



ACN 072 692 365

CORPORATE GOVERNANCE STATEMENT

OVERVIEW

The Company's Board of Directors (Board) is responsible for the overall corporate governance of the Company, and it recognises the need for the highest standards of ethical behaviour and accountability. It is committed to administering its corporate governance structures to promote integrity and responsible decision-making. Accordingly, where appropriate the Company has sought to adopt the 'Corporate Governance Principles and Recommendations' (Third Edition) (ASX Recommendations) published by the ASX Corporate Governance Council.

The corporate governance principles and practices adopted by the Company may depart from those generally applicable to ASX-listed companies under ASX Recommendations where the Board considers compliance is not appropriate having regard to the nature and size of the Company's business and operations.

The Company sets out below its "if not why not" report in relation to those matters of corporate governance where the Company's practice departs from the ASX Recommendations, to the extent that they are currently applicable to the Company.

This statement is current as at 23 August 2018 and has been approved by the Board.

ASX Corporate Governance Principles and Recommendations

Principle	ASX Recommendation	Comply	Comments
Principle 1 – Lay solid foundation for management and oversight			
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	<p>The Company has adopted a Board Charter that discloses the role and responsibilities of the Board.</p> <p>Under the Board Charter, the Board is responsible for the overall operation and stewardship of the Company and, in particular, is responsible for:</p> <ul style="list-style-type: none"> ▪ oversight of control and accountability systems; ▪ appointing and removing the Chief Executive Officer, Chief Financial Officer and Company Secretary; ▪ approving the annual operating budget; ▪ approving and monitoring the progress of major capital and operating expenditure; ▪ monitoring compliance with all legal and regulatory obligations; ▪ reviewing any risk management system (which may be a series of systems established on a per-project basis); ▪ monitoring any executive officer's performance; and ▪ approving and monitoring financial and other reporting to the market, shareholders of the Company (Shareholders), employees and other stakeholders. <p>A copy of the Board Charter can be found on the Company's website at www.hillendgold.com.au/about-us/corporate-governance</p>

Principle	ASX Recommendation	Comply	Comments
1.2	<p>A listed entity should:</p> <p>(a) undertake appropriate checks before appointing a person, or putting forward to security holders a candidate for election, as a director; and</p> <p>(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.</p>	Yes	<p>The Company conducts background checks of candidates for the position of director of the Company (Director) prior to their appointment or nomination for election by Shareholders, including checks as to good character, experience, education, qualifications, criminal history and bankruptcy.</p> <p>The Company does not propose to conduct specific checks prior to nominating an existing Director for re-election by Shareholders at a general meeting on the basis that the Company will have already conducted relevant character checks prior to the Director's initial appointment.</p> <p>As a matter of practice, The Company includes in its notices of meeting a brief biography and other material information in relation to each Director who stands for election or re-election, including relevant qualifications and professional experience of the nominated Director for consideration by Shareholders.</p>
1.3	<p>A listed entity should have a written agreement with each director and senior executive setting out the terms of their appointment.</p>	Yes	<p>The Company has entered into an employment contract with Martin McFarlane the Company's Chief Executive Officer and David Leavy the Company's Finance Director, who are engaged on a full time basis. The Company has entered into letters of engagement with each of its non-executive Directors setting out the key terms and conditions of their engagement.</p>
1.4	<p>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.</p>	Yes	<p>The Company Secretary reports directly, and is accountable, to the Board through the Chairman of the Board (Chairman) in relation to all governance matters.</p> <p>The Company Secretary also advises and supports the Board to implement adopted governance procedures and co-ordinates the circulation of meeting agendas and papers.</p>
1.5	<p>A listed entity should:</p> <p>(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;</p> <p>(b) disclose that policy or a summary of it; and</p> <p>(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:</p> <p>(i) 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); or</p> <p>(ii) 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.</p>	No	<p>The Company itself has few employees, and has not adopted a formal diversity policy at this stage.</p> <p>The Company has a policy to select the best available officers and staff for each relevant position in a non-discriminatory manner based on merit.</p> <p>Notwithstanding this, the Board respects and values the benefits that diversity (e.g. gender, age, ethnicity, cultural background, disability and marital/family status etc) brings in relation to expanding the Company's perspective and thereby improving corporate performance, increasing Shareholder value and maximising the probability of achieving the Company's objectives.</p> <p>The Board is committed to developing a diverse workplace where appointments or advancements are made on a fair and equitable basis.</p>

