

**RISK COMMITTEE
CHARTER**

**FLINDERS MINES LIMITED
ACN 091 118 044**

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FLINDERS MINES LIMITED RISK COMMITTEE CHARTER

PART 1 - PRELIMINARY

1. Introduction

The Board of Flinders Mines Limited (Company) has established a Risk 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 monitor and review the effectiveness of the control environment in the Company in the area of operational risk.
- 2.2 ensure that the Company's systems and processes are properly controlled and functioning effectively.
- 2.2 actively promote ethical and responsible decision-making.
- 2.3 ensure the establishment of a sound system of operational risk oversight and management and internal control.
- 2.4 The Committee's role is to review and make recommendations to the Board. It has no executive power or management function.
- 2.5 The Board retains full responsibility for risk management.

3. Constitution and Membership of the Committee

- 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.
- 3.4 The Committee shall have at least 2 but no more than 4 members. A quorum shall be 2 members.
- 3.5 The Board will review and appoint members of the Committee as and when appropriate. The Board will act in accordance with this Charter and will comply with the responsibilities of the Committee.
- 3.6 The Chairman of the Committee should be an independent director who will be appointed by the Board.
- 3.7 Should the Chairman be absent from a meeting, the members of the Committee present shall appoint a Chairman for that particular meeting.
- 3.8 Other non-executive directors who are not Committee members may attend meetings of the Committee should they wish. Selected members of management may attend meetings of the Committee by invitation.

PART 2 – RESPONSIBILITIES & FUNCTIONS

4. Responsibilities and Duties

- 4.1 The primary responsibilities of the Committee are to:
- 4.1.1 recommend to the Board and then promulgate clear standards of safe and ethical behaviour required of directors and employees and encourage observance of those standards;
 - 4.1.2 recommend to the Board and then promulgate and maintain a sound system of operational risk oversight and management and internal control which:
 - identifies, assesses, manages and monitors risk; and
 - informs investors of material changes to the Company's operational risk profile; and
 - 4.1.3 recommend to the Board and then promulgate and maintain a system to ensure compliance with all environmental and occupational health and safety regulations and legislation.
 - 4.1.4 review and recommend to the Board changes to:
 - The environmental policies of the Company;
 - The occupational health, safety and welfare policies of the Company; and
 - Other relevant policies;
 - 4.1.5 monitor compliance with the above policies and investigate allegations of a breach of them;
 - 4.1.6 monitor legal and regulatory compliance generally as it applies to operational risk matters, including compliance with the relevant State and Federal legislation.
- 4.2 The Risk Management Duties of the Committee include:
- 4.2.1 ongoing assessment of the Company's operational risk profile;
 - 4.2.2 assessing and recommending to the Board acceptable levels of operational risk;
 - 4.2.3 in consultation with external advisers (if appropriate), overseeing the establishment and implementation by management, and then monitoring, appropriate risk management and internal control systems to ensure that operational risk is reduced to or managed at levels determined to be acceptable by the Board;
 - 4.2.4 initiating and monitoring special investigations into areas of operational risk and break-downs in internal control, with the assistance of such external advisers as the Committee considers appropriate;
 - 4.2.5 reviewing the nature and level of insurance coverage;
 - 4.2.6 monitoring compliance with all environmental and occupational health and safety regulation and legislation; and
 - 4.2.7 developing initiatives to ensure the Company provides a safe work environment for all employees.

The Committee may consider any other matters relating to operational risk management that it considers desirable.

In addition, the Committee shall examine any other matters referred to it by the Board.

PART 3 – ADMINISTRATIVE MATTERS

5. Meetings

- 5.1 The Committee shall meet at least 2 times per year, or as often as the Committee members deem necessary in order to fulfil their role and objectives set out in this Charter. Any Committee member can convene a Committee meeting.
- 5.2 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.
- 5.3 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.
- 5.4 The Company Secretary shall attend all Committee meetings as minute secretary. 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. All minutes of the Committee will be entered into a minute book maintained for that purpose and will be open at all times for inspection by any director.
- 5.5 Any executive with responsibility for risk management and external advisers reporting to (or assisting) the Committee may be invited to attend meetings, as required. Other Company executives and advisers, as the Chairman thinks fit, may be invited to attend meetings.
- 5.6 The Committee may obtain such external, professional advice and assistance, to enable it to fulfil its responsibilities and duties as it considers appropriate. The Committee may seek information directly from any employee or external party, including the Company's Auditors or other professional advisers.

6. Reporting

- 6.1 It is intended that a report of the actions of the Committee and/or a copy of the minutes of the Committee meeting will be circulated to all directors of the Board through inclusion in the Board papers for the Board meeting next following a meeting of the Committee.
- 6.2 The Chairman will, if requested, provide a brief oral report as to any material matters arising out of the Committee meeting. All directors may, within the Board meeting, request information of member of the Committee.

7. Review

The Board will meet at least once in each year to:

- 7.1 review the membership and charter of the Committee to determine its adequacy for current circumstances. Where necessary, the Board, upon the recommendation of the Committee, may by resolution alter the responsibilities, functions or membership of the Committee. The

- 7.2 Committee may also recommend to the Board the formal adoption of a revised charter for future operations of the Committee; and oversee the preparation of any report or other disclosures to be included in the Company's annual report or other communications to shareholders relating to operational risk matters.