Appendix 4G

Key to Disclosures
Corporate Governance Council Principles and Recommendations

Name of entity

Hillgrove Resources Limited

ABN/ARBN

73 004 297 116

Financial year ended:

31 December 2022

Our corporate governance statement[1] for the period above can be found at:[2]

☐ These pages of our annual report:

☒ This URL on our website: www.hillgroveresources.com.au

The Corporate Governance Statement is accurate and up to date as at *28 February 2023* and has been approved by the board.

The annexure includes a key to where our corporate governance disclosures can be located.[3]

Date: 28 February 2023

Name of authorised officer authorising lodgement: Joe Sutanto

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[1] "Corporate governance statement" is defined in Listing Rule 19.12 to mean the statement referred to in Listing Rule 4.10.3 which discloses the extent to which an entity has followed the recommendations set by the ASX Corporate Governance Council during a particular reporting period.

Listing Rule 4.10.3 requires an entity that is included in the official list as an ASX Listing to include in its annual report either a corporate governance statement that meets the requirements of that rule or the URL of the page on its website where such a statement is located. The corporate governance statement must disclose the extent to which the entity has followed the recommendations set by the ASX Corporate Governance Council during the reporting period. If the entity has not followed a recommendation for any part of the reporting period, its corporate governance statement must separately identify that recommendation and the period during which it was not followed and state its reasons for not following the recommendation and what (if any) alternative governance practices it adopted in lieu of the recommendation during that period.

Under Listing Rule 4.7.4, if an entity chooses to include its corporate governance statement on its website rather than in its annual report, it must lodge a copy of the corporate governance statement with ASX at the same time as it lodges its annual report with ASX. The corporate governance statement must be current as at the effective date specified in that statement for the purposes of Listing Rule 4.10.3.

Under Listing Rule 4.7.3, an entity must also lodge with ASX a completed Appendix 4G at the same time as it lodges its annual report with ASX. The Appendix 4G serves a dual purpose. It acts as a key designed to assist readers to locate the governance disclosures made by a listed entity under Listing Rule 4.10.3 and under the ASX Corporate Governance Council's recommendations. It also acts as a verification tool for listed entities to confirm that they have met the disclosure requirements of Listing Rule 4.10.3.

The Appendix 4G is not a substitute for, and is not to be confused with, the entity's corporate governance statement. They serve different purposes and an entity must produce each of them separately.

[2] Tick whichever option is correct and then complete the page number(s) of the annual report, or the URL of the web page, where your corporate governance statement can be found. You can, if you wish, delete the option which is not applicable.

[3] Throughout this form, where you are given two or more options to select, you can, if you wish, delete any option which is not applicable and just retain the option that is applicable. If you select an option that includes "OR" at the end of the selection and you delete the other options, you can also, if you wish, delete the "OR" at the end of the selection.

See notes 4 and 5 below for further instructions on how to complete this form.

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ANNEXURE – KEY TO CORPORATE GOVERNANCE DISCLOSURES

Corporate Governance Council recommendation		Where a box below is ticked,[4] we have followed the recommendation in full for the whole of the period above. We have disclosed this in our Corporate Governance Statement:	Where a box below is ticked, we have NOT followed the recommendation in full for the whole of the period above. Our reasons for not doing so are:[5]
PRINCIPLE 1 – LAY SOLID FOUNDATIONS FOR MANAGEMENT AND OVERSIGHT			
1.1	A listed entity should have and disclose a board charter setting out: (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.	☒ and we have disclosed a copy of our board charter at: www.hillgroveresources.com.au	☐ set out in our Corporate Governance Statement **OR** ☐ we are an externally managed entity and this recommendation is therefore not applicable
1.2	A listed entity should: (a) undertake appropriate checks before appointing a director or senior executive or putting someone forward 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 elect or re-elect a director.	☒	☐ set out in our Corporate Governance Statement **OR** ☐ we are an externally managed entity and this recommendation is therefore not applicable
1.3	A listed entity should have a written agreement with each director and senior executive setting out the terms of their appointment.	☒	☐ set out in our Corporate Governance Statement **OR** ☐ we are an externally managed entity and this recommendation is therefore not applicable
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.	☒	☐ set out in our Corporate Governance Statement **OR** ☐ we are an externally managed entity and this recommendation is therefore not applicable

[4] Tick the box in this column only if you have followed the relevant recommendation in full for the whole of the period above. Where the recommendation has a disclosure obligation attached, you must insert the location where that disclosure has been made, where indicated by the line with "*insert location*" underneath. If the disclosure in question has been made in your corporate governance statement, you need only insert "our corporate governance statement". If the disclosure has been made in your annual report, you should insert the page number(s) of your annual report (eg "pages 10-12 of our annual report"). If the disclosure has been made on your website, you should insert the URL of the web page where the disclosure has been made or can be accessed (eg "www.entityname.com.au/corporate governance/charters/").

[5] If you have followed all of the Council's recommendations in full for the whole of the period above, you can, if you wish, delete this column from the form and re-format it.

