

Flinders Mines Limited's objective is to achieve best practice in corporate governance and the Company's Board, senior executives and employees are committed to achieving this goal.

Flinders' Board of Directors is responsible for establishing the corporate governance framework of the Company and its related bodies corporate. For the financial year commencing 1 July 2019 and ending 30 June 2020 (**Reporting Period**), the Board considered and reports against the Principles of Corporate Governance and Best Practice Recommendations (3rd Edition) as published by the ASX Corporate Governance Council ("**ASX Corporate Governance Principles**").

In February 2019, the ASX Corporate Governance Council introduced the 4th Edition of the ASX Corporate Governance Principles, which will apply to the Company for its financial year commencing 1 July 2020. The Company has reviewed its corporate governance practices against the 4th Edition of the ASX Corporate Governance Principles, effective 1 July 2020, and will report against these as part of its annual reporting for FY2021.

This Corporate Governance Statement has been approved by the Flinders' Board and summarises the corporate governance practices and procedures that were in place throughout the Reporting Period. In addition to the information contained in this Corporate Governance Statement, the Company's website at www.flindersmines.com contains additional details of its corporate governance practices and procedures.

The ASX Listing Rules require listed companies to include in their Annual Report or their website a statement disclosing the extent to which they have complied with the ASX Corporate Governance Principles in the reporting period. The recommendations are not prescriptive and if a company considers that a recommendation is inappropriate having regard to its particular circumstances, the company has the flexibility not to adopt it. Where Flinders considered it was not appropriate to presently comply with a particular recommendation, the reasons are set out in the relevant section of this Corporate Governance Statement.

With the exception of the departures detailed in this Corporate Governance Statement, the corporate governance practices of the Company during the reporting period were compliant with the ASX Corporate Governance Principles (3rd Edition). The table below provides a summary of the Company's compliance with each of the eight ASX Corporate Governance Principles:

Recommendation		Comply Yes/No/ Partly
1.1	A listed entity should disclose: (a) the respective roles and responsibilities of its board and management; and (b) those matters expressly reserved to the board and those delegated to management.	Yes Yes
1.2	A listed entity should: (a) undertake appropriate checks before appointing a person, or putting forward to security holders a candidate for election, as a director; and (b) provide security holders with all material information in its possession relevant to a decision on whether or not to re-elect a director.	Yes Yes
1.3	A listed entity should have a written agreement with each director and senior executive setting out the terms of their appointment.	Yes
1.4	The company secretary of a listed entity should be accountable directly to the board, through the chair, on all matters to do with the proper functioning of the board.	Yes

1.5	<p>A listed entity should:</p> <ul style="list-style-type: none"> (a) have a diversity policy which includes requirements for the board or a relevant committee of the board to set measurable objectives for achieving gender diversity and to assess annually both the objectives and the entity’s progress in achieving them; (b) disclose that policy or a summary of it; and (c) disclose as at the end of each reporting period the measurable objectives for achieving gender diversity set by the board or a relevant committee of the board in accordance with the entity’s diversity policy and its progress towards achieving them and either: <ul style="list-style-type: none"> (1) the respective proportions of men and women on the board, in senior executive positions and across the whole organisation (including how the entity has defined “senior executive” for these purposes); and (2) if the entity is a “relevant employer” under the Workplace Gender Equality Act, the entity’s most recent “Gender Equality Indicators”, as defined and published under that Act. 	<p>Yes</p> <p>Yes</p> <p>No</p> <p>Yes</p> <p>Not applicable</p>
1.6	<p>A listed entity should:</p> <ul style="list-style-type: none"> (a) have and disclose a process for periodically evaluating the performance of the board, its committees and individual directors; and (b) disclose, in relation to each reporting period, whether a performance evaluation was undertaken in the reporting period in accordance with that process. 	<p>Yes</p> <p>No</p>
1.7	<p>A listed entity should:</p> <ul style="list-style-type: none"> (a) have and disclose a process for periodically evaluating the performance of its senior executives; and (b) disclose, in relation to each reporting period, whether a performance evaluation was undertaken in the reporting period in accordance with that process. 	<p>Yes</p> <p>Yes</p>
2.1	<p>The board of a listed entity should:</p> <ul style="list-style-type: none"> (a) have a nomination committee which: <ul style="list-style-type: none"> (1) has at least three members, a majority of whom are independent directors; and (2) is chaired by an independent director, and disclose (3) the charter of that committee; and (4) as at the end of each reporting period, the number of times the committee met throughout the period and the individual attendances of members at those meetings; or (b) if it does not have a nomination committee, disclose that fact and the processes it employs to address board succession issues and to ensure that the board has the appropriate balance of skills, knowledge, experience, independence and diversity to enable it to discharge its duties and responsibilities effectively. 	<p>Yes</p> <p>Yes (part period)</p> <p>Yes</p> <p>Yes</p> <p>Yes</p> <p>Not applicable</p>
2.2	<p>A listed entity should have and disclose a board skills matrix setting out the mix of skills and diversity that the board currently has or is looking to achieve in its membership.</p>	<p>Yes</p>
2.3	<p>A listed entity should disclose:</p> <ul style="list-style-type: none"> (a) the names of the directors considered by the board to be independent directors; (b) if a director has an interest, position, association or relationship of the type described in Box 2.3 of the ASX Recommendations, but the board is of the opinion it does not compromise the independence of 	<p>Yes</p> <p>N/A</p>

