

BOARD CHARTER

FLINDERS MINES LIMITED

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FLINDERS MINES LIMITED BOARD CHARTER

PART 1 – PRELIMINARY

1. Introduction

- 1.1 The Board of Flinders Mines Limited (**Company**) has adopted this board charter (**Charter**) to outline the manner in which its constitutional powers and responsibilities will be exercised and discharged, adopting principles of good corporate governance that accord with best practice and applicable laws, including the requirements of the Corporations Act and the ASX Listing Rules.
- 1.2 The Board of the Company is ultimately responsible for the oversight and review of the management, administration and overall governance of the Company, including:
 - 1.2.1 the protection of shareholders' interests;
 - 1.2.2 authorising policies and overseeing the strategic direction of Company; and
 - 1.2.3 establishing goals for management and monitoring the achievement of these goals.

2. Ethics and Independence

In carrying out its responsibilities and powers as set out in this Charter, the Board will at all times recognise its overriding responsibility to:

- 2.1 maintain good corporate governance standards;
- 2.2 act honestly, fairly and diligently;
- 2.3 act in accordance with laws and regulations;
- 2.4 avoid or manage conflicts of interest;
- 2.5 promote the Company as a good corporate citizen; and
- 2.6 achieve and maintain community respect.

3. Composition

- 3.1 It is intended that the composition of the Board of Company be determined using the following principles:
 - 3.1.1 the Constitution will provide for a minimum of 3 directors, which may be increased by the Board to a maximum of 7 directors where the Board considers additional expertise is required or when an outstanding candidate is identified;

- 3.1.2 the Chairman must be an independent non-executive director. This does not prevent another director chairing all or a part of a meeting in the absence of the Chairman;
 - 3.1.3 the Chairman is the official spokesperson for the Board, unless the Board determines otherwise;
 - 3.1.4 the Board must comprise a majority of independent non-executive directors; and
 - 3.1.5 the composition of the Board must reflect principles of gender and diversity.
- 3.2 The Board considers that it should comprise directors with an appropriate range and mix of qualifications and specific expertise that will enable the Board to effectively function. The Board will refer to any criteria (including gender diversity criteria) that has been set and reviewed by the Board for appointment of new directors.
- 3.3 The Board only considers directors to be independent where they are independent of management and free of any business or other relationship that could materially interfere with, or could reasonably be perceived to interfere with, the exercise of their unfettered and independent judgment.

4. **Other Policies**

- 4.1 This document should be read subject to other Company policies, including:
- 4.1.1 Business Code of Conduct;
 - 4.1.2 the Audit Committee Charter;
 - 4.1.3 the Dealing in Securities Policy;
 - 4.1.4 the Continuous Disclosure Policy;
 - 4.1.5 the Nomination and Remuneration Committee Charter; and
 - 4.1.6 Risk Committee Charter.

PART 2 – ROLE OF THE BOARD

5. **The Board**

- 5.1 The Board has ultimate responsibility to set policy regarding the business and affairs of the Company for the benefit of the shareholders and other stakeholders of Company. The Board is accountable to shareholders for the performance of the Company.
- 5.2 In particular, the following are regarded as the key responsibilities and functions of the Board:

Business strategy

- 5.2.1 approval of the capital and operating expenditure budget of the Company and any alterations to it;
- 5.2.2 approval of the strategic plan and related objectives of the Company;
- 5.2.3 evaluating the performance of the Company against strategies and business plans in order to:
 - (a) monitor the performance of functions delegated to management;
 - (b) assess the suitability of the Company's overall strategies, business plans and resource allocation;
 - (c) approve significant mergers, acquisitions and divestitures;
 - (d) approve significant leases or purchase of buildings; and
 - (e) approve capital expenditure, operating expenditure and major transactions not included in the budget or outside the ordinary course of business.

Senior appointments

- 5.2.4 the appointment, delegation of authority to, and review performance of, the Managing Director and/or Chief Executive Officer;
- 5.2.5 the appointment and review of performance of other executive directors, based upon a consideration of relevant diversity and skill criteria as outlined in the Company's governance policies.