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Corporate Governance Council recommendation		Where a box below is ticked,[4] we have followed the recommendation in full for the whole of the period above. We have disclosed this in our Corporate Governance Statement:	Where a box below is ticked, we have NOT followed the recommendation in full for the whole of the period above. Our reasons for not doing so are:[5]
1.5	A listed entity should: (a) have and disclose a diversity policy; (b) through its board or a committee of the board set measurable objectives for achieving gender diversity in the composition of its board, senior executives and workforce generally; and (c) disclose in relation to each reporting period: (1) the measurable objectives set for that period to achieve gender diversity; (2) the entity's progress towards achieving those objectives; and (3) either: (A) the respective proportions of men and women on the board, in senior executive positions and across the whole workforce (including how the entity has defined "senior executive" for these purposes); or (B) if the entity is a "relevant employer" under the Workplace Gender Equality Act, the entity's most recent "Gender Equality Indicators", as defined in and published under that Act. If the entity was in the S&P / ASX 300 Index at the commencement of the reporting period, the measurable objective for achieving gender diversity in the composition of its board should be to have not less than 30% of its directors of each gender within a specified period.	☒ and we have disclosed a copy of our diversity policy at: www.hillgroveresources.com.au and we have disclosed the information referred to in paragraph (c) at: the Corporate Governance Statement and if we were included in the S&P / ASX 300 Index at the commencement of the reporting period our measurable objective for achieving gender diversity in the composition of its board of not less than 30% of its directors of each gender within a specified period.	☐ set out in our Corporate Governance Statement **OR** ☐ we are an externally managed entity and this recommendation is therefore not applicable
1.6	A listed entity should: (a) have and disclose a process for periodically evaluating the performance of the board, its committees and individual directors; and (b) disclose for each reporting period whether a performance evaluation has been undertaken in accordance with that process during or in respect of that period.	☒ and we have disclosed the evaluation process referred to in paragraph (a) at: the Corporate Governance Statement and whether a performance evaluation was undertaken for the reporting period in accordance with that process at: the Corporate Governance Statement	☐ set out in our Corporate Governance Statement **OR** ☐ we are an externally managed entity and this recommendation is therefore not applicable

Corporate Governance Council recommendation		**Where a box below is ticked,[4] we have followed the recommendation in full for the whole of the period above. We have disclosed this in our Corporate Governance Statement:**	**Where a box below is ticked, we have NOT followed the recommendation in full for the whole of the period above. Our reasons for not doing so are:[5]**
1.7	A listed entity should: (a) have and disclose a process for evaluating the performance of its senior executives at least once every reporting period; and (b) disclose for each reporting period whether a performance evaluation has been undertaken in accordance with that process during or in respect of that period.	☒ and we have disclosed the evaluation process referred to in paragraph (a) at: the Corporate Governance Statement and whether a performance evaluation was undertaken for the reporting period in accordance with that process at: the Corporate Governance Statement	☐ set out in our Corporate Governance Statement **OR** ☐ we are an externally managed entity and this recommendation is therefore not applicable

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Corporate Governance Council recommendation		Where a box below is ticked,[4] we have followed the recommendation in full for the whole of the period above. We have disclosed this in our Corporate Governance Statement:	Where a box below is ticked, we have NOT followed the recommendation in full for the whole of the period above. Our reasons for not doing so are:[5]
PRINCIPLE 2 - STRUCTURE THE BOARD TO BE EFFECTIVE AND ADD VALUE			
2.1	The board of a listed entity should: (a) have a nomination committee which: (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 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.	☐ and we have disclosed a copy of the charter of the committee at: www.hillgroveresources.com.au and the information referred to in paragraphs (4) and (5) at: the Corporate Governance Statement and we have disclosed the fact that we do not have a nomination committee and the processes we employ 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 at: the Corporate Governance Statement	☒ set out in our Corporate Governance Statement **OR** ☐ we are an externally managed entity and this recommendation is therefore not applicable
2.2	A listed entity should have and disclose a board skills matrix setting out the mix of skills that the board currently has or is looking to achieve in its membership.	☒ and we have disclosed our board skills matrix at: the Corporate Governance Statement	☐ set out in our Corporate Governance Statement **OR** ☐ we are an externally managed entity and this recommendation is therefore not applicable
2.3	A listed entity should disclose: (a) the names of the directors considered by the board to be independent directors; (b) if a director has an interest, position, affiliation or relationship of the type described in Box 2.3 but the board is of the opinion that it does not compromise the independence of the director, the nature of the interest, position or relationship in question and an explanation of why the board is of that opinion; and (c) the length of service of each director.	☒ and we have disclosed the names of the directors considered by the board to be independent directors at: the Corporate Governance Statement and, where applicable, the information referred to in paragraph (b) at: the Corporate Governance Statement and the length of service of each director at: the Corporate Governance Statement	☐ set out in our Corporate Governance Statement