	<p>the director, the nature of the interest, position, association or relationship in question and an explanation of why the board is of that opinion; and</p> <p>(c) the length of service of each director.</p>	Yes
2.4	A majority of the board of a listed entity should be independent directors.	Yes (part period)
2.5	The chair of the board of a listed entity should be an independent director and, in particular, should not be the same person as the CEO of the entity.	Yes
2.6	A listed entity should have a program for inducting new directors and provide appropriate professional development opportunities for directors to develop and maintain the skills and knowledge needed to perform their role as directors effectively.	Yes
3.1	A listed entity should:	
	(a) have a code of conduct for its directors, senior executives and employees; and	Yes
	(b) disclose that code or a summary of it.	Yes
4.1	The Board of a listed entity should:	
	(a) have an audit committee which:	Yes
	(1) has at least three members, all of whom are non-executive directors and a majority of whom are independent directors; and	Yes (part period)
	(2) is chaired by an independent director, who is not the chair of the board, and disclose:	Yes
	(3) the charter of the committee;	Yes
	(4) the relevant qualifications and experience of members of the committee; and	Yes
	(5) in relation to each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or	Yes
	(b) if it does not have an audit committee, disclose that fact and the processes it employs that independently verify and safeguard the integrity of its corporate reporting, including the processes for the appointment and removal of the external auditor and the rotation of the audit engagement partner.	Not applicable
4.2	The board of a listed entity should, before it approves the entity's financial statements for a financial period, receive from its CEO and CFO a declaration that, in their opinion, the financial records of the entity 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 which is operating effectively.	Yes
4.3	A listed entity that has an AGM should ensure that its external auditor attends its AGM and is available to answer questions from security holders relevant to the audit.	Yes
5.1	A listed entity should:	
	(a) have a written policy for complying with its continuous disclosure obligations under the Listing Rules; and	Yes
	(b) disclose that policy or a summary of it.	Yes
6.1	A listed entity should provide information about itself and its governance to investors via its website.	Yes
6.2	A listed entity should design and implement an investor relations program to facilitate effective two-way communication with investors.	Yes
6.3	A listed entity should disclose the policies and processes it has in place to facilitate and encourage participation at meetings of security holders.	Yes