Principle	ASX Recommendation	Comply	Comments
1.6	<p>A listed entity should:</p> <p>(a) have and disclose a process for periodically evaluating the performance of the board, its committees and individual directors; and</p> <p>(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>The Remuneration and Nomination Committee is responsible for the evaluation of the Board's performance and its individual Directors.</p> <p>The Company has also adopted in its Board Charter a commitment to review its own performance at intervals considered appropriate by the Chairman. The same performance review mechanism is also present in the Audit Committee and Remuneration and Nomination Committee Charters.</p> <p>The Company will continue to disclose if and when it has conducted any performance evaluations.</p>
1.7	<p>A listed entity should:</p> <p>(a) have and disclose a process for periodically evaluating the performance of its senior executives; and</p> <p>(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>The Board is responsible for monitoring the performance of senior executive officers.</p> <p>The Board has established policies to ensure that The Company remunerates fairly and responsibly. The Company designed its remuneration policy to ensure that the level and composition of remuneration is competitive, reasonable and appropriate to attract and maintain Directors with the requisite skills and experience to guide the Company towards achieving its objectives.</p> <p>The Company will continue to disclose if and when it has conducted any performance evaluations.</p>
Principle 2 – Structure the board to add value			
2.1	<p>The board of a listed entity should:</p> <p>(a) have a nomination committee which:</p> <p>(i) has at least three members, a majority of whom are independent directors; and</p> <p>(ii) is chaired by an independent director,</p> <p>and disclose:</p> <p>(iii) the charter of the committee;</p> <p>(iv) the members of the committee; and</p> <p>(v) 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</p> <p>(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>The Board has established a Remuneration and Nomination Committee (RN Committee).</p> <p>The RN Committee Charter discloses the RN Committee's role and responsibilities.</p> <p>The RN Committee presently consists of Graham Reveleigh, Robert Boston and Thomas Eadie. Graham Reveleigh, Robert Boston are both independent and non-executive. Mr Reveleigh is the chairman of the RN Committee.</p> <p>The Company will continue to disclose at the end of each reporting period the number of times the RN Committee met throughout the relevant period.</p> <p>The RN Committee Charter is available on The Company's website at www.hillendgold.com.au/about-us/corporate-governance</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>	No	<p>The Company does not currently have a skills or diversity matrix in relation to its Board members. The Board considers that such a matrix is not necessary given the current state of operations.</p> <p>The RN Committee is presently responsible for ensuring the Directors have the appropriate mix of competencies to enable the Board to discharge its responsibilities effectively.</p> <p>The Board may adopt such a matrix later as the Company's operations evolve.</p>

Principle	ASX Recommendation	Comply	Comments
2.3	<p>A listed entity should disclose:</p> <p>(a) the names of the directors considered by the board to be independent directors;</p> <p>(b) if a director has an interest, position, association 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, 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	<p>The Board considers that Graham Reveleigh and Robert Boston are independent Directors because they are free from any business or other relationship with the Company that could materially interfere with, or reasonably be perceived to materially interfere with, the independent exercise of their judgement as Directors.</p> <p>The Company appointed Graham Reveleigh as a Director on 1 February 1996 and Robert Boston as a Director on 21 December 2017.</p>
2.4	A majority of the board of a listed entity should be independent directors.	No	<p>A majority of the Board are not independent Directors. Two of the Board's five Directors, being Graham Reveleigh, Robert Boston are considered independent.</p> <p>The Company does not consider Thomas Eadie independent because he is a shareholder in Thea Management Pty Ltd, being a substantial Shareholder of the Company.</p> <p>The Company does not consider Martin McFarlane independent because the Company employs him in an executive capacity, as the Company's Managing Director.</p> <p>The Company does not consider David Leavy independent because the Company employs him in an executive capacity, as the Company's Finance Director.</p> <p>The Company believes that the current structure of the Board is the most appropriate given the size and current operations of the Company.</p>
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.	No	<p>The Chairman, Thomas Eadie, is not an independent Director. The Board believes an independent non-executive Chairman is not necessary as Mr Eadie's experience and industry knowledge makes him the most appropriate person to lead the Board at this time.</p> <p>Martin McFarlane is the Chief Executive Officer and is not the Chairman.</p>
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	<p>Induction program</p> <p>When a Director is appointed, they receive with their appointment letter a copy of the Company's constitution, corporate governance policies and charters. The contents of this due diligence pack contain sufficient information to allow the new Director to gain an understanding of the rights, duties, responsibilities and role of the Board, Board committees and the executive team.</p> <p>The Company Secretary arranges for new Directors to undertake an induction program to enable them to gain an understanding of:</p> <ul style="list-style-type: none"> ▪ the Company's operations and the industry sectors in which it operates; ▪ the Company's financial, strategic, operational and risk management position; ▪ their rights, duties and responsibilities; and ▪ any other relevant information. <p>As part of this induction program, a new Director will meet with all incumbent Directors (if this has not already taken place).</p> <p>Director development</p> <p>In order to achieve continuing improvement in Board performance, all Directors are encouraged to undergo continual professional development.</p>