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Corporate Governance Council recommendation		Where a box below is ticked,[4] we have followed the recommendation in full for the whole of the period above. We have disclosed this in our Corporate Governance Statement:	Where a box below is ticked, we have NOT followed the recommendation in full for the whole of the period above. Our reasons for not doing so are:[5]
2.4	A majority of the board of a listed entity should be independent directors.	☒	☐ set out in our Corporate Governance Statement **OR** ☐ we are an externally managed entity and this recommendation is therefore not applicable
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.	☒	☐ set out in our Corporate Governance Statement **OR** ☐ we are an externally managed entity and this recommendation is therefore not applicable
2.6	A listed entity should have a program for inducting new directors and for periodically reviewing whether there is a need for existing directors to undertake professional development to maintain the skills and knowledge needed to perform their role as directors effectively.	☒	☐ set out in our Corporate Governance Statement **OR** ☐ we are an externally managed entity and this recommendation is therefore not applicable
PRINCIPLE 3 – INSTIL A CULTURE OF ACTING LAWFULLY, ETHICALLY AND RESPONSIBLY			
3.1	A listed entity should articulate and disclose its values.	☒ and we have disclosed our values at: www.hillgroveresources.com.au	☐ set out in our Corporate Governance Statement
3.2	A listed entity should: (a) have and disclose a code of conduct for its directors, senior executives and employees; and (b) ensure that the board or a committee of the board is informed of any material breaches of that code.	☒ and we have disclosed our code of conduct at: www.hillgroveresources.com.au	☐ set out in our Corporate Governance Statement
3.3	A listed entity should: (a) have and disclose a whistleblower policy; and (b) ensure that the board or a committee of the board is informed of any material incidents reported under that policy.	☒ and we have disclosed our whistleblower policy at: www.hillgroveresources.com.au	☐ set out in our Corporate Governance Statement
3.4	A listed entity should: (a) have and disclose an anti-bribery and corruption policy; and (b) ensure that the board or committee of the board is informed of any material breaches of that policy.	☒ and we have disclosed our anti-bribery and corruption policy at: www.hillgroveresources.com.au	☐ set out in our Corporate Governance Statement

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Corporate Governance Council recommendation		Where a box below is ticked,[4] we have followed the recommendation in full for the whole of the period above. We have disclosed this in our Corporate Governance Statement:	Where a box below is ticked, we have NOT followed the recommendation in full for the whole of the period above. Our reasons for not doing so are:[5]
PRINCIPLE 4 – SAFEGUARD THE INTEGRITY OF CORPORATE REPORTS			
4.1	The board of a listed entity should: (a) have an audit committee which: (1) has at least three members, all of whom are non-executive directors and a majority of whom are independent directors; and (2) is chaired by an independent director, who is not the chair of the board, and disclose: (3) the charter of the committee; (4) the relevant qualifications and experience of the members of the committee; and (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 (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.	☐ and we have disclosed a copy of the charter of the committee at: www.hillgroveresources.com.au and the information referred to in paragraphs (4) and (5) at: the annual report and we have disclosed the fact that we do not have an audit committee and the processes we employ that independently verify and safeguard the integrity of our corporate reporting, including the processes for the appointment and removal of the external auditor and the rotation of the audit engagement partner at: N/A	☒ set out in our Corporate Governance Statement
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.	☒	☐ set out in our Corporate Governance Statement
4.3	A listed entity should disclose its process to verify the integrity of any periodic corporate report it releases to the market that is not audited or reviewed by an external auditor.	☒	☐ set out in our Corporate Governance Statement

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PRINCIPLE 5 – MAKE TIMELY AND BALANCED DISCLOSURE			
5.1	A listed entity should have and disclose a written policy for complying with its continuous disclosure obligations under listing rule 3.1.	☒ and we have disclosed our continuous disclosure compliance policy at: www.hillgroveresources.com.au	☐ set out in our Corporate Governance Statement
5.2	A listed entity should ensure that its board receives copies of all material market announcements promptly after they have been made.	☒	☐ set out in our Corporate Governance Statement
5.3	A listed entity that gives a new and substantive investor or analyst presentation should release a copy of the presentation materials on the ASX Market Announcements Platform ahead of the presentation.	☒	☐ set out in our Corporate Governance Statement
PRINCIPLE 6 – RESPECT THE RIGHTS OF SECURITY HOLDERS			
6.1	A listed entity should provide information about itself and its governance to investors via its website.	☒ and we have disclosed information about us and our governance on our website at: www.hillgroveresources.com.au	☐ set out in our Corporate Governance Statement
6.2	A listed entity should have an investor relations program that facilitates effective two-way communication with investors.	☒	☐ set out in our Corporate Governance Statement
6.3	A listed entity should disclose how it facilitates and encourages participation at meetings of security holders.	☒ and we have disclosed how we facilitate and encourage participation at meetings of security holders at: the Corporate Governance Statement	☐ set out in our Corporate Governance Statement
6.4	A listed entity should ensure that all substantive resolutions at a meeting of security holders are decided by a poll rather than by a show of hands.	☒	☐ set out in our Corporate Governance Statement
6.5	A listed entity should give security holders the option to receive communications from, and send communications to, the entity and its security registry electronically.	☒	☐ set out in our Corporate Governance Statement