6.4	A listed entity should give security holders the option to receive communications from, and send communication to, the entity and its security registry electronically.	Yes
7.1	The board of a listed entity should: <ul style="list-style-type: none"> (a) have a committee or committees to oversee risk, each of which: <ul style="list-style-type: none"> (1) has at least three members, a majority of whom are independent directors; and (2) is chaired by an independent director; and disclose (3) the charter of the committee; (4) the members of the committee; and (5) as at the end of each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or (b) if it does not have a risk committee or committees that satisfy (a) above, disclose that fact and the processes it employs for overseeing the entity's risk management framework. 	Yes Yes (part period) Yes Yes Yes Yes Not applicable
7.2	The board or a committee of the board should: <ul style="list-style-type: none"> (a) review the entity's risk management framework at least annually to satisfy itself that it continues to be sound; and (b) disclose, in relation to each reporting period, whether such a review has taken place. 	Yes Yes
7.3	A listed entity should disclose: <ul style="list-style-type: none"> (a) if it has an internal audit function, how the function is structured and what role it performs; or (b) if it does not have an internal audit function, that fact and the processes it employs for evaluation and continually improving the effectiveness of its risk management and internal control processes. 	Not applicable Yes
7.4	A listed entity should disclose whether it has any material exposure to economic, environmental and social sustainability risk and, if it does, how it manages or intends to manage those risks.	Yes
8.1	The Board of a listed entity should: <ul style="list-style-type: none"> (a) have a remuneration committee which: <ul style="list-style-type: none"> (1) has at least three members, a majority of whom are independent directors; and (2) is chaired by an independent director, and disclose (3) the charter of the committee; (4) the members of the committee; and (5) as at the end of each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or (b) if it does not have a remuneration committee, disclose that fact and the processes it employees for setting the level and composition of remuneration for directors and senior executives and ensuring that such remuneration is appropriate and not excessive. 	Yes Yes (part period) Yes Yes Yes Yes Not applicable
8.2	A listed entity should separately disclose its policies and practices regarding the remuneration of non-executive directors and the remuneration of executive directors and other senior executives.	Yes
8.3	A listed entity which has an equity-based remuneration scheme should: <ul style="list-style-type: none"> (a) have a policy on whether participants are permitted to enter into transactions (whether through the use of derivatives or otherwise) which limit the economic risk of participating in the scheme; and (b) disclose that policy or a summary of it. 	Yes Yes

Board Responsibilities

The Company has established the functions that are reserved to the Board. The Board acts on behalf of the shareholders and is therefore accountable to the shareholders. It also has other obligations of a regulatory or ethical nature. In addition, the Board is responsible for identifying areas of significant business risk and ensuring arrangements are in place to appropriately manage those risks.

The Board's role is to govern the consolidated entity. Without limiting the generality of that stated role, the matters reserved specifically for the Board include:

- appointment of the Managing Director (or equivalent) and the determination of his/her employment terms and conditions including remuneration and termination;
- driving the strategic direction of the Company, ensuring appropriate resources are available to meet objectives and monitoring management's performance;
- approving and monitoring the progress of major capital expenditure, capital management and significant acquisitions and divestitures;
- approving and monitoring the budget and the adequacy and integrity of financial and other reporting;
- approving the annual, half yearly and quarterly accounts;
- approving material changes to the organisational structure;
- reviewing and ratifying systems of risk management and internal compliance and control, codes of conduct and legal compliance;
- approving the issue of any shares, options, equity instruments or other securities in the Company (subject to compliance with applicable legislation and ASX Listing Rules);
- ensuring a high standard of corporate governance practice and regulatory compliance and promoting ethical and responsible decision making;
- recommending to shareholders the appointment of the external auditor as and when their appointment or re-appointment is required to be approved by them (in accordance with the ASX Listing Rules) (see Section 2 below); and
- meeting with the external auditor, at their request, without management being present.

For a complete list of the functions reserved to the Board and a copy of the Board's charter, please refer to the Corporate Governance section of the Company's website at www.flindersmines.com.

While the Board retains full responsibility for guiding and monitoring the consolidated entity, in discharging its stewardship it makes use of sub-committees. Specialist committees are able to focus on a particular responsibility and provide informed feedback to the Board. To achieve this objective, the Board has established the following committees:

- Audit and Risk Management Committee
- Nominations and Remuneration Committee
- PIOP Infrastructure Committee (31 May 2019 – 10 March 2020)

Refer to the Corporate Governance section of the Company's website at www.flindersmines.com for further detail on the roles and responsibilities of these committees.

