

**NOMINATIONS AND REMUNERATION COMMITTEE
CHARTER**

**FLINDERS MINES LIMITED
ACN 091 118 044**

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NOMINATIONS AND REMUNERATION COMMITTEE CHARTER

PART 1 – PRELIMINARY

1. Introduction

The Board of Flinders Mines Limited (Company) has established a Nominations and Remuneration Committee (Committee). The purpose for which the Committee has been established and the powers of the Committee are set out in this document.

2. Role and Objectives

To assist the Board to:

- 2.1 ensure that it is of an effective composition, size and commitment to adequately discharge its responsibilities and duties; and
- 2.2 independently ensure that the Company adopts and complies with remuneration policies that:
 - 2.2.1 attract, retain and motivate high calibre executives and directors so as to encourage enhanced performance by the Company;
 - 2.2.2 are consistent with the human resource needs of the Company;
 - 2.2.3 motivate directors and management to pursue the long-term growth and success of the Company within an appropriate framework; and
 - 2.2.4 demonstrate a clear relationship between key executive performance and remuneration.

3. Constitution and Membership

- 3.1 The Committee is constituted and delegated functions by the Board. It has no powers other than those set out in this charter or otherwise delegated to it by the Board.
- 3.2 The Committee's role is to review and make recommendations to the Board. It has no executive power or management function.
- 3.3 The Board retains full responsibility for remuneration.
- 3.4 The Committee shall have at least 2 but no more than 3 members. A quorum shall be 2 members.
- 3.5 New Committee members shall be given a thorough briefing by the Chairman and/or Secretary on key nomination, recruitment and remuneration issues and provided with appropriate background documentation.

- 3.6 The Board shall appoint the Chairman of the Committee. Should the Chairman be absent from a meeting, the members of the Committee present shall appoint a Chairman for that particular meeting.

PART 2 – RESPONSIBILITIES AND FUNCTIONS

4. Remuneration

- 4.1 The Committee is responsible for providing an oversight of the Company's broad remuneration plans, policies and practices, with a view to assisting the Board to ensure that:

4.1.1 the level and composition of remuneration of executives and directors is sufficient and reasonable and linked to Company and individual performance;

4.1.2 the integrity of the Company's remuneration strategies and practices is safeguarded;

4.1.3 shareholder interests and employee interests are aligned;

4.1.4 independent reviews of remuneration proposals are undertaken;
and

4.1.5 the Company complies with legislative requirements related to remuneration practices.

- 4.2 The duties of the Committee shall include reviewing and making recommendations to the Board on the following matters:

4.2.1 the remuneration framework for directors.

- 4.3 The Committee will annually review director emoluments, superannuation contributions, etc and recommend to the Board changes to fees, allowances, etc. with supporting rationale.

4.3.1 the remuneration policy and packages, termination arrangements and retirement allowances of executives.

- 4.4 The remuneration packages for executives should be structured to provide for a balance between fixed and incentive pay, reflecting short and long term performance objectives.

- 4.5 The Committee shall undertake an analysis of executive remuneration policy and practice relative to the market on an annual basis and recommend guidelines to the Board to govern the Company's remuneration policy and practice. Based on these guidelines, the Committee shall annually:

4.5.1 review remuneration policy for executives;

4.5.2 recommend Managing Director/Chief Executive Officer remuneration covering:

- fixed remuneration (salary and benefits), variable remuneration (bonus/incentive) and share option entitlement levels;
 - approval of performance measures and targets that relate to incentive opportunity;
- 4.5.3 ensure that payment of equity-based executive remuneration is made in accordance with the thresholds approved by shareholders; and
- 4.5.4 review the relationship between individual performance levels and remuneration adjustments for executives.
- 4.6 The Committee will be responsible for oversight of broad remuneration strategy and policy for levels below Managing Director/Chief Executive Officer. This includes:
- 4.6.1 reviewing and approving remuneration policy including salary, allowances, benefits, incentive and superannuation and share and option plans;
- 4.6.2 reviewing the effectiveness of management systems that underpin remuneration policy, such as job evaluation and management performance;
- 4.6.3 ensuring that all remuneration policies comply with relevant awards and legislation; and
- 4.6.4 superannuation arrangements.
- 4.7 In making its recommendations, the Committee will provide the Board with a statement of rationale and strategy behind the remuneration approaches and executive remuneration levels it recommends.

5. Nominations

- 5.1 The Committee is responsible for reviewing and making recommendations to the Board on the composition, size and commitment of the Board, to ensure that the Board:
- 5.1.1 efficiently discharges the duties of the directors and adds value to the Company;
- 5.1.2 has a variety of relevant perspectives and skills and a proper understanding of the current and emerging issues of the business;
- 5.1.3 can effectively review and challenge the performance of management and exercise independent judgment; and
- 5.1.4 has the necessary competencies, expertise and experience to enable it to discharge its mandate effectively.

- 5.2 The duties of the Committee shall include:
- 5.2.1 assessing the necessary and desirable competencies of Board members;
 - 5.2.2 evaluating the range of experience and expertise on the Board prior to making any recommendation for an appointment;
 - 5.2.3 identifying individuals qualified to become Board members, following an assessment of their skills, experience, expertise, independence and likely level of commitment, and recommending them to the Board; and
 - 5.2.4 developing and implementing succession plans and plans for enhancing director competencies.
- 5.3 In making its recommendations, the Committee will provide the Board with a statement of rationale and strategy behind its nominations and other recommendations.

PART 3 – ADMINISTRATIVE MATTERS

6. Meetings

- 6.1 The Committee shall meet at least 2 times per year. Any Committee member can convene a Committee meeting.
- 6.2 Any action permitted to be taken at any meeting of the Committee may be taken without a meeting, if a written consent is signed by all the members of the Committee, provided that such written consent shall be filed with the minutes of the proceedings of the Committee.
- 6.3 The Chairman shall review the agenda for each meeting prior to its issue. Any Committee member may require business to be included in the agenda.
- 6.4 Company executives and advisers, as the Chairman thinks fit, may be invited to attend meetings.
- 6.5 The Committee will operate independently of management of the Company, whilst receiving recommendations and input from external advisers and other individuals as required, however no individual will be directly involved in deciding his/her remuneration.
- 6.6 The Committee may obtain any external, professional advice it requires to fulfil its duties.
- 6.7 The Company Secretary shall act as Secretary of the Committee and shall attend meetings of the Committee, as required.
- 6.8 Minutes of meetings of the Committee shall be prepared by the Secretary, approved by the Chairman in draft and circulated to all members of the Committee and when approved, signed by the Chairman.

7. Reporting

7.1 The Chairman shall report to the Board at the Board meeting following each Committee meeting. The report shall cover:

7.1.1 the primary responsibility and the recommendations set out in the Responsibilities and Duties section; and

7.1.2 any other material matters relevant to the Committee's duties.

8. Review

8.1 The Nominations and Remuneration Committee charter and composition will be reviewed at least annually. Any change to this charter will require Board approval.

8.2 The Board will review the effectiveness of the Committee as it deems appropriate, however at least annually.