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PRINCIPLE 7 – RECOGNISE AND MANAGE RISK			
7.1	The board of a listed entity should: (a) have a committee or committees to oversee risk, each of which: (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.	☐ and we have disclosed a copy of the charter of the committee at: N/A and the information referred to in paragraphs (4) and (5) at: N/A and we have disclosed the fact that we do not have a risk committee or committees that satisfy (a) and the processes we employ for overseeing our risk management framework at: N/A	☒ set out in our Corporate Governance Statement
7.2	The board or a committee of the board should: (a) review the entity's risk management framework at least annually to satisfy itself that it continues to be sound and that the entity is operating with due regard to the risk appetite set by the board; and (b) disclose, in relation to each reporting period, whether such a review has taken place.	☒ and we have disclosed whether a review of the entity's risk management framework was undertaken during the reporting period at: the Corporate Governance Statement	☐ set out in our Corporate Governance Statement
7.3	A listed entity should disclose: (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 evaluating and continually improving the effectiveness of its governance, risk management and internal control processes.	☒ and we have disclosed how our internal audit function is structured and what role it performs at: N/A and we have disclosed the fact that we do not have an internal audit function and the processes we employ for evaluating and continually improving the effectiveness of our risk management and internal control processes at: the Corporate Governance Statement	☐ set out in our Corporate Governance Statement

Corporate Governance Council recommendation		**Where a box below is ticked,[4] we have followed the recommendation in full for the whole of the period above. We have disclosed this in our Corporate Governance Statement:**	**Where a box below is ticked, we have NOT followed the recommendation in full for the whole of the period above. Our reasons for not doing so are:[5]**
7.4	A listed entity should disclose whether it has any material exposure to environmental or social risks and, if it does, how it manages or intends to manage those risks.	☒ and we have disclosed whether we have any material exposure to environmental and social risks at: the Corporate Governance Statement and, if we do, how we manage or intend to manage those risks at: the Corporate Governance Statement	☐ set out in our Corporate Governance Statement

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PRINCIPLE 8 – REMUNERATE FAIRLY AND RESPONSIBLY			
8.1	The board of a listed entity should: (a) have a remuneration committee which: (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 employs for setting the level and composition of remuneration for directors and senior executives and ensuring that such remuneration is appropriate and not excessive.	☐ and we have disclosed a copy of the charter of the committee at: N/A and the information referred to in paragraphs (4) and (5) at: N/A and we have disclosed the fact that we do not have a remuneration committee and the processes we employ for setting the level and composition of remuneration for directors and senior executives and ensuring that such remuneration is appropriate and not excessive: N/A	☒ set out in our Corporate Governance Statement **OR** ☐ we are an externally managed entity and this recommendation is therefore 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.	☒ and we have disclosed separately our remuneration policies and practices regarding the remuneration of non-executive directors and the remuneration of executive directors and other senior executives at: the Annual Report	☐ set out in our Corporate Governance Statement **OR** ☐ we are an externally managed entity and this recommendation is therefore not applicable
8.3	A listed entity which has an equity-based remuneration scheme should: (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.	☒ and we have disclosed our policy on this issue or a summary of it at: Securities Trading Policy	☐ set out in our Corporate Governance Statement **OR** ☐ we do not have an equity-based remuneration scheme and this recommendation is therefore not applicable **OR** ☐ we are an externally managed entity and this recommendation is therefore not applicable

Corporate Governance Council recommendation		Where a box below is ticked,[4] we have followed the recommendation in full for the whole of the period above. We have disclosed this in our Corporate Governance Statement:	Where a box below is ticked, we have NOT followed the recommendation in full for the whole of the period above. Our reasons for not doing so are:[5]
ADDITIONAL RECOMMENDATIONS THAT APPLY ONLY IN CERTAIN CASES			
9.1	A listed entity with a director who does not speak the language in which board or security holder meetings are held or key corporate documents are written should disclose the processes it has in place to ensure the director understands and can contribute to the discussions at those meetings and understands and can discharge their obligations in relation to those documents.	☐ and we have disclosed information about the processes in place at: …… [*insert location*]	☐ set out in our Corporate Governance Statement **OR** ☐ we do not have a director in this position and this recommendation is therefore not applicable **OR** ☐ we are an externally managed entity and this recommendation is therefore not applicable
9.2	A listed entity established outside Australia should ensure that meetings of security holders are held at a reasonable place and time.	☐	☐ set out in our Corporate Governance Statement **OR** ☐ we are established in Australia and this recommendation is therefore not applicable **OR** ☐ we are an externally managed entity and this recommendation is therefore not applicable
9.3	A listed entity established outside Australia, and an externally managed 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.	☐	☐ set out in our Corporate Governance Statement **OR** ☐ we are established in Australia and not an externally managed listed entity and this recommendation is therefore not applicable ☐ we are an externally managed entity that does not hold an AGM and this recommendation is therefore not applicable
ADDITIONAL DISCLOSURES APPLICABLE TO EXTERNALLY MANAGED LISTED ENTITIES			
-	*Alternative to Recommendation 1.1 for externally managed listed entities:* The responsible entity of an externally managed listed entity should disclose: (a) the arrangements between the responsible entity and the listed entity for managing the affairs of the listed entity; and (b) the role and responsibility of the board of the responsible entity for overseeing those arrangements.	☐ and we have disclosed the information referred to in paragraphs (a) and (b) at: …….. [*insert location*]	☐ set out in our Corporate Governance Statement