Board and senior management

- 5.2.6 approval of the terms of appointment of senior management;
- 5.2.7 to evaluate and reward senior management (including determining their remuneration and incentive policies);
- 5.2.8 ensuring executive and Board succession planning;
- 5.2.9 assessment of the Company's performance;
- 5.2.10 assessment of Board performance;
- 5.2.11 ensuring that there is continuing education and information provided to directors regarding:
 - (a) the Company's various businesses;
 - (b) the role of the Board and its functions and obligations;
 - (c) other corporate governance issues;

Structural Requirements

- 5.2.12 to oversee the establishment and maintenance of adequate internal controls and effective monitoring systems;
- 5.2.13 to oversee the implementation and management of effective safety and environmental performance systems;

Risk Management

- 5.2.14 ensuring that all major business risks are identified;
- 5.2.15 effectively managing those major business risks;

Obligations

- 5.2.16 ensuring that the Company meets its legal obligations;
- 5.2.17 ensuring that the Company meets its statutory obligations;

Relations with members

- 5.2.18 to oversee relations with members by monitoring communications to shareholders and the ASX, including monitoring:
 - (a) arrangements for the annual general meeting and other members' meetings (if any);
 - (b) matters relating to reports as required by law;
 - (c) disclosures made under the ASX continuous disclosure requirements;

Financial matters

- 5.2.19 approval of annual accounts and directors' reports;
- 5.2.20 approval of accounting policies;
- 5.2.21 approval of the internal and external audit plan;
- 5.2.22 approval of any question of borrowing or giving security over an asset;
- 5.2.23 acceptance of audit reports including management letters;

Miscellaneous

- 5.2.24 approval of use of Company seal or execution without seal; and
- 5.2.25 approval of donations and sponsorships above approved limits.

6. Delegation to management

- 6.1 As indicated above, the Board has retained ultimate responsibility for the strategic direction and control of the Company.

- 6.2 The Board delegates management of the Company's resources to the executive team under the leadership of the Managing Director/Chief Executive Officer, to deliver the strategic direction and goals determined by the Board. A key function of the Board is to monitor the performance of senior management in this function.
- 6.3 The Managing Director/Chief Executive Officer conducts a formal review each year assessing the performance of senior management and reports back to the Board.

7. **Delegation to committees**

- 7.1 The Board from time to time establishes committees to streamline the discharge of its responsibilities and, for each standing committee, adopts a formal charter setting out the matters relevant to the composition, responsibilities and administration of such committees.
- 7.2 At the date of this Charter, the Board has established an Audit, Risk and Compliance Committee and Nomination and Remuneration Committee. However, given that as at the date of this Charter, the Board only comprises of 3 directors, all the directors on the Board will act as members of the respective Committees. The Board will review and appoint members of the respective Committees as and when appropriate.
- 7.3 The Board also delegates specific functions to ad hoc committees on an "as needs" basis. The powers delegated to these committees are set out in Board resolutions.
- 7.4 The appointment of the Chairman for each of the respective committees will be determined by the Board.

PART 3 – LIMITS ON AUTHORITY

8. **Expenditure Authorisations**

- 8.1 The Board may make any decision in respect of any financial expenditure of the Company.
- 8.2 The Board may delegate expenditure authorities as it see fit, pursuant to an Approvals Framework.

PART 4 – ADMINISTRATIVE MATTERS

9. **Meetings**

- 9.1 The Board determines a schedule of meetings at the beginning of each year. It is the Company's practice that one or more of these meetings coincide with site visits, in order to continue the education and information provided to directors regarding the Company's various businesses.
- 9.2 Additional meetings are held as required to address specific issues.
- 9.3 The Company Secretary attends meetings of the Board as minute secretary and such Committees as nominated by the Board. The Managing Director

attends meetings of the Board. Other senior executives will be invited to attend meetings (or parts of meetings) from time to time.

- 9.4 The minutes of the Board and each of the Committees will be recorded at all meetings.
- 9.5 All minutes of the Board and each of the Committees are signed by the respective Chairmen as a true and correct record and are then to be entered into the minute book and will be open for inspection by any director. The minutes of each meeting of each Committee will be circulated to all directors.
- 9.6 All directors and other attendees at Board meetings are, as officers and/or fiduciaries, required to keep all information presented to (whether written or oral) or discussed at Board meetings confidential.

10. **Review**

The Board of the Company will, at least once in each year, review the membership and charters of the Board to determine their adequacy in the then current circumstances and to determine whether the Board's processes are adequate to ensure it is able to carry out its functions in the most effective manner.