Principle	ASX Recommendation	Comply	Comments
Principle 3 – Act ethically and responsibly			
3.1	A listed entity should have a code of conduct for its directors, senior executives and employees and disclose that code or a summary of it.	Yes	<p>The Board believes that the success of the Company has been, and will continue to be, enhanced by a strong ethical culture within the organisation.</p> <p>The Company has a Code of Conduct and Ethics (Code) which sets the standards that all Directors, officers, employees, consultants and contractors and all other people representing the Company are expected to comply with in relation to all commercial operations.</p> <p>The Code also outlines the procedure for reporting any breaches of the Code and the possible disciplinary action the Company may take in respect of any breaches.</p> <p>In addition to their obligations under the Corporations Act 2001 (Cth) (Corporations Act) in relation to inside information, all Directors, employees and consultants have a duty of confidentiality to The Company in relation to confidential information they possess.</p> <p>In fulfilling their duties, each Director dealing with corporate governance matters may obtain independent professional advice at The Company's expense after consultation with the Chairman.</p> <p>The Company ensures that all incumbent and new personnel have a copy of the Code. It is also available on the Company's website at www.hillendgold.com.au/about-us/corporate-governance</p>

Principle 4 – Safeguard integrity in corporate reporting			
4.1	<p>The board of a listed entity should:</p> <p>(a) have an audit committee which:</p> <p>(i) has at least three members, all of whom are non-executive directors and a majority of whom are independent directors; and</p> <p>(ii) is chaired by an independent director, who is not the chair of the board,</p> <p>and disclose:</p> <p>(iii) the charter of the committee;</p> <p>(iv) the relevant qualifications and experience of the members of the committee; and</p> <p>(v) 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</p> <p>(b) if it does not have an audit committee, disclose that fact and the processes it employs to 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.</p>	Yes	<p>The Company has established an Audit Committee to assist the board in its oversight responsibilities in relation to financial management and reporting, external audit and financial risk management of the Company and safeguarding the independence of external auditor.</p> <p>The Audit Committee Charter sets out the functions, operating mechanisms and responsibilities of the Audit Committee.</p> <p>The Audit Committee presently consists of Graham Reveleigh, Robert Boston and Thomas Eadie. Graham Reveleigh, Robert Boston are the Company's only Directors who are both independent and non-executive. Graham Reveleigh acts as the chairman of the Audit Committee.</p> <p>The Audit Committee Charter also requires that all committee members have a working familiarity with basic accounting and finance practices and that at least one member have financial expertise.</p> <p>A copy of the Audit Committee Charter is available on The Company's website at www.hillendgold.com.au/about-us/corporate-governance</p>