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-	*Alternative to Recommendations 8.1, 8.2 and 8.3 for externally managed listed entities:* An externally managed listed entity should clearly disclose the terms governing the remuneration of the manager.	☐ and we have disclosed the terms governing our remuneration as manager of the entity at: …….. [*insert location*]	☐ set out in our Corporate Governance Statement

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HILLGROVE RESOURCES

CORPORATE GOVERNANCE STATEMENT 2022

This **Corporate Governance Statement** was approved by the Hillgrove Resources Limited Board of Directors on 20 February 2023.

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1. Principle 1: Lay Solid Foundations for Management & Oversight

Role of the Board and Management

The Board is elected by shareholders to represent all shareholders – its primary role being the protection and enhancement of long-term shareholder value. To fulfil this role, the Board is responsible for the overall corporate governance of the Group, selection and appointment of the Managing Director / Chief Executive Officer ("MD/CEO") and senior executives, establishing goals for senior executives, monitoring the achievement of these goals, defining policies and monitoring the business of the controlled entity including risk management and internal control, and to ensure it is conducted appropriately and in the best interests of shareholders.

The Board has adopted a Board Charter that sets out the delegations and responsibilities that have been put in place for the Company's executive team and the Board.

The Board of Directors (and, where relevant, any committees established by the Board) have delegated the carriage of the day to day operation and management of the Company's business to the MD/CEO who is authorised, in turn, to delegate such of the powers conferred on him as is deemed appropriate to members of the executive team. The delegation of authority to the MD/CEO and other executives is subject to the limits and restrictions set out in the Delegations of Authority.

In addition to attending the scheduled Board and Board Committee meetings during the year, Directors also spend time regularly with the Company's personnel in order to gain a detailed knowledge and understanding of the Company's operations and associated risks and opportunities. The Board takes part in the Company's strategic planning process, risk management reviews and approves the business plan and budgets of the Company. The Board also receives and reviews comprehensive monthly management, financial and operational reports in relation to the Company performance.

All Directors and senior executives of the Company have in place formal appointment letters describing their terms, duties, rights and responsibilities and entitlements. Upon joining the Company, all Directors also receive an induction pack containing information about the Company including policies and procedures and other necessary information for them to familiarise themselves with the operations of the Company.

Director appointments

The Board will identify suitable candidates with appropriate skills, experience, expertise and diversity to complement the existing Board, in order for the Board to discharge its duties and pursue its business objectives.

The Board will also undertake appropriate checks on any candidate and seek confirmation to ensure that the candidate has sufficient time to fulfil their responsibilities as a director. The Board will provide relevant information on board members seeking re-election to shareholders so as to enable shareholders to make informed decisions.

A written agreement together with a deed of access and indemnity is provided to each incoming director. The agreement sets out the terms of appointment, expectations and responsibilities of the role, remuneration, access to corporate resources and confidentiality requirements.

Company Secretary

The Company Secretary has a direct reporting line to the Chairman of the Board and is accountable to the Board on all governance matters. All Directors of the Board have access to the Company Secretary.

Diversity

The Company is committed to being an inclusive workplace that values and promotes diversity in the workplace and is committed to providing an inclusive workplace and organisational culture that embraces diversity and provides support for broad based equal opportunity programmes, multicultural awareness and representation, and a focus on women in senior management. The Company's current

employment philosophy promotes a culture that values differences, and emphasises tolerance. The Company's workforce is gender, culturally and ethnically diverse.

Currently the Company has no women on the Board or executive team, with 25% women employed in the Company in total. However, as the Company grows and evolves, it will look to increase the participation of women on the Board, executive team, and the broader business in general.

The Company has a Diversity Policy and monitors its performance against its Diversity objectives. For further information please refer to the Company's Diversity Policy which can be found at www.hillgroveresources.com.au.

Assessing board performance

The Board formally evaluates its performance annually. This process is facilitated by the Nomination Committee via the Chairman of the Committee whereby Board members are evaluated by a questionnaire pertaining to the key skills, experience and level of participation required to understand the risks of the Company. Formal assessment of the Board was completed during the current period.