Board's relationship with management

The responsibility for the day to day operation and administration of the consolidated entity, in accordance with the direction of the Board, is delegated by the Board to the Managing Director (or equivalent). During the Reporting Period, this position was held by Mr David McAdam, Chief Executive Officer (CEO). During the Reporting Period, on 17 June 2020 Dr Andrew Whitehead was appointed as General Manager and on 23 June 2020, Mr McAdam ceased as CEO. The Board ensures that the General Manager is appropriately qualified and experienced to carry out these responsibilities and has in place procedures to assess the performance of the General Manager and the executive team. In delegating this power, the Board must also be satisfied that the General

Manager will exercise his or her powers reliably and competently, and in accordance with the requirements of the Board.

The matters and functions delegated by the Board to the General Manager include:

- Developing business plans, budgets and strategies for the Board's consideration and, to the extent approved by the Board, implementing these plans, budgets and strategies.
- Ensuring appropriate funding arrangements are in place for Company activities.
- Operating the Company's businesses and operations within the parameters set by the Board from time to time and keeping the Board informed of all material developments relating to the businesses and operations.
- Where proposed transactions, commitment or arrangements exceed the parameters set by the Board, referring the matter to the Board for its consideration and approval.
- Identifying and managing operational and other risks and, where those risks could have a material impact on the Company's businesses and operations, formulating strategies for managing these risks for consideration by the Board.
- Managing the Company's current financial and other reporting mechanisms to ensure that these mechanisms are functioning effectively to capture all relevant material information on a timely basis.
- Implementing the Company's internal controls; establishing procedures for monitoring these controls; and ensuring that these controls and procedures are appropriate and effective.
- Taking all reasonable steps to ensure that the Board is provided with accurate and sufficient information regarding the Company's operations on a timely basis and, in particular, that the Board is made aware of all relevant matters relating to the Company's performance (including future performance), financial condition, operating results and prospects and potential material risks so that the Board is in an appropriate position to fulfil its corporate governance responsibilities; and
- Implementing all policies, procedures and codes approved by the Board.

For a complete list of the functions delegated to the General Manager, please refer to the Corporate Governance section of the Company's website at www.flindersmines.com.

Performance evaluation of Board and Senior Executives

The Board has adopted a policy for evaluating the performance of the Board, including its committees and Directors, and senior executives, a copy of which is available on its website. A formal evaluation of the Board, its committees and Directors took place in the Reporting Period in accordance with the process disclosed in this document and the Company's Corporate Governance Policy.

The Board did not undertake a formal evaluation of the Company's CEO in the Reporting Period due to the short tenure of the CEO's contract.

The Managing Director's (or equivalent, currently the General Manager's) performance objectives are aligned with the Company's performance objectives and are set by the Board based on qualitative and quantitative measures. The General Manager's performance against these objectives will be reviewed annually by the Board and reflected in the General Manager's remuneration structure.

The General Manager's remuneration will be reviewed annually in conjunction with the annual performance review process. The review involves having due regard to market relativity for similar-sized roles. The Board, via the Nominations and Remuneration Committee, is charged with approving any adjustments to the General Manager's remuneration.

The remuneration structure for senior executives (when engaged) will ensure that annual Company performance is clearly reflected in senior executives' reward outcomes.

Structure of the Board and Skills Matrix

Given the current size of the Company and stage of operations, the Board has not established formal guidelines for the nomination and selection of Directors.

The Directors in office and the term of their appointment at the date of this Corporate Governance Statement are:

Name	Position	Date of Appointment
Neil Warburton	Independent Non-executive Chairman	19/10/2016
Michael Wolley	Non-executive Director	19/10/2016
Evan Davies	Non-executive Director	19/10/2016
Cheryl Edwardes	Independent Non-executive Director	17/06/2019
James Gurry	Independent Non-executive Director	18/09/2019

The skills, experience and expertise relevant to the position of Director held by each Director at the date of the Corporate Governance Statement are included on pages 5 to 7 of the Company’s 2020 Annual Report.