Principle	ASX Recommendation	Comply	Comments
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	As a matter of practice, The Company obtains declarations from its Chief Executive Officer and Chief Financial Officer substantially in the form referred to in Recommendation 4.2 before approving its financial statements.
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	In accordance with the Company's constitution and the applicable provisions of the Corporations Act, the Company requests its external auditor to attend each annual general meeting and be available to answer shareholder questions about the conduct of the audit and the preparation and content of the auditor's report.
Principle 5 – Make timely and balanced disclosure			
5.1	A listed entity should have a written policy for complying with its continuous disclosure obligations under the Listing Rules and disclose that policy or a summary of it.	Yes	<p>The Company has adopted a Continuous Disclosure Policy.</p> <p>The Company is a "disclosing entity" pursuant to section 111AR of the Corporations Act and, as such, is required to comply with the continuous disclosure requirements of Chapter 3 of the Listing Rules and section 674 of the Corporations Act.</p> <p>The Company is committed to observing its disclosure obligations under the Corporations Act and its obligations under the Listing Rules.</p> <p>The Company will post all announcements provided to ASX on its website.</p> <p>A copy of the Continuous Disclosure Policy is available on The Company's website at www.hillendgold.com.au/about-us/corporate-governance</p>
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.	Yes	Information about the Company and its corporate governance, including copies of the Company's various corporate governance policies and charters, are available on its website at www.hillendgold.com.au/about-us
6.2	A listed entity should design and implement an investor relations program to facilitate effective two-way communication with investors.	Yes	<p>The Company has adopted a Shareholder Communications Policy to promote effective communication with Shareholders, ensure all relevant information is disseminated to Shareholders effectively and to encourage the participation of Shareholders at Company general meetings.</p> <p>The Company communicates with Shareholders:</p> <ul style="list-style-type: none"> ▪ through releases to the market via the ASX; ▪ through The Company's website; ▪ through information provided directly to Shareholders; and ▪ at general meetings.

Principle	ASX Recommendation	Comply	Comments
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	<p>The Company supports Shareholder participation in general meetings and seeks to provide appropriate mechanisms for such participation, including by ensuring that meetings are held at convenient times and places to encourage Shareholder participation.</p> <p>In preparing for general meetings, the Company drafts the notice of meeting and related explanatory information so that they provide all of the information that is relevant to Shareholders in making decisions on matters to be voted on by them at the meeting. This information is presented clearly and concisely so that it is easy to understand and not ambiguous.</p> <p>The Company uses general meetings as a tool to effectively communicate with Shareholders and allow Shareholders a reasonable opportunity to ask questions of the Board of Directors and to participate in the meeting.</p> <p>Mechanisms for encouraging and facilitating Shareholder participation are reviewed regularly to encourage the highest level of Shareholder participation.</p>
6.4	A listed entity should give security holders the option to receive communications from, and send communications to, the entity and its security registry electronically.	Yes	<p>The Company considers that communicating with Shareholders by electronic means is an efficient way to distribute information in a timely and convenient manner.</p> <p>The Company provides new Shareholders with the option to receive communications from the Company electronically and encourages them to do so. Existing Shareholders are also encouraged to request communications electronically.</p> <p>The Company will provide all Shareholders that have opted to receive communications electronically with notifications when it uploads an announcement or other communication (including an annual reports and notice of meeting) to the ASX announcements platform.</p>
Principle 7 – Recognise and manage risk			
7.1	<p>The board should:</p> <p>(a) have a committee or committees to oversee risk, each of which:</p> <p>(i) has at least three members, a majority of whom are independent directors; and</p> <p>(ii) is chaired by an independent director, and disclose:</p> <p>(iii) the charter of the committee;</p> <p>(iv) the members of the committee; and</p> <p>(v) 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</p> <p>(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.</p>	No	<p>The Company does not have a separate risk management committee.</p> <p>The Board as a whole is broadly responsible for risk management, including the review of any risk management system or series of systems that may be implemented by management on a per-project basis. The Audit Committee is responsible for the management of financial risk.</p> <p>The Board considers that, given the Company's current scope of operations and the fact that Martin McFarlane and David Leavy hold executive positions, efficiencies or other benefits would not be gained by establishing a separate risk management committee at present.</p> <p>As the Company's operations evolve, the Board will reconsider the appropriateness of forming a separate risk management committee.</p>