Assessing senior executive performance

The Board sets key performance indicators and targets for the MD/CEO and the other senior executives and review these and the performance against these targets throughout the year as well as formally at the end of the year.

Oversight of the assessment and performance of the MD/CEO and the senior executives is provided by the Remuneration Committee and the Chairman of the Board. Formal assessments of performance for the MD/CEO and the senior executives were completed during the current period.

Further details of how the Company assesses the performance of the Managing Director/Chief Executive Officer and executive team are set out in the Remuneration Report included in the Annual Report.

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2. PRINCIPLE 2: STRUCTURE THE BOARD TO BE EFFECTIVE AND ADD VALUE

The Board endeavours to ensure it is comprised of a diverse selection of highly qualified and experienced individuals with the highest levels of integrity, suited to the needs of the Company. Each Director is bound by the Company's charters, policies, procedures and codes of conduct, including without limitation, the Company's Securities Trading Policy, Continuous Disclosure Policy and Directors Code of Conduct.

Independence

Best practice recommends that rigid rules regarding what 'does and does not' constitute independence is no longer appropriate. Rather, it is more appropriate to adopt a set of matters to which consideration should be given in order to determine whether or not a Director is independent.

At the time of a Director's appointment and thereafter, the Board considers independence by having regard to the answers to the following questions:

- Is the Director a substantial shareholder of the Company or an officer of, or otherwise associated directly with, a substantial shareholder of the Company?
- Has the Director, within the last three years, been employed in an executive capacity by the Company or by any related body corporate, or been a Director after ceasing to hold any such employment?
- Within the last three years has the Director been a Principal of a material professional adviser; a material consultant to the Company or a related body corporate, or an employee materially associated with the service provided by such adviser or consultant to the Company?
- Is the Director a material supplier or customer of the Company or any related body corporate or an officer of or otherwise associated directly or indirectly with a material supplier or customer?
- Does the Director have a material contractual relationship with the Company or related body corporate other than as a director of the Company?
- Has the Director served on the Board of Directors for a period that could, or reasonably be perceived to, materially interfere with the Director's ability to act in the best interests of the Company?
- Is the Director free from any interest and any business or other relationship that could, or reasonably be perceived to, materially interfere with the Director's ability to act in the best interests of the Company?

Based on the above considerations, Mr Derek Carter (Chairman) and Mr Murray Boyte (Non-Executive Director) are considered by the Company to be independent. Mr Lachlan Wallace (MD/CEO) is not considered to be independent.

Regular assessments

The Board regularly assesses the independence of its Non-Executive Directors. Each Director of the Company must provide to the Board of the Company all information regarding his or her interests relevant to his or her independence. Where the independence of a Director is lost, this must be immediately disclosed to the market.

Nomination committee

In 2020, following the completion of processing and the focusing of the business strategy to development of the Kanmantoo Underground, a decision was made to reduce the number of Non-Executive Directors on the Board to two in order to reduce costs.

The Board has a Nomination Committee in place. The Chairman of the Nomination Committee is an independent Non-Executive Director and membership consists of the two Non-Executive Directors.

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The duties of the Nomination Committee cover the composition and performance of the Board, appointments to the Board of Directors, evaluation of Board performance, appointment and re-election of Directors and succession planning. The Committee usually meets annually. The Committee has a clear charter that sets out its roles, responsibilities and structure. This charter can be found on the Company's website at www.hillgroveresources.com.au.

Details of the number of Board and Committee meetings held during the year, and each Director's attendance at those meetings are set out in the Annual Report.

Skills matrix

The skills and expertise criteria required to select the current board is shown in the table below.

	BOARD OF DIRECTORS		
	Derek Carter (Chairman)	**Murray Boyte**	**Lachlan Wallace**
Appointment Date	April 20	May 19	May 19
Skills & Experience			
ASX Listed Board Experience	✓	✓	✓
Corporate governance	✓	✓	✓
Resources, Mining & Exploration	✓		✓
Project development & management	✓		✓
Financial	✓	✓	
Legal/Commercial	✓	✓	✓

Induction

All new directors participate in an induction program which involves senior management. The induction program includes briefings on the Company's strategy, organisation structure, corporate governance practices, risk management framework, culture, charters and policies regarding the required ethical conduct of directors and employees.

The Company supports appropriate professional development opportunities where required for directors and senior management to develop and maintain the skills and knowledge needed to perform their roles effectively.

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3. Principle 3: Instil a Culture of Acting Lawfully, Ethically, and Responsibly

Code of business conduct and directors code of conduct

All directors, managers and employees of the Company are expected to act with the utmost integrity and objectivity, striving at all times to enhance the performance of the Group and below is a summary of the Company's core policies which apply to Directors and employees.

The Code of Business Conduct was adopted by the Board to define basic principles of business conduct. The Code of Business Conduct requires officers and employees to adhere to the law and various policies of the company referred to in this Code. The standards set out in this Code are a practical set of principles giving direction and reflecting the Company's approach to business conduct. Directors and management monitor compliance and will act on any actions which are inconsistent with this Code. All employees also have an obligation to advise the Company of any illegal or unethical practices of which they become aware.