The composition of the Board is reviewed annually by the Nomination and Remuneration Committee to ensure that the Directors between them bring the range of skills, knowledge and experience necessary to direct the Company’s operations. The Board has adopted a skills matrix suitable for the Board of the Company at its current stage and into the future, taking into account its current strategy, operations and expectations for changes in the nature and scope of its activities. The Board skills matrix identifies a mix of areas the Board should collectively hold across its membership, including geological, technical/engineering, project development, commercial, legal, health/safety/environment, corporate governance, risk and compliance, financial/accounting, capital markets, investor relations and public relations. The Board is satisfied that the identified skills are well represented in the current Board. However, the Board will consider appointing additional directors to enhance relevant areas as it further expands its operations.

The Company Secretary is accountable directly to the Board, through the Chairman, on all matters to do with the proper functioning of the Board. All Directors have unfettered access to the Company Secretary. In addition, Directors are entitled, in furtherance of their duties, to seek independent professional advice at the Company’s expense.

Independence

Recommendation 2.4 requires a majority of the Board to be independent Directors. The ASX guidance on factors relevant to an assessment of independence includes interests, positions, associations or relationships which might interfere with, or reasonably be seen to interfere with, a director’s capacity to bring independent judgement to bear on issues before the Board and to act in the best interests of the entity and its security holders generally. Prior to the resignation of former Executive Director, Mr David McAdam on 9 July 2019, the Company did not comply with this recommendation as a majority of the Directors were not considered to be independent. However, at the date of this statement, a majority of the Board is considered to be independent and only two of the six Directors are not considered to be independent.

Non-executive Directors Messrs Michael Wolley and Evan Davies are not considered independent as they are nominee Directors of the Company’s largest shareholder, TIO (NZ) Limited.

Nominations and Remuneration Committee

The Board has established a Nominations and Remuneration Committee which is chaired by an independent Director and assists the Board in fulfilling its responsibilities for determining and reviewing compensation arrangements for the Directors and senior executives and ensuring that the Board continues to operate within the established guidelines, including when necessary, selecting candidates for the position of Director. For further details regarding the procedure for the nomination, selection and appointment of new Directors and re-election of incumbents, as well as a copy of the Nominations and Remuneration Committee's charter, please refer to the Corporate Governance section of the Flinders website at www.flindersmines.com.

Recommendations 2.1 and 8.1 suggest the Nominations and Remuneration Committee respectively be comprised of a majority of independent Directors. The Company appointed Ms Cheryl Edwardes as a member on 10 July 2019, and former Executive Director Mr David McAdam resigned as a member of the Nominations and Remuneration Committee, and the Company presently complies with this recommendation. Prior to this change to the Nominations and Remuneration Committee membership composition, the Company did not comply with this recommendation as a majority of the members were not independent. However despite this, the Board had formed the view that the Committee was able to and did bring impartial judgement to all relevant issues.

For further details of membership and attendance at meetings of the Nomination and Remuneration Committee, refer to page 7 of the Company's 2020 Annual Report.

For further details on the remuneration policy of the Company, including a description of the structure of Directors' and senior executives' remuneration, refer to pages 11 and 14 of the Company's 2020 Annual Report.

The Company has established an Incentive Rights Plan pursuant to which the Company may offer long term equity incentive rights to executive Directors and employees. The rights are usually issued for nil consideration and convert to shares in accordance with performance guidelines established by the Directors or the Company. The rights cannot be transferred without the approval of the Company's Board and are not quoted on ASX. As a result, rights holders may not enter into any transaction designed to remove the "at risk" aspect of an option before it is exercised.

The Company acknowledges that the guidelines to ASX Principle 8.2 recommend that Non-executive Directors do not receive options with performance hurdles attached. There is no scheme to provide retirement benefits (other than superannuation) for Non-executive Directors.

For additional details regarding the Nomination and Remuneration Committee, including a copy of its charter, please refer to the Corporate Governance section of the Company's website at www.flindersmines.com.