Principle	ASX Recommendation	Comply	Comments
7.2	The board or a committee of the board should review the entity's risk management framework at least annually to satisfy itself that it continues to be sound; and disclose, in relation to each reporting period, whether such a review has taken place.	Yes	<p>The Board has responsibility for the monitoring of risk management and reviews the Company's risk management framework on an annual basis to ensure that the framework continues to be effective.</p> <p>The Company will continue to disclose the outcome of the annual risk management review in its annual reports.</p>
7.3	<p>A listed entity should disclose:</p> <p>(a) if it has an internal audit function, how the function is structured and what role it performs; or</p> <p>(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 risk management and internal control processes.</p>	Yes	<p>The Company does not currently have an internal audit function. This function is undertaken by relevant staff under the direction of the Board.</p> <p>The Company has adopted internal control procedures, including the following:</p> <ul style="list-style-type: none"> ▪ the Company has authorisation limits in place for expenditure and payments; ▪ a Director or senior manager must not approve a payment to themselves or a related party, other than standard salary/directors fees in accordance with their Board approved remuneration; ▪ the Company prepares cash flow forecasts which include materiality thresholds and which are regularly reviewed; and ▪ the Company regularly reviews its other financial materiality thresholds. <p>The Board and senior management are charged with evaluating and considering improvements to the Company's risk management and internal control processes on an ongoing basis.</p> <p>The Board considers that an internal audit function is not currently necessary given the current size and scope of the Company's operations.</p> <p>As the Company's operations evolve, the Board will reconsider the appropriateness of adopting an internal audit function.</p>
7.4	A listed entity should disclose whether it has any material exposure to economic, environmental and social sustainability risks and, if it does, how it manages or intends to manage those risks.	Yes	<p>The Company's primary business focus is the production of a detailed definitive feasibility scope of work and budget for the HPA project. As such, the Company is exposed to the unique risks. This includes, but is not limited to, the following key risks:</p> <ul style="list-style-type: none"> ▪ fluctuations in the price of kaolin and High Purity Alumina; ▪ fluctuations in third party contractor costs; ▪ any reduction in the global demand for High Purity Alumina; ▪ risks arising from mining operations being concentrated at one mine; ▪ economic, political or social instability may effect operations or profits; and ▪ a range of other economic, environmental and social sustainability risks faced by all other mining industry companies in an open economy.

Principle	ASX Recommendation	Comply	Comments
Principle 8 – Remunerate fairly and responsibly			
8.1	<p>The board of a listed entity should have a remuneration committee which:</p> <p>(a) has at least three members, a majority of whom are independent directors;</p> <p>(b) is chaired by an independent director, and disclose:</p> <p>(c) the charter of the committee;</p> <p>(d) the members of the committee; and</p> <p>(e) 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.</p>	Yes	<p>The Company has established a RN Committee to assist the Board in fulfilling its responsibilities with respect to:</p> <ul style="list-style-type: none"> ▪ remuneration policies for non–executive Directors; ▪ remuneration policies for executive Directors; ▪ remuneration policies for executive management; ▪ equity participation; ▪ human resources policies; and ▪ any other matters referred to the RN Committee by the Board. <p>The RN Committee Charter sets out the functions, operating mechanisms and responsibilities of the committee.</p> <p>The RN Committee presently consists of Graham Reveleigh and Robert Boston are the Company’s only Directors who are both independent and non-executive. Mr Reveleigh acts as the chairman of the RN Committee.</p> <p>The Company will disclose, at the end of each reporting period, the number of times the committee met throughout the relevant period.</p> <p>A copy of the RN Committee Charter is available on The Company’s website at www.hillendgold.com.au/about-us/corporate-governance</p>
8.2	<p>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.</p>	Yes	<p>The Company’s policies and practices regarding the remuneration of executive and non-executive Directors and other senior executives will be set out in the remuneration report contained in The Company’s annual report for each financial year.</p> <p>Furthermore, The Company’s remuneration policies and practices are subject to review by the RN Committee, as set out in the Company’s RN Committee Charter.</p>
8.3	<p>A listed entity which has an equity-based remuneration scheme should 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 disclose that policy or a summary of it.</p>	Yes	<p>The Company’s Share Trading Policy states the requirements for all Directors, executives, employees, contractors and consultants of the Company dealing in the Company’s Securities.</p> <p>The policy provides that Directors and senior executives must not at any time enter into a transaction (e.g. writing a call option) that operates or is intended to operate to limit the economic risk of holdings of unvested Company securities under any equity-based remuneration schemes offered by the Company.</p> <p>A copy of the Share Trading Policy is available on The Company’s website at www.hillendgold.com.au/about-us/corporate-governance</p>