In addition, to the Code of Business Conduct, directors are also bound by the Directors Code of Conduct which sets out the standards to which each director will adhere whilst conducting his or her duties.

In addition to the Code of Business conduct and Directors Code of Conduct, the Company has the following policies in place to actively promote ethical and responsible decision making. Details of these policies can be found on the Company's website at www.hillgroveresources.com.au:

- Company Security Trading Policy;
- Conflicts of Interest Policy;
- Fraud and Corruption Policy; and
- Privacy Policy.

The Board has also committed to adopt the principles of Fame and Good Character with all Directors having completed checks including bankruptcy and insolvency and national crime, and will advise the Company of any changes to their status.

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4. PRINCIPLE 4: SAFEGUARD THE INTEGRITY OF CORPORATE REPORTS

Audit and Risk Committee

The Board has an Audit and Risk Committee consisting of the two Non-Executive Directors. The chair of the Committee is not the Chairman of the Board and is comprised of the following:

- Mr M Boyte (Chairman); and
- Mr D Carter.

The Company recognises that the Audit and Risk Committee only has two members. This was a result of a reduction in costs, due to the Company no longer generating revenues from production and focusing its strategy towards the development of the Kanmantoo Underground. The Company expects to rectify this as soon as it practically can.

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

The Audit and Risk Committee has appropriate financial expertise and members are financially literate and have an appropriate understanding of the industries in which the Company operates.

The main responsibilities of the Committee are to:

- Review, assess and approve the annual report, the half-year financial report and all other financial information published by the company or released to the market;
- Assist the board in reviewing the effectiveness of the organisation's internal control environment covering:
  - Effectiveness and efficiency of operations
  - Reliability of financial reporting
  - Compliance with applicable laws and regulations;
- Oversee the effective operation of the risk management framework;
- Recommend to the board the appointment, removal and remuneration of the external auditors, and review the terms of their engagement, the scope and quality of the audit and assess performance;
- Consider the independence and competence of the external auditor on an ongoing basis;
- Review and approve the level of non-audit services provided by the external auditors and ensure it does not adversely impact on auditor independence;
- Review and monitor related party transactions and assess their propriety; and
- Report to the board on matters relevant to the committee's role and responsibilities.

The Audit and Risk Committee has authority, within the scope of its responsibilities, to seek any information it requires from any employee or external party.

The Committee has a formal charter which can be found on the Company's website at www.hillgroveresources.com.au.

The Board has received assurance from the MD/CEO and the Chief Commercial Officer ("CCO", acting in the capacity of an interim CFO) for the financial statements and records for the year ended 31 December 2020 in the form of a declaration provided in accordance with s295 of the *Corporations Act 2001*.

In addition, before the Board approves financial statements for any period or approves the release of any periodic corporate reports containing financial information, it receives from the MD/CEO and CCO a declaration that, in their opinion, 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.

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External auditors

The Company and Audit and Risk Committee policy is to appoint external auditors who clearly demonstrate quality and independence. The performance of the external auditor is reviewed annually and applications for tender of external audit services are requested as deemed appropriate, taking into consideration assessment of performance, existing value and tender costs. Price Waterhouse Coopers (PwC) were appointed effective 26 May 2017, and it is PwC's policy to rotate audit engagement partners on listed companies in accordance with the requirements of the Corporations Act 2001, which is generally after five years, subject to certain exceptions.

An analysis of fees paid to the external auditors, including a break-down of fees for non-audit services, is provided in the Annual Report and in note 6(e) to the Financial Statements. It is the policy of the external auditors to provide an annual declaration of their independence to the Audit and Risk Committee.

The external auditor will attend the Annual General Meeting and be available to answer shareholder questions about the conduct of the audit and the preparation and content of the audit report.

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5. PRINCIPLE 5: MAKE TIMELY AND BALANCED DISCLOSURE

The Company is committed to providing relevant up-to-date information to its shareholders and investors in accordance with the continuous disclosure requirements under the ASX Listing Rules. The Company reports periodically to the ASX yearly, half yearly and quarterly. The Company has a Continuous Disclosure Policy, which outlines the processes for identifying information for disclosure. The policy aims to ensure that all market sensitive matters concerning the Company are disclosed on a timely and balanced basis. The Company's Continuous Disclosure Policy is available on the Company's website at www.hillgroveresources.com.au.

In the event that the Company gives an investor or analyst presentation, the Company will release a copy of the presentation materials on the ASX Market Announcements Platform ahead of the presentation.

In relation to the reporting of Mineral Resource and Ore Reserve information the Company uses experts in the form of competent persons in accordance with JORC code requirements. In addition to this expertise, independent consultants are called upon to verify conclusions drawn where appropriate prior to release to the market.

The Board reviews and approves all material announcement prior to its release and also receives copies of all material market announcements prompty after they have been made.

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6. PRINCIPLE 6: RESPECT THE RIGHTS OF SECURITY HOLDERS

The Board aims to ensure that shareholders are informed of all major developments affecting the Group's state of affairs as follows:

- The full annual financial report is lodged with the ASX, and distributed to all shareholders who elect to receive a copy, and includes relevant information about the operations of the Group during the year, changes in the state of affairs and details of future developments, in addition to the other disclosures required.
- The half-yearly report contains summarised financial information and a review of the operations of the Group during the period. The half-year financial report is lodged with the ASX and sent to any shareholder who requests it.
- Quarterly reports are also issued.

All press releases and presentations that are released publicly to the ASX website at www.asx.com.au are also available on the Group website at www.hillgroveresources.com.au. Each of these releases provides the contact details of the Company and encourages shareholder engagement.

The Board encourages full participation of shareholders at the Annual General Meeting to ensure a high level of accountability and identification with the Group's strategy and goals. Important issues are presented to shareholders as single resolutions and are to be decided by a poll rather than a show of hands. Shareholders are requested to vote on matters such as the appointment and aggregate remuneration of Directors, the granting of performance rights and shares to Directors and changes to the Constitution.

Copies of the Constitution are available to any shareholder who requests it.

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7. PRINCIPLE 7: RECOGNISE AND MANAGE RISK

The Board acknowledges it is responsible for the overall internal control framework of the Company and examines the adequacy of the nature, extent and effectiveness of the internal control processes of the Group on an ongoing basis. The Board, via the Audit and Risk Committee, oversees and monitors the Company's audit processes, including the Company's internal financial and business control activities.

Audit and Risk Committee

The Board has an Audit and Risk Committee consisting of the two Non-Executive Directors. The chair of the Committee is not the Chairman of the Board and is comprised of the following:

- Mr M Boyte (Chairman); and
- Mr D Carter.

The Company recognises that the Audit and Risk Committee only has two members. This was a result of a reduction in costs in 2020, due to the Company no longer generating revenues from production and focusing its strategy towards the development of the Kanmantoo Underground. The Company expects to rectify this as soon as it practically can.

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

The Committee has a formal charter which can be found on the Company's website at www.hillgroveresources.com.au.

Management and review of risks

The risks involved in a diversified resources, exploration and development company, and the specific uncertainties for the Company, are regularly monitored and reviewed.

The Company undertakes corporate risk reviews in order to ensure that risks are evaluated in terms of likelihood and consequence. The specific risks are then assessed in terms of the risk category and assigned risk treatments to manage, mitigate or eliminate the risk.

The risk framework and matrix is reported to and reviewed at least annually by the Audit and Risk Committee and the Board to ensure an appropriate framework is in place and that risk levels and necessary actions are managed in line with the Company's risk tolerance set by the Board.

The Company has in place a Risk Management Policy which also forms part of the internal controls and corporate governance arrangement of the Company. The objective of the Risk Management Policy is to support the objectives of the Company by:

- Identifying risks and formulating actions for management, mitigation or elimination of these risks;
- Promoting a more risk aware culture throughout the company; and
- Protection of the company's assets and image.

A review of the risk management framework was completed during the current period.

Internal control framework

The Company does not have an internal audit function, but does adopt internal processes and procedures for the effective management of risk:

- Monthly management reporting including operations, finances, safety incidents and performance;
- Delegation of authority setting out authority levels for all employees and officers;
- Capital expenditure request process that requires a business case and justification prior to any capital spend;

- Yearly strategic planning and business plan/budget process with all budgets and plans reviewed and approved by the board;
- Safety management; and
- Environmental management.

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8. PRINCIPLE 8: REMUNERATE FAIRLY AND RESPONSIBLY

Remuneration Committee

The Remuneration Committee advises the Board on remuneration and incentive policies, and makes specific recommendations on remuneration packages and other terms of employment for Executive Directors, senior executives and Non-Executive Directors. The Chairman of the Committee is an independent Non-Executive Director. Committee members receive briefings, as required, from an external independent remuneration expert on recent developments on remuneration and related matters.

The Remuneration Committee has a formal charter that sets out its roles and responsibilities, composition and structure and a Remuneration and Benefits Policy that clearly sets out the structure of and distinguishes between remuneration for Non-Executive Directors, Executive Directors and other key executives. This charter and policy can be found on the Company's website at www.hillgroveresources.com.au.

The Remuneration Committee consists of the two Non-Executive Directors:

- Mr D Carter (Chairman); and
- Mr M Boyte.

The Company recognises that the Remuneration Committee only has two members. This was a result of a reduction in costs in 2020, due to the Company no longer generating revenues from production and focusing its strategy towards the development of the Kanmantoo Underground. The Company expects to rectify this as soon as it practically can.

Details of these Directors attendance at Remuneration Committee meetings are set out in the Annual Report.

For further details in relation to Director and executive remuneration please refer to the Remuneration Report in the Annual Report.