Audit and Risk Management Committee

The Board has established an Audit and Risk Management Committee which operates under a charter approved by the Board. It is the Board's responsibility to ensure that an effective internal control framework exists within the entity. This includes internal controls to deal with both the effectiveness and efficiency of significant business processes such as the safeguarding of assets, the maintenance of proper accounting records and the reliability of financial information, as well as non-financial considerations including the benchmarking of operational key performance indicators. The Board has delegated the responsibility for the establishment and maintenance of a framework of internal control and ethical standards for the management of the consolidated entity to the Audit and Risk Management Committee. The Audit and Risk Management Committee provides the Board with additional assurance regarding the reliability of financial information for inclusion in the financial reports. The Audit and Risk Management Committee is also responsible for the nomination of the external auditor and reviewing the adequacy of the scope and quality of the annual statutory audit and half year audit review.

For further details regarding the procedures for selection, appointment and rotation of external audit partners, as well as a copy of the Audit and Risk Management Committee's charter, please refer to the Corporate Governance section of the Company's website at www.flindersmines.com.

The Company recognises Recommendations 4.1(1) and 4.1(2) which recommend that the committee has at least 3 members and a majority of which are independent and that it is chaired by an independent director, who is not the chair of the Board. The Company appointed Ms Cheryl Edwardes as Chair on 10 July 2019, and former Executive Director Mr David McAdam resigned as a member of the Audit and Risk Committee, and the Company presently complies with this recommendation. Prior to this change to the Audit and Risk Committee membership composition, the Company did not comply with this recommendation as a majority of the members were not independent. However despite this, the Board had formed the view that the Committee was able to and did bring impartial judgement to all relevant issues.

For details of membership and attendance at meetings of the Audit and Risk Management Committee, refer to page 7 of the Company's 2020 Annual Report.

Communication with Shareholders

Pursuant to Principle 6, the Board aims to ensure that the shareholders are provided with full and timely information about the Company's activities. Information is communicated to the shareholders through:

- the Annual Report which is made available to all shareholders;
- announcements made through the ASX companies announcements platform;
- the Company's website (<http://www.flindersmines.com>) which has a dedicated Investor Relations section for the purpose of publishing all important Company information and relevant announcements made to the market; and
- the annual general meeting and any other meetings called to obtain approval for Board action as appropriate.

In addition, shareholders are encouraged to make their views known or to seek clarification on information available in the public arena by contacting the Company (including the Company's share registry, which facilitates electronic correspondence) or attending the annual general meeting. The external auditors also attend and are available to answer queries on the preparation and content of the independent Audit Report, the accounting policies adopted by the Company in relation to the preparation of accounts and the independence of the Auditor in relation to the conduct of the audit at the Company's annual general meetings.

Diversity Policy

Flinders is committed to promoting equality and diversity in the workplace and aims to be an organisation where diversity is valued, respected and celebrated. All decisions relating to employees will be based strictly on merit, without regard to gender, ethnicity, age, relationship status or any other irrelevant factor not applicable to the position.

Pursuant to Recommendation 1.5, the Company has established a Diversity Policy. To assist in fostering diversity within the organisation, Flinders has committed to develop and introduce initiatives which may include:

- identifying training programs tailored specifically for women which will assist them in preparing for senior management positions;
- supporting promotion of talented women into management positions; and
- networking opportunities.

Due to the size of the organisation, the use of specific measurable objectives at this stage is not considered appropriate. Whilst the Board of the Company strongly endorses the concept of gender diversity, until the Company's human resource base has grown to a point where fully implementing specific measurable objectives will become more meaningful, the Company will, in accordance with its Diversity Policy, continue to recruit the best person for each role, regardless of gender, ethnicity, age, relationship status or any other irrelevant factor not applicable to the position.

The Company does not currently have any female employees. However one of the Company's five Directors, as well as the Company's contracted CFO and Joint Company Secretaries are female.

Share Trading

The Constitution of the Company permits Directors and officers to acquire shares in the Company. In accordance with the provisions of the Corporations Act and the listing Rules of the ASX, Directors must advise the Company and the ASX of any transactions they conduct in securities of the Company.

The Company has established a policy concerning trading in the entity's securities by Directors, senior executives and employees. The Securities Dealing Policy prohibits the buying or selling of Company securities at any time by any Director, officer, executive, contractor, consultant or employee ("insiders") who possesses price-sensitive information about the Company that is not available to investors and the securities market generally and during "Closed Periods" and periods of "blackout" as stipulated in the policy.

Individuals who hold price-sensitive information not generally available to investors and the securities market:

- must not trade in any securities of the Company;
- must not engage any other person or entity to trade in the Company's securities;
- must not allow the price sensitive information to be disclosed to another person who may use the information for improper trading purposes; and
- must not communicate inside information to any other individual who works within the consolidated entity except on a "needs to know" basis.

Individuals who liaise with stockbrokers, industry analysts or business journalists and the like regarding the business activities of the Company, must not disclose to such third parties any inside information about Company, or confirm any analysis, the confirmation of which would constitute price-sensitive and non-public information. For further information on the Company's Securities Dealing Policy please refer to the Corporate Governance section of the Company website at www.flindersmines.com.

Integrity of Financial Reporting and Risk Management Policies

The Board has primary responsibility to ensure that the Company presents and publishes accounts which present a true and fair view of its results and financial position and that the accounting methods adopted are appropriate to the Company and consistently applied in accordance with relevant accounting standards and the applicable laws.

Under section 295A of the *Corporations Act*, the Managing Director or equivalent (currently the General Manager) and the person who performs the Chief Financial Officer function are each required to provide a written statement to the Board that the Company's annual financial report presents a true and fair view, in all material respects, of the Company's financial condition and operational results and that it is in accordance with the relevant accounting standards. Recommendation 4.2 extends this requirement such that it applies to financial statements for any financial period and that the Managing Director (or equivalent) and the person who performs the Chief Financial Officer function must also confirm that this statement is founded on a sound system of risk management and internal compliance which implements the policies adopted by the board and that the company's risk management and internal compliance and control system is operating effectively in all material respects. The Board confirms that during the Reporting Period, it received written statements to this effect from the Executive Director and the Chief Financial Officer for the financial reports. For financial reports presented from 1 July 2020, the Board received written statements to this effect from the General Manager and the Chief Financial Officer.

Due to the size of the Company and its current level of activity and operations, the Company does not have a formal internal audit function. Periodically, internal reviews of the Company's financial systems, documents and processes are undertaken and any recommendation for improvement reported to the Board as part of the Company's risk management processes.

The Company is committed to the management of risks throughout its operations to protect all of its stakeholders. Risk management is carried out through the various committees, processes and procedures mentioned above.

The Board has established an Audit and Risk Management Committee. The Board has delegated to the Audit and Risk Management Committee the primary responsibility for ensuring that risks are identified and monitored. The Audit and Risk Management Committee has in turn required management to design and implement a risk management and control system to manage the Company's material business risks. The Audit and Risk Management Committee reviews the risk management framework at least annually. An annual review took place during the 2020 financial year.

The annual business planning process includes careful consideration of the internal and external risk profile of the Company. Senior executives report regularly to the Board in relation to the effectiveness of the management of material business risks. This process will allow senior management to minimise the potential impact of business risks in achieving objectives to create and protect shareholder value. The Board confirms that it has received a report from management during the Reporting Period affirming that the Company's management of material business risks is effective.

As an exploration and development company, the Company's ability to fund its exploration and development activities relies on its existing cash resources and its ability to raise additional capital as and when it may be required. The Company manages these material risks through the tight fiscal management which emanates from Company's internal control processes and the risk management framework established by the Board. In addition, the Company maintains a close working relationship with its shareholders and the financial markets.

The Board has formed the view that the Company does not currently have any material exposure to environmental or social sustainability risks.

Code of Conduct and Continuous Disclosure Policy

The Company has a Code of Conduct and Continuous Disclosure Policy, contained within its Corporate Governance Policies which can be found in the Corporate Governance section of the Company's website at www.flindersmines.com.