can be found on the Company's website.

Details of these directors' attendance at Nominations and Remuneration Committee meetings are set out in the Directors' Report.

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 2.2 - Recommendation not followed

The Board is committed to appointing a diverse range of qualified persons with the appropriate level of experience and skills, as and when vacancies on the Board may occur. The Company has not adopted a formal Board skills matrix. The Board will consider the adoption of a formal document as the Company continues to grow in future years.

Recommendation 2.3 - 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. 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.

Recommendation 2.4 - Recommendation followed

The composition of the Board currently consists of four directors, three of whom, including the Chairman, are independent directors.

Recommendation 2.5 - Recommendation followed

The Chairman, Mr Kennedy, is an independent director.

Mr Kennedy's role as Chairman of the Board has been and currently is separate from that of the Managing Director 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 2.6 - Recommendation followed

The Company has adopted a formal induction program for all new non-executive directors. This process involves briefings on the roles and responsibilities of the Board and committees.

The Company provides appropriate professional development opportunities for directors to develop and maintain the skills and knowledge needed to perform their role as directors effectively.

Principle 3: Promote ethical and responsible decision making

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.

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.

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 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 judgement.

A formal Audit Committee Charter has been adopted, that details the functions and responsibilities of the Committee. A copy of the charter can be found on the Company's website.

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.

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, CFO, Company Secretary and external auditor may by invitation attend meetings at the discretion of the Committee.

Recommendation 4.2 - Recommendation followed

In accordance with ASX Recommendation 4.2 the Managing Director and Chief Financial Officer have provided assurances that the financial records of the Company have been properly maintained and that the financial statements comply with the appropriate accounting standards and give a true and fair view of the financial position and performance of the entity and that the opinion has been formed on the basis of 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 and Chief Financial Officer provided said assurances at the time declarations were provided to the Board with respect to each financial period.

Recommendation 4.3 - Recommendation followed

The external auditor of the Company is 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.

Principle 5 : Make timely and balanced disclosures

Recommendation 5.1 - 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. A copy of the Continuous Disclosure Policy can be found on the Company's website.

Principle 6 : Respect the rights of security holders

Recommendation 6.1 - Recommendation followed

The Company via its website, www.flindersmines.com provides information to investors about the Company and its governance. The website has a "Corporate Governance" landing page from where all relevant corporate governance information can be accessed, including:

- the names, photographs and brief biographical information for each of the Company's directors and senior executives; and
- the Company's constitution, Board charter, and the charters of each of its Board committees; and
- the corporate governance policies and other corporate governance materials referred to in the ASX Recommendations.

The Company also includes links in appropriate areas of the website to copies of:

- its annual reports and financial statements; and
- its announcements to ASX; and
- notices of meetings of security holders and any accompanying documents.

Recommendation 6.2 - Recommendation not followed

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 documented or formal investor relations program is required. The Company actively engages with its shareholders at the AGM and responds to any enquiries shareholders make from time to time.

Recommendation 6.3 - Recommendation followed

The Board encourages full participation of shareholders at the General Meetings 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.

Recommendation 6.4 - Recommendation followed

Shareholders are encouraged to provide their email address to the share registry to facilitate electronic communications.

Principle 7: Recognise and manage risk

Recommendation 7.1 - Recommendations not 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 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 Risk Committee is warranted. The Board will consider enlarging the Risk Committee as the Company continues to grow in future years.

A formal committee charter has been adopted, that details the functions and responsibilities of the Committee. A copy of the charter can be found on the Company's website.

Details of these directors' attendance at Risk Committee meetings are set out in the Directors' Report.

Recommendation 7.2 - Recommendation not followed

No formal review of the Company's risk management framework was undertaken during the reporting period. 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.

Recommendation 7.3 - Recommendation followed

The Company does not have an internal audit function. Formal reports in relation to the Company's management of its material business risk are presented to the Board.

Recommendation 7.4 - Recommendation followed

The Company has developed a sustainability policy that provides a framework for developing strategies, processes and standards within a structure of a health, safety and environment management system. The Company observes all environmental laws and complies with all applicable legal requirements and regulations.

Principle 8: Remunerate fairly and responsibly

Recommendation 8.1 - Recommendation not followed

A Nominations and 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 Committee is warranted. The Board will consider enlarging the Committee as the Company continues to grow in future years.

The Nominations and Remuneration Committee consists 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. A copy of the charter can be found on the Company's website.

Details of these directors' attendance at Nominations and Remuneration Committee meetings are set out in the Directors' Report.

The 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.

Recommendation 8.2 - Recommendation followed

In accordance with ASX Recommendation 8.2 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 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 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.

Recommendation 8.3 - Recommendation not followed

Given the stage of life and relative size of the Company and the limited scope of the Company's equity-based remuneration scheme, the Board does not believe that a policy regarding transactions which limit economic risk is warranted.

The Company's Corporate Governance Policies can be found at:

www.flindersmines.com/Corporate/Governance